

Members Present: Jo Lown, Chair, F. Robert Brown, Bill Linnane (7:35 p.m.), Brigitte Casemyr, Ian Johnson, John E. Arnold, Kevin Cronin (7:30 p.m.). Absent: Judy Lucas, Michael Meachen.

At 7:00 p.m. Ms. Lown called the meeting to order in the Selectmen's Meeting Room.

Call to Order/Open Forum

There were no requests to address the committee.

FY2011 Proposed Budget Review

Treasurer Collector Budget; Debt Budget

Joanne Savignac, Treasurer/Collector, appeared before the committee to present her budget request for FY11. The only increase in salary and wages is for one step in her office for a 25 hour/week person who has not reached maximum yet. In the expense line, the 1.8% cut was taken from a number of line items within her department. The bank charges, which encompass the costs of payroll, were not touched because this is being bargained through the unions to go to a bi-weekly payroll system. A bi-weekly payroll and direct deposit for every employee would result in a \$20,000 savings out of that line, which would more than cover the requested 1.8% reduction to her budget. Ms. Lown pointed out that Ms. Savignac had originally submitted a level-funded budget.

The biggest item in the budget is Tax Title. Ms. Savignac discussed having Greg Franks, Town Counsel, do more of the legal work, but noted it is a very specialized area and sometimes requires hiring outside attorneys who are more familiar with Land Court. Real estate taxes committed over from the Board of Assessors was over \$53 million in receivables. As of February 28th the Town collected just over \$38 million, leaving about 28% still outstanding—not bad, as the 4th quarter is still due. But 2% is still well over a \$1 million dollars in outstanding accounts. The outstanding receivable amount has increased slightly, and the demographics of people who are slower to pay has changed considerably.

Ms. Savignac cut her training and education somewhat. She has conferences with her associations which meet on a quarterly basis, as well as an annual school and a big one-time conference in June. She did not go to MMA this year, but will if necessary pay out of her own pocket to attend the conferences.

Ms. Savignac provided an update on the Excise Tax collections: The first commitment, which comes out in February, was a little bit higher than last year. The Cash for Clunkers program helped to initiate some car-buying in Westborough which brought the total commitment up a little bit. The depreciation factor will come in next year so it will probably be a little bit lower next year.

Debt Budget

The first spreadsheet distributed to the Committee shows the debt principal, encompassing everything currently due in the town of Westborough as far as principal goes, until the year 2030—the point where the Town would have no more debt, if no further borrowing was done. The wastewater treatment plant has not been added yet. This is only what is currently outstanding for long-term debt.

The second spreadsheet is the interest due on all of the current debt, the items here matching up with the items from the principal sheet. Line 5760G, Multipurpose Refunded, for June 2010, in the amount of \$28,000 refers not to a refund paid to the town, but rather a re-funding, or refinancing. She refinanced this amount at a lower rate.

Ms. Savignac prepares a statement annually for the Commonwealth of Massachusetts which shows the total debt for the town. The Committee should notice page 2, where it says, “the authorized and unissued debt.” There is debt that was authorized at town meetings that has yet to be borrowed, including the Waste Water Treatment Plant (WWTP). The total of the unissued debt is \$53 million, the bulk of that being the WWTP (only \$700,000 is the unissued, non-WWTP debt). As far as the impact on the Town’s bond rating, the auditors report it, and our indebtedness does go on record. However, the debt to income ratio according to guidelines is still very satisfactory.

Debt was impossible to reduce by 1.8%. The enterprise funds for the water and sewer debt is paid by the ratepayers, whereas the general debt is processed through the tax rate. A portion of the DPW office building has gone through the enterprise funds also because it will house the water department and the sewer department. Some of the new building a few years ago was percentaged out too. The Waste Water Treatment Plant is unique, in that it all goes through the general fund debt because we are reimbursed through Shrewsbury and Hopkinton. The Treasurer/Collector’s service and time spent on the WWTP is attributed to the general fund. She prepares a statement every year for the Treatment Plant Board that shows the debt and interest paid, any interest earned on any of their accounts, her time, etc. The \$53 million will be borne as part of property tax rather than part of sewer, but it also shows an offset in revenue. The net impact to Westborough will not be borne just by those who are on town sewer but by the entire town. Because it’s such a huge project, the debt has not been issued yet. They will probably revisit how they account for that.

Ms. Savignac explained that the debt has to be in place for 10 years before she can begin taking advantage of lower interest rates. She has one coming up which was issued 9 years ago when the rates were a lot higher, which is going to be ripe for re-funding.

Line 5760R: After 3 years, the Town is required to start making pay-downs of principal, so the short-term borrowing is basically principal payments that are being paid. The rates are quite inexpensive for short-term borrowing, but you have to pay down the principal. She hasn’t been permanently borrowing some of these because of the difference in the rates. The short-term is a year, which means more paperwork for her, but the savings are tremendous—as much as a difference of 2.5 or 3%. Long-term debt is over 3%. The WWTP will be excluded from this—the trust is going to permanently borrow that, and at that point we will need to come up with some serious money.

As of June 30th the Town will be saving \$325,000 in principal and interest once it pays those down, and if nothing else comes online. This does not factor in the potential borrowing that’s coming for FY11, or any of the projects that are going to come forward at town meeting. At this time, Ms. Savignac does not know which Articles on the Warrant for the Annual Town Meeting will be funded by “raise and appropriate,” or “borrowing,” or “transfer from other funds.”

The borrowing projected for this year can be accounted for in the FY11 budget by timing it so that the principal interest payment does not come until 2012, or the Articles are amended to include some interest. Otherwise there is no money in the debt budget to pay for it.

ATM Proposed Warrant Articles

Post-Employment Benefit Trust Fund

Ms. Savignac presented the proposed Post-Employment Benefit Trust Fund Article. She explained that these are the benefits paid to retirees and people who have left employment, and who are eligible for benefits. These are called “Other Post-Employment Benefits,” or OPEB. Towns are required under GASB (Government Accounting Standards Board) to do an actuarial study. The private sector has been

doing this for a number of years—now municipalities are required to do it. The Town had actuarial studies done for the past two years and the unfunded liability is currently slightly over \$79 million.

Ms. Savignac has included in the information packet an excellent summary written by the Wayland Finance Committee outlining why this needs to be done. Rating agencies are now looking at municipalities to see if they are establishing these trust funds. Establishing the trust fund does not require the Town to contribute to the trust fund. There are creative ways to fund them once established. One involves the plan design change for the health insurance. Medicare and Medicaid reimbursements could be channeled into this trust fund to begin funding it. They currently go back into the general fund to offset the cost of health insurance. There would be a decrease in revenues to that particular budget item, were the reimbursements to go to the fund.

If not funded, the Town's OPEB liability increases annually and exponentially. As the demographics of town employees change, the ages increase, liability increases, and it becomes increasingly more expensive to provide health insurance for employees, whether they are retired or currently employed. Retirees can opt out and reduce the town's liability, but as long as they are eligible, they must be accounted for; if there is a qualifying event, they can opt back in. The trust would be a dedicated trust fund, only to offset OPEB, but there are no restrictions on how the trust could be funded. Again, the proposed Article would simply establish the fund—another town meeting would need to vote on whether or how to fund it.

Fire/Ambulance: Defibrillator; Ambulance & Equipment; Revolving Fund

Walter N. Perron, Fire Chief, appeared before the committee with three requests.

8a) New Defibrillator

The department requests \$30,000 to replace one of their 12-lead defibrillator monitors. This equipment is used by paramedics to monitor cardiac events and includes the defibrillator and a monitor. The ones they currently have are first generation models and are 10 years old. The manufacturer recommends that they be replaced. The Town has three: this is the second to be replaced. One was replaced last year, and the third one should be replaced next year. There are 6 automatic defibrillators that the general layperson can use, without a monitor—these are in public buildings, the schools, the senior center, etc. The old defibrillators cannot be re-used, but will go back to the manufacturer and the \$30,000 price includes the trade-in of the old defibrillator. These are complicated machines, with Bluetooth technology which sends signals directly to the hospital, and would not be able to be used in schools. A little over 50% of their patients are advanced life-support patients. Of the 2,200 patients they had last year, at least half had this monitor put on them; it is the first thing the medics do.

8c) New Ambulance

The department is requesting funds to replace a 2002 ambulance vehicle, which was scheduled to be replaced last year, but due to finances was not. There is currently \$120,000 in the ambulance purchase account, so they would need an additional \$70,000 to replace this vehicle. The department has 2 trucks with over 100,000 miles on them; the third has 54,000 miles on it. The Chief believes the 1.8% budget cut is no longer necessary, so the department should have money in the budget to run a third ambulance; but, even with the cut, they still need to buy a third vehicle. It has not yet been decided what will happen to the old vehicle. It may go to another department or be sold for auction. Much of the existing equipment can be transferred to the new vehicle. A new stretcher will be needed and is included in the money requested in the article. The Committee noted the Town's concern regarding an increased fleet. Mr. Arnold suggested that an article be introduced in the fall to accept the old vehicle as a gift and he will follow up on this.

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Chief Perron noted that the department received a gift from the Zimka family in Westborough. Mr. Perron and the Town Manager have agreed that this gift fund should be used to purchase state-mandated OEMS reporting computer equipment. This mandate, effective from September 2006, requires the department to purchase computer equipment which would be connected to OEMS and the hospitals to improve patient care and most towns have already done this.

7a) Revolving Fund

This allows the department to legally take in money to pay for training materials and staff to do CPR training at the senior center and some doctor's offices. \$1,000 is sufficient for this purpose.

Potential Reserve Fund Transfer request

Mr. Perron explained that last year two budget lines were under-budgeted, the first being buildings and grounds (line 5202). The department typically budgets \$22,000 for that line, but because they were asked to do a \$90,000 budget cut last year that line was reduced to \$10,350. However, they can't maintain a 100-year-old building on \$10,000. That budget line is now in the hole over \$4,000, and more bills will be coming in: \$1,800 for emergency overhead door repairs, another \$1,000 to repair a broken sewer pipe in the basement; and \$4,000 for a temporary patch job on a leaky roof (which really needs to be replaced). These were unforeseen repairs. The department will be coming back at the end of year to supplement that line by \$5,000. They will also try to squeeze some of it out of the other lines. The Committee noted two options are available at year-end: an interdepartmental transfer, or transfer from the general reserve fund.

The second line at issue is 5203D, for the repair or maintenance of equipment. This money is used to maintain their \$3.5 million fleet of vehicles. They had an unforeseen expense of \$7,000 for repair work on a ladder as a result of an annual safety inspection. In all, a total of \$12,000 might be needed. Mr. Arnold is to keep the committee updated on this.

The Committee had some discussion about further work that might be required on the building. Mr. Perron and Jim Malloy told the Selectmen at their last meeting that the department would do temporary repairs for the next year or two. The Municipal Building Committee wants to put as little money into this building as possible, since a new building is in the offing. Members noted that as long as a new building will actually be built, this makes sense but there is concern that more than \$12,000 may be required for repairs in the meantime. Even if a new building is built, it may not be ready for 3 years. A feasibility study has been proposed by the Town Manager to determine the condition of all the town buildings, and the study should take about 3 months.

Approval of Minutes

Meeting No. 17, March 11, 2010

Mr. Johnson moved to accept the minutes. The vote to approve the minutes was unanimous, 7 in favor with 7 being present.

Mr. Johnson moved to accept the Executive Session minutes. The vote to approve the minutes was unanimous, 7 in favor with 7 being present.

Meeting No. 18, March 18, 2010

Mr. Johnson moved to accept the minutes. The vote to approve the minutes was 6 in favor and 1 abstention (Arnold), with 7 being present.

Liaison Updates/Committee & Chair Reports

Mr. Johnson and Mr. Linnane will meet in the morning with John Walden and Carl Balduf about the DPW water and sewer articles. They are coming before the committee on Thursday, April 1st, at 7:45 p.m.

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Mr. Arnold will meet with the liaison to the Country Club Operating Committee tomorrow night. They are scheduled for Monday, April 5th at 8 p.m. The Government Study Committee is trying to schedule a meeting to go over warrant changes.

Mr. Cronin is meeting with the Trustees of Soldiers Memorial and Veterans' Services. They will join the committee on Thursday, April 1st, to discuss their budgets. He suggests that John Matson go first, for Trustees of Soldiers Memorial, and then George Perry, for Veterans' Services. Mr. Cronin also expressed interest in attending the meeting with the DPW along with Mr. Johnson.

Ms. Lown has everyone scheduled for articles except Chief Gordon and Mr. Arnold will ask about April 8th. The School Committee is coming April 12th. Ms. Lown will look to scheduling the dates for deliberation and voting, starting with the "easy" budgets. There is a Council on Aging film at the Rotary Club on April 13th which several committee members are attending. Five members can attend the meeting, so there is a quorum for the joint meeting with the Selectmen and the Capital Expenditure Planning Committee.

AFC Report & Recommendations to ATM

Ms. Casemyr presented three points for the committee to consider. First, she noted that almost 86% of the town's budget is "fixed costs" such as salaries and wages, insurance, debt servicing, and the waste water treatment plant contract. Another 3% is self-funded through enterprise funds (Country Club, Water and Sewer). Only about 14% of the town's budget is available for expenses (building maintenance, roads, police, fire, etc.). She feels the voters should be asked to think very hard about supporting the expense line items this year considering the economic situation many residents are facing.

Secondly, the Board of Selectmen had a legislative review with a state representative and a state senator last week. There was a document requesting relief from mandates. Town voters should be made aware that the Town is actively engaged with the state legislature and has submitted ideas that would bring relief to the Town (insurance, special education, chapter 70 funding, etc.). Voters should be urged to contact their legislators and support these efforts. Also she would like the document to be made available on the Town Website.

Lastly, Ms. Casemyr would like to do a survey to determine what residents consider to be core services they are willing to fund, as opposed to what they can live without. Mr. Brown welcomed this idea as a unique opportunity for towns like ours to reconsider what their town governments should be doing, to set priorities straight and decide what is essential and what is not. Some discussion followed about how best to conduct such a survey, whether to include it in the tax bill, at special town meeting, or online. The Committee will wait until after the Annual Town Meeting to begin work on this. In the meantime, Ms. Casemyr has a sample survey done by a neighboring town which was very comprehensive, which she will forward out to the members.

Mr. Arnold noted that the Town's budget could more accurately be broken down into four items: salaries & wages, expenses, insurance, and obligations, and noted that "fixed costs" are things such as WWTP and debt servicing. The School Committee estimates on salary and wages should be noted and AFC should request an updated estimate from the School Committee. Ms. Casemyr will follow up as the liaison, and Mr. Arnold volunteered to help with the wording. The Committee also suggested avoiding the word "lobbying," preferring instead "discussing" or "encouraging." The names and addresses of the legislators should also be included, to make it easier for people to contact them. Finally, in the second item, "Board of Selectmen and Town Manager" should read, "Legislative Liaison Committee and Town Manager."

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Ms. Lown commented that the change in insurance will make the biggest difference to the budget. She also noted that Maryanne Bilodeau has received an award for safety and training to reduce risk reduction in the town, which resulted in a \$90,000 payback from the insurance companies.

Mr. Arnold would like to see a comparison of actual expenditures year-by-year, rather than appropriations. The Committee noted that the Town Manager's budget report contains actual expenditures; it may be useful information to include both, perhaps in a report at Fall Town meeting.

Comments and Concerns of Committee Members.

Mr. Johnson noted the discussions about there being "no need for the 1.8% reduction." Hopefully, information will be forthcoming on that which will help the Committee's discussions. Ms. Lown has not received an updated budget from the Town Manager. She noted that he will meet with the Committee on April 8th and hopefully advise of any changes in his recommendations. So far, there has been no change.

Mr. Cronin wishes a happy Passover to anyone celebrating it.

Adjournment

Ms. Casemyr moved to adjourn the meeting at 8:50 p.m.