

Westborough Advisory Finance Committee
Minutes of Meeting No. 7, FY2011
September 30, 2010

Approved
November 1, 2010

Members Present: John E. Arnold, Chair, Brigitte Casemyr, Peter Allen, Bill Linnane, Jo Lown, Ian Johnson, Kevin Cronin, Jim Tepper. Absent: None.

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

Call to Order/Open Forum

There were no requests to address the Committee.

Approval of Minutes

Meeting No. 05, September 23, 2010

Mr. Allen emailed an amendment to the minutes as follows: in the first paragraph under Article 3, after "resurface roadway," the sentence "Due to the deficient estimate, he committed not to request major project funding in the future before bids are received" should be inserted. Mr. Johnson moved to accept the minutes as amended. The vote to approve the minutes was unanimous, 8 in favor with 8 being present.

AFC Survey Project

Ms. Casemyr distributed samples of the survey postcards, which will be distributed at the town's Hazardous Waste Day, Harvey's Transfer & Recycling Station, and Arts in Common. Limited copies of a printed version of the survey will be available at the Town Hall, Senior Center and Library. The survey is now ready to go live online. Mr. Tepper pointed out that the number "1" can be put in for every option. Ms. Casemyr said unfortunately that is the case due to a restriction in the survey software. Next Friday, she will send out a press release, and the survey will be live on Saturday. Mr. Cronin suggested that a .pdf file be put on the Town Web site so people could print their own. Ms. Casemyr preferred the online survey, to avoid hand-entering data. Mr. Arnold noted that the url should be in the warrant.

Deliberation and Voting on Recommendations on Special Town Meeting Warrant Articles

Mr. Arnold noted that Articles 3, 8, 9, 14 have as yet no recommendations.

Town Moderator, Joe Harrington, spoke to the Committee. Mr. Harrington has provided "before" and "after" language of the bylaws related to articles 8 and 9. Mr. Harrington explained that the bylaw language needed clarification, which he has provided.

Article 8. Annual Town meeting time and date. Mr. Harrington explained that Article 8 is tightly drafted: changing Town Meeting from May to March, and from a start time of 1 .pm. to 10 a.m. Mr. Harrington noted that he will not entertain motions which deviate from these parameters. He also explained that it was not the Selectmen's intention to only have an up or down vote, but merely to have a clear proposal on the table. He encouraged those interested in an April option to consult with Jim Malloy, Town Manager, to come up with single viable option which does not conflict with school vacation. As far as process, the initial motion will start with March at 10am. If April is proposed, then the Town Meeting will deal with that as an amendment. If some are okay with the change in the month but not the start time, or vice versa, Mr. Harrington will divide the question and deal with each separately.

Ms. Casemyr moved to recommend the Town so vote the proposed initial motion (Town Election on first Tuesday in March and Annual Town Meeting starting 2nd Saturday after that at 10 a.m.). Ms. Casemyr felt that attendance has declined since Town Meeting was moved to May, and that if the primary reason to

have Town Meeting in May is to have better numbers from the legislature, she would rather have greater participation from the town in March than hold out for numbers that may or may not materialize. Ms. Lown reminded the Committee that state numbers are not the only numbers we look at. The Committee has better estimates of potential new growth and the 3rd quarter of state receipts. In prior years, the governor's budget was more conservative, but in the last two years, it has been the opposite. She added that a March Town Meeting increases the chances that hazardous driving conditions might prevent people from coming out to vote. She prefers a happy medium, perhaps the first week in May, before proper summer weather starts. Mr. Linnane prefers March. Mr. Allen noted that the town-wide survey showed 63% of town residents would be more likely to attend a March Town Meeting, so that is what should be on the table. He pointed out that Articles 8 and 9 are both targeted at getting better attendance from town residents and that should be the focus. Mr. Cronin felt the survey numbers did suggest March is a good time, but felt that some people would be frustrated at yet another change (in 2004 changed to May). Ms. Lown noted that there was an attempt in 2007 to move Town Meeting back to March, and it was defeated. Mr. Johnson felt that although according to the survey March is the correct motion for the Selectmen to make, from an AFC and financial aspect March is too early. He does prefer a 10 a.m. start time, however. Ms. Lown is also in favor of the 10 a.m. start time.

The vote to approve the article recommendation (March, at 10 a.m., starting in 2012) is 5 in favor, 3 opposed (Cronin, Lown, Johnson), with 8 being present.

Article 9: Town Meeting Quorum. Mr. Harrington clarified the intent of this article: a 0 quorum would be in effect for the normally scheduled Annual and Special town meetings, and any other meetings called would have a quorum of 50. Mr. Harrington pointed out that 22 towns in Massachusetts have a 0 quorum, 5 of which have never had quorum, and assured the Committee that a 0 quorum does encourage attendance. Mr. Arnold asked why—with the current quorum in place—the Town Meeting couldn't start the introductions, announcements, etc. while waiting for the full quorum to be checked into the Meeting. Mr. Harrington explained that there is very little in the way of non-action announcements that could be made; he couldn't appoint tellers, admit the non-voters, and elect the deputy moderator. So, the need for a quorum comes very quickly.

Ms. Casemyr said that, as a matter of courtesy, people who show up on time deserve to have the meeting start on time. This is what the 0 quorum proposes to do and she is in favor of it. Mr. Allen noted that the number 0 seemed to have everyone contemplating potential problems, whereas a 25 quorum is virtually assured and avoids the contemplated worst case scenarios. Mr. Harrington felt that a quorum of 0 sends the message loud and clear that the meeting will start on time.

Ms. Casemyr moved to recommend the Town so vote. Mr. Allen would like to consider an amendment to the motion, but agreed to hold his amendment to see what the vote on Ms. Casemyr's motion is. The vote to approve Ms. Casemyr's motion passed with 5 in favor, 3 opposed (Allen, Lown, Cronin). Mr. Allen indicated that he would like to change his vote, and made a new motion to recommend that the Town so vote. The vote on Mr. Allen's motion was 6 in favor, 2 opposed (Lown, Cronin). Ms. Lown requested that Mr. Harrington work with the town departments to get the correct and proper version of the current bylaw online so it can be properly presented to the town before the Town Meeting. Mr. Harrington will speak with Jim Malloy and personally make sure the correct version is posted on the Town Web site.

Article 14: Water Conduit Exemption. Mr. Arnold noted that new information received by the Committee confirms that the estimated payback is in 2 years, so there is no need for Mr. Malloy to update the Town Manager's statement. Ms. Lown moved to recommend the Town vote to transfer the sum of \$10,000 from Water Enterprise Fund Retained Earnings for the purposes of this article. Mr. Cronin questioned paying \$10,000 to get a license exemption, when the Town has already gone through this process at the Wastewater Treatment Plant. Mr. Arnold explained that his understanding of the

proponents of the article's presentation is that putting in anything in the water flow that generates electricity requires a separate license. Mr. Allen noted that Fitchburg is exploring a state grant from MA Green Energy Tech Center for a similar project. He supports the motion but thinks the Town should explore other sources of funding. Mr. Linnane will pass this information on to Jim Malloy, John Walden, and Carl Balduf. The vote to approve the article recommendation is unanimous, 8 in favor with 8 being present.

Article 15: Stabilization Fund. Mr. Johnson noted that, because the language is "raise & appropriate or transfer," a motion to transfer from free cash would be appropriate. Mr. Johnson also explained that Jim Malloy is trying to eliminate the use of free cash within the annual budgeting process. He recommends using free cash for one-time capital expenses or one-time studies. As Article 15 is meant to be a recurring article, it is more appropriately a raise & appropriate, not a transfer from free cash. Ms. Lown is inclined to agree not to do a transfer as a re-occurring event, but felt it could be done as a one-time action. Mr. Johnson moved to recommend the Town raise and appropriate the sum of \$50,000 for the purposes of this article. Ms. Lown noted that a raise & appropriate meant raising taxes, and since we have an alternative, we should use the alternative. It is reasonable to use free cash since the stabilization fund is set aside for a similar reason as free cash. Mr. Tepper supports Ms. Lown's approach; the reserves and stabilization fund are essential for good financial health, but it is a matter of how it is funded. He is very sympathetic to an approach that does not require raising taxes. The vote to approve the article recommendation is 6 in favor, 2 opposed (Lown, Tepper), with 8 being present.

Article 3. South St. Project. Ms. Casemyr distributed a recap of the Warrant Articles approved in May, underlining borrowed articles. Ms. Casemyr made the point that the Town had already approved \$900,000, plus another \$600,000 for water work, plus an additional \$1.6 million for sewer work, which is a large amount of money—and now we are asked to approve an increase of over \$800,000. She questions whether, had we known in May that the total was \$1.7 million rather than \$900,000, we would have approved the other articles.

Ms. Lown noted two concerns. Firstly, part of the budgeting process is to present all the facts to Town Meeting, to the Advisory Finance Committee, and to the Capital Expenditure Planning Committee. The process is organized so we don't get hit with what is twice the dollar amount of borrow within a few months. She noted that it was not the first time retroactive changes have had to be made because of a mistake during the process. Secondly, she noted that the Water Enterprise Fund is meant to be used for water enterprise projects. This article concerns work that is roadway, not water.

Mr. Allen's belief is that we are covering for what was an admitted mistake, in the DPW's coming forward before they had bids for the project. In future he will not support funding projects without a bid in hand. However, he is sensitive to Mr. Malloy's and DPW comments about the need for Ch 90 funds not being tapped for this oversight, so he will support this article. Mr. Linnane noted that we don't know what projects will not get done if the Chapter 90 funds are not replenished. He would like this to be explained at Town Meeting. Mr. Tepper is concerned that bad behavior was being rewarded. Though an honest mistake, this kind of mistake seems to have occurred before. Maintaining the integrity of Ch 90 funds without knowing what the dire need is for them, is a concern.

Mr. Cronin thanks Ms. Casemyr for putting the data together in this form. In looking back at old spreadsheets the Capital Expenditure Committee used in reporting capital projects, he found that the smaller, separate projects, when added together, did indicate a project size in line with the new expectations set forth for South St. The problem with water and sewer projects is, you dig up roads to do the work, then you have to fix the roads, so you need highway money. He is not pleased that such a large mistake was made, but feels that 2-3 years ago, the total amount of money was estimated correctly.

Mr. Johnson noted that the project would go forward whether the Committee supported it or not. He agrees with Mr. Linnane. Regarding Ch 90, we do have a schedule for using that money; but if we keep Ch 90 and don't award the new borrow, not only is the DPW penalized for making a mistake, but residents who have planned on having roadwork performed are also penalized. The Ch 90 law is expiring, and if it doesn't come back, the jobs planned for Ch 90 money wouldn't get done next year. He would anticipate that the DPW will come next year asking to borrow to do that roadwork—only delaying it a year. He commends Mr. Balduf for admitting they made a mistake. The DPW has indicated that, in the future, they are going to get bids before they come in. Mr. Arnold will very reluctantly support this article for the reasons mentioned by Mr. Johnson, and felt important lessons have been learned. Ms. Casemyr felt the town should do fewer projects to keep within its budget.

Ms Lown mentioned that the cost for the granite curbing was \$100,000, and that this may not be the only project requiring granite curbing. She felt the Committee should not approve something without having a bid in advance, and that the project obviously was not ready to come to town meeting. She doesn't want to see this again and felt the Committee should discourage this from happening. She added that the town's local receipts have declined over the last few years, state aid has declined or leveled, and we may not get Ch 90 going forward. For these reasons, it is incumbent on the town to consider whether or not to go top-of-the-line; we have to buy what we can afford to buy, and granite is costly. Nonetheless, she will reluctantly support this article.

Mr. Linnane thinks we should clarify our support if we vote in favor. This action should not only be explained to the Committee, but to the townspeople. The DPW have not mentioned that the current total number was in past capital expenditure plans, only that they estimated wrong. Now, they need to look at the history of what they forecast, in order to have a better and clearer explanation for us.

Mr. Johnson moved to recommend that action taken under Article 10B of the 2010 Annual Town Meeting be amended in its entirety to authorize transfers of \$141,461 to this project as follows: transfer \$2,000 from Account 30600 from Article 25B (Drought Management Plan) of the May 27, 2003 Annual Town Meeting; \$237 from Account 31000 from Article 25C (Water District Management Plan) of the May 27, 2003 Annual Town Meeting; \$559 from Account 31300 from Article 25D (Sandra Pond Management Plan) of the May 27, 2003 Annual Town Meeting; \$135,375 from Account 32100 from Article 17A (Route 9 Water Tank) of the May 17, 2008 Annual Town Meeting; and \$3,290 from Account 32500 from Article 17C (East Main Street/State Street Water Project) of the May 17, 2008 Annual Town Meeting, and the Treasurer with the approval of the Selectmen is authorized to borrow \$1,632,539 under the Water Enterprise Fund for the purposes of this article.

Mr. Arnold noted for the record that this recommendation has three parts: 1) this action is only taken to completely amend; 2) there is a series of transfers, and 3) the action is to change the total amount of the borrowing option to \$1,632,539. The vote to approve the article recommendation is 7 in favor, 1 opposed (Casemyr), with 8 being present.

A discussion then ensued about whether the recommendation could be more simply stated as "action taken under 10b to read as Article 3 as printed in the warrant". Mr. Tepper noted that this would not specify the Water Enterprise Fund. The voted recommendation stands.

Mr. Arnold noted that this brings the AFC deliberations and voting to a close and he reviewed the record of what the Committee has recommended. Unless changed, these are the recommendations that will appear in the Report and Recommendations to the October Town Meeting.

Preparation for Special Town Meeting

Finalize and vote on Town Meeting booklet

Mr. Harrington will pull together the language of the current bylaw related to Article 9 for the information of the voters, to be included in the booklet. Mr. Harrington will explain during his presentation that this is what is in the bylaw now, and the motion is what he proposes. Then, residents can read the motions for themselves. Mr. Harrington thanked the Committee for their vote of support on Art 9. He noted that the bylaws go to great lengths to make the Advisory Finance Committee independent of any other board, even independent from the appointing authority. He welcomes that and is glad people spoke their minds.

Mr. Arnold noted that the next meeting of the Committee is Oct. 12, just prior to the Special Town Meeting.

Ms. Lown reviewed the recap spreadsheet which will be included in the Town Meeting booklet. Mr. Arnold thanked Ms. Lown for her work on the spreadsheet. Mr. Arnold noted that soon we will get first quarter of the local portion of the meals tax and it will be interesting to see how that amount matches the estimates. Ms. Lown noted that FY10 at top is the actual collected for full fiscal year. Though revenues come in at different times, it does give a sense of where we are versus same quarter in previous years.

The Committee reviewed the draft booklet page by page making additions and corrections. Mr. Arnold noted that if Committee members want to put forth their ideas for explanations of the committee vote (where it was defeated), these will be reviewed and agreed on at the October 12 meeting. Ms. Lown noted that the language of the explanation for Article 10 needs to be revised. Mr. Arnold suggested: "The language of this article does not reflect the intent of the proponent of the article. We expect the article to be re-submitted with corrected language at the next Annual Town Meeting."

Ms. Lown moved to accept the Report & Recommendation of the AFC to the Special Town Meeting as amended during deliberations, with the provision that minor typographic corrections may be made during the final production process. The vote to accept the Report is unanimous, 8 in favor with 8 being present.

Other STM topics

Ms. Lown noted that a courtesy copy of the final Report & Recommendations (.pdf file) should be sent to the Board of Selectmen, department heads, town manager, and financial team. Mr. Allen asked whether—with the Selectmen supporting a March TM, and the Committee's vote of 5-3—the Committee should explain the closeness of its deliberation. Mr. Arnold explained that traditionally, any Committee member who chooses can come prepared to explain their vote at Town Meeting. The responsibility of the AFC chair is to report the vote of the majority. If a member who voted in the minority wants to speak, he/she should speak on his/her own behalf. Mr. Allen then asked if the vote should be amended to show that the majority were in favor of the 10am start time. Mr. Arnold noted that, if the question is divided and members want to, a new vote can be taken during the Town Meeting and reported verbally.

Chair, Committee Liaison, and Department Liaison Reports

Mr. Arnold reminded members of the upcoming Association of Town Finance Committees Annual Meeting, being held on Oct. 23rd; Mr. Allen is attending. He also reminded the Committee that they are invited to the Wastewater Treatment Plant on Wednesday, Oct 13th, at 8 a.m., for an hour-long tour of the progress on that project. Mr. Johnson reminded members to let them know they're coming, so they can provide hard hats.

Ms. Lown reminded the Committee that the Arts in Common event is on Oct 2, from 10 a.m. to 4 p.m., rain or shine. It should be a great day with bands, music, entertainment, arts, and crafts, and she encourages everyone to attend!

Westborough Advisory Finance Committee minutes
September 30, 2010

Ms. Casemyr reminds the Committee that Hazardous Waste Day is this Saturday at the DPW on Oak St., at 7 a.m.. It is advised to get there early! The collection ends promptly at noon.

Adjournment

Ms. Casemyr moved to adjourn the meeting at 9:35 p.m. Vote to adjourn was unanimous 8-0, with 8 being present.

Document List

STM Article 8, clarification from Joe Harrington, Town Moderator, 9-30-10.

Motions Fall 2010, updated Town Meeting motions from Jim Malloy, Town Manager, 9-29-10.

AFC Report STM 2011 Oct Draft, Draft AFC Booklet, from John E. Arnold, 9-29-10.

Article 3 Debt Impact, Excel worksheet, 9-29-10.

Hydro turbine assumptions and background note from Steve Doret, 9-29-10.

Town Manager Summary Changes, from Jim Malloy, Town Manager, 9-29-10.

9-30-10 AFC Financial Recap Update & Docs, .pdf file prepared by Jo Lown.