

Westborough Advisory Finance Committee
Minutes of Meeting No. 23, FY2011
March 31, 2011

Approved
April 28, 2011

Members Present: John E. Arnold, Chair, Brigitte Casemyr, Peter Allen, Bill Linnane, Ian Johnson, Ed Behn, Jim Tepper, Kathy Rosenblum Senie. Absent: Jo Lown.

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. 21, March 21, 2011

Mr. Johnson moves to accept the minutes. The vote to approve the minutes is 8 in favor, with 8 being present.

AFC Preparations for Annual Town Meeting budget and article reviews

Open discussion of Town Meeting warrant articles

Mr. Arnold reviewed the Warrant Article spreadsheet, noting the addition of a column for Funding Source. Mr. Johnson noted that the Stabilization Fund would be on the warrant for Fall Town Meeting. Ms. Rosenblum Senie reported that the School Committee may add a warrant article for repairs to the High School roof. Mr. Tepper added that the Personnel Board may have an additional article regarding classification changes. Mr. Arnold noted that the proposed new Deputy Police Chief position may also show up on the warrant.

Open discussion of department budgets...

Follow-up regarding questions forwarded by liaisons to: Legal Department, Historical Commission

Mr. Arnold reported that Greg Franks of the Legal Department had explained that the expense budget includes plans to purchase new materials including several volumes of updated Massachusetts General Laws and continued purchase of subscriptions (including West Legislative Service and Lawyers Weekly).

Mr. Arnold said that Linda Swadel, Town Assessor, had explained that the Other Professional Fees line item totaling \$11,000 (which used to be \$24,000) covers the approximate cost of one or two commercial appraisals performed in response to appeals. There was some discussion as to whether this was a normal operating expense, since nothing was spent last year, and only \$1,500 has been spent so far this year. Ms. Casemyr felt that if this amount is a contingency for a possible future event, it should not be in the budget. She added that if an appraisal was necessary, funds could be made available through a transfer. Mr. Johnson noted the history of this line: in 2006, \$11,000 spent; in 2007, \$10,500 spent; in 2008, \$6,222 spent; in 2009, \$11,000 spent; in 2010, \$0 spent; and \$15,000 spent so far this year. Mr. Arnold felt this line could be looked at more closely after Town Meeting.

Mr. Arnold reported that the Historical Commission had forwarded a job description for their staff position. Mr. Linnane noted that many owners of historical properties in town were not even aware of the Commission's resources, but instead used the library to get information. He felt perhaps the Committee should look further into this possible duplication of information, and also wondered if 10 hours/week would be sufficient for the position. Mr. Behn noted that management should more properly look into the best use of staff or resources to provide needed services, and felt Jim Malloy should be advised. Mr. Arnold felt it could be helpful to wait for the results of the ongoing consolidation study.

Committee member thoughts/comments on Town budget/budgets

Mr. Arnold invited Committee members to share their thoughts on the budget process so far, and explain their own approach to budget deliberations.

Mr. Allen acknowledged his short time on the Committee. He has been interested to hear from the Police and Fire Chief regarding Westborough's staffing needs in those departments. He understands that on the staffing side, the budget is constrained by contractual obligations. On the expense side, he is looking closely at anything above level funding, and, in the Assessors budget for instance, any money budgeted which hasn't been spent, to see if there is an opportunity to reduce the budget. Overall he feels the Town is very well served.

Mr. Linnane noted that the new members' questions were refreshing, and welcomed them. He felt that positive steps were being taken: the Town Manager's looking into consolidation, and potential areas of regionalization, in addition to the discussions with the School Department. He noted the Budget Background Information sheets were providing useful information, and felt the process was going well.

Ms. Casemyr felt progress was being made this year, and welcomed the 5-year projection. She appreciated the elimination of free cash use for regular operating expenses, and looks forward to putting that money into the Town reserves. The health insurance plan design changes have already yielded benefits—there has been 'only' a 10% increase in what is the Town's largest expense budget. Ms. Casemyr is also pleased that there have been no new staff requests, and that Town Manager Jim Malloy has put a road maintenance plan in place. Departments have submitted level-services budgets, while keeping expense line items flat—not an easy task. Mr. Malloy and the Board of Selectmen have also started implementing a debt management strategy, which provides a good platform for planning ahead. That said, the tax rate is set to rise again this year due to a 4.2% increase in our expenses. Two years ago the tax rate was \$15.50, last year \$18.24, and this year it will be \$18.78, a \$3 increase over two years. We are within \$70,000 of our maximum levy capacity and are budgeting nearly all monies available by law to us. There will be increases to the budget due to the new Wastewater Treatment Plant going online. The stimulus package grants the schools have received in the past are gone; another \$16,000 deficit to make up. The final cuts in state aid are as yet unknown. However, only one department has proposed streamlining their process. Every year departments have been asked to think about how they can deliver their services more efficiently, but there has been little progress in this area, with very limited savings to the town, which is very disappointing. The survey revealed that taxes are of great concern to residents, but this feedback hasn't been taken seriously in town management. The town needs better ways to deliver services, not offering services residents can no longer afford, and budgeting up to the maximum allowable levy limit. Ms. Casemyr cannot support this budget.

Mr. Linnane noted that departments are, in some cases, coping with non-funded mandates. In level funding their budgets, they are in fact providing services above and beyond and having to absorb the mandated costs. He wondered if the increased tax rate was also a reflection of decreasing property valuation. He added that the town spends what residents authorize it to spend.

Mr. Arnold pointed out that as an advisory board, the Committee can only give recommendations, and encouraged residents to come to Town Meeting. The Committee does not have managerial control, nor is it a ways and means committee—rather, it is a microcosm of town meeting, where issues can be discussed from different viewpoints. He noted the difficulty of deciding which services could be cut and how when recommendations are made on a line item level. Trying to offer alternatives to the proposed budget without a high level explanation of the intent would appear chaotic at Town Meeting. Each voter must decide the value of services, vs. what he/she is able or willing to pay. If residents agree that Proposition 2 ½ is a good way to limit spending, and if the budget continues to go up 3-4% every year, and if there is

no new growth, sooner or later the town will have to cut back or face an override vote. He is approaching the budget process this year as a transition to making those hard decisions and hopes that an approach to discussing and, perhaps, presenting alternatives can be addressed before next year's budgeting process begins.

Mr. Johnson felt the message was very clear that residents can't take any more financial burden. Residents are paying more, while state aid is decreasing. Even if level funding was achieved, more of the burden falls to the taxpayer. Having three representatives makes it more difficult, with those screaming loudest getting the larger share. Mr. Johnson felt the Town Manager should work with departments to identify and itemize unfunded/under-funded mandates, and educate residents regarding them. He noted that of the \$4 million increase, \$2.3 million is new debt from the Wastewater Treatment Plant coming online (which is borrowed up front by the Town and then recouped via rate payer fees), \$700,000 is from Insurance, \$260,000 is Water Debt, and \$400,000 from increases in Wastewater Treatment Plant expenses. That accounts for \$3.6 million of the increase—the remainder is the increase for all other town services. The present debt is the result of actions taken years ago—the town voted for it and has to pay its debt. Mr. Johnson strongly supports the Town Manager's debt management plan, which will set a reasonable debt level as a percentage of the total budget. Though the budget increases are not large, departments still have not done as residents have asked. Residents must be informed of the hard decisions they must make if they want cuts, and they need to know what the options are—most likely, a decrease in services. The town must decide which services are essential, after allowing for what is mandated. If the town decides not to cut services, so be it; but if residents want taxes to decrease, services must be cut. Departments have held back on hiring and raises for several years now, and have level funded services.

Mr. Behn felt that the town does not use a cost accounting method that makes it easier to understand what it costs to deliver a specific service. Obtaining this understanding is not helped by state databases, where there are conflicting numbers for how many teachers Westborough has, and what the student ratio is—it is very difficult to get accurate information. Steve Doret of the School Committee felt the real metric should be the average money spent per student. However, Mr. Behn noted that if you take the school budget and divide by enrollment, it's what we spend on average per student, but that doesn't take into account insurance costs, debt service, or building maintenance and other school improvements paid for out of capital raised by warrant articles. A second issue is how commercial and industrial rates have changed over time—have residential rates increased relative to the industrial and commercial rates? Are taxes higher because there was once a larger industrial/commercial base to feed off of? As the town becomes more residential, residents will have to pay more, even if departments level fund. Mr. Behn's third concern is unfunded liabilities. He noted that \$2 million would be required just to fund OPEB, aside from pensions, and felt funding should start now. He added that forcing a 2 ½ override might wake up residents to the seriousness of the situation. Mr. Arnold concurred that, with costs spread across multiple accounts, it is hard to determine the actual 'cost of ownership' for any service. Mr. Johnson added that the tax base, which used to be 60% industrial, 40% residential, has changed, with a greater burden falling on residents. Mr. Behn noted that residential growth also puts more of a burden on the school system.

Mr. Tepper expressed appreciation for Ms. Casemyr's homework and her comments, which he largely supports. He felt the Committee had to be careful not to micro-manage, or tell departments how to do their jobs. He noted that contracts are the result of staffing, but the town is not contracted to numbers of people or numbers of services or hours—he does not see any real change there. The town does not seem to be measuring whether the level of funding is doing what it's trying to accomplish. Residents and businesses in town are not level funding, they're cutting back—there can't be "business as usual". The town can't continue to do the same thing over and over and expect a different result. There is a need to stop and rebuild in some fashion, but Mr. Tepper does not see the leadership that is required in this situation. Rather than getting bogged down in all the detail, services should be delivered more efficiently, and cuts made. There have to be compromises. He also cannot support the current budget.

Ms. Rosenblum Senie felt she was still trying to understand how the budgets are put together, where major line items are, and noticing where money has not been used. She shares the concerns that other Committee members have expressed, and knows residents who feel they're at the breaking point. In the online survey, residents expressed concern about increasing taxes, but wanted to keep services, just do them more efficiently—this may be wishful thinking, but provides a starting point. At some point, if residents feel they can't take on more of a tax burden, the town will have to decide where to cut. The danger is, when people finally get fed up, and decide to cut a certain amount, it may not be well thought out. The town should plan it well, and make sure everyone is informed of what cuts will mean, what the consequences are, with a clear understanding of which services we'll be losing. She is trying to learn how costs can be kept under control, so our town can provide the services people need and expect.

Mr. Arnold noted the difficulty of attempting to make a large-scale shift, or ask for many changes in line items this late in the process, but thought these issues could be discussed in a summer meeting. He hopes that a joint meeting with the Selectmen (as discussed at the joint budget hearing earlier this year) could be helpful before the Town Manager sends out the FY2013 budget message. At that meeting, all parties involved could be informed of and discuss possible changes or alternatives that the Committee is seeking. This could include a request for changes or alternative to the bottom line, before budget books are done, and meetings and conversations could be structured to meet that expectation. Mr. Allen noted that though the Committee can't just vote no for every budget, it could ask for alternative budgets that represent a 10% decrease in services to the town. Mr. Arnold reminded the Committee that the Charter assigns the Town Manager responsibility for developing the budget. Therefore, the Committee would have to work with the Town Manager and Selectmen to express its concerns and work toward a solution. He encouraged residents to use their vote at town meeting to make a difference, and to send a message.

Mr. Tepper wondered if there was some mechanism to allow the Committee to recommend spending constraints, and that departments submit budgets below approved levels, roll back services, or deliver services more efficiently. Mr. Arnold noted that the departmental budgets are developed in response to the Town Manager's budget message and submitted to the Town Manager. Therefore, requests such as these should be done by working with the Town Manager and Selectmen. He suggested that the Committee consider including a statement in the town meeting booklet giving an overview of how the budget has developed, what the Committee's recommendations are, and that the Committee has heard the residents' concerns and would attempt to effect change, or set different expectations for next year. He felt this could move the process in a new and useful direction.

Deliberation/Voting on Department budgets

Mr. Arnold noted that even after voting, if questions arise the Committee can re-vote. The Committee agreed that Mr. Johnson would make the motions to expedite the voting process.

Moderator. Mr. Johnson moved to recommend Salaries/Wages elected of \$250. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Selectmen/Town Manager. Mr. Johnson moved to recommend Salaries/Wages elected of \$2,500, Salaries/Wages of \$296,788, and Expenses of \$43,085. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

AFC. Mr. Johnson moved to recommend Salaries/Wages of \$2,933 and Expenses of \$2,100. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Accountant. Mr. Johnson moved to recommend Salaries/Wages of \$139,884 and Expenses of \$545. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Assessors. Mr. Allen wished to postpone the vote. No vote taken.

Treasurer/Collector. Mr. Johnson moved to recommend Salaries/Wages of \$217,241 and Expenses of \$39,425. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Personnel Board. Mr. Johnson moved to recommend Salaries/Wages of \$3,691 and Expenses of \$23,800. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

MIS/GIS Department. Mr. Johnson moved to recommend Salaries/Wages of \$146,886 and Expenses of \$185,580. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Communications. Mr. Johnson moved to recommend Expenses of \$33,700. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Central Purchasing. Mr. Johnson moved to recommend Expenses of \$82,100. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Town Clerk. Mr. Arnold noted a Budget Background Information sheet was needed. No vote taken.

Elections & Registration. Same comments as Town Clerk (above).

Conservation Commission. Mr. Johnson moved to recommend Salaries/Wages of \$17,476 and Expenses of \$1,185. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Planning Board. Mr. Johnson moved to recommend Salaries/Wages of \$206,881 and Expenses of \$5,302. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Town Building & Grounds. Mr. Johnson moved to recommend Salaries/Wages of \$192,363 and Expenses of \$227,590. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Insp. Weights & Measures. Mr. Johnson moved to recommend Expenses of \$2,250. Mr. Arnold explained that this budget line pays to certify measurements at various gas stations and scales in town. Mr. Johnson added that the present contract hasn't changed for 25 years, and the service is mandated. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Animal Control. Mr. Johnson moved to recommend Salaries/Wages of \$49,538 and Expenses of \$22,173. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Street Lights. Mr. Johnson moved to recommend Expenses of \$80,000. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Sanitary Landfill. Mr. Johnson moved to recommend Expenses of \$757,812. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Health Department. Mr. Johnson moved to recommend Salaries/Wages of \$265,040 and Expenses of \$12,800. Ms. Casemyr considered this a "nice to have" service and did not support incorporating Mosquito Control into the regular operating expenses. Mr. Behn noted the health issue due to known cases of equine encephalitis in Massachusetts. Ms. Casemyr pointed out that this is an extra treatment. Mr. Johnson withdraws his motion. Mr. Arnold noted the Committee's desire to know what the purpose and effect of this additional mosquito control is. No vote taken.

Youth Commission. Mr. Johnson moved to recommend Salaries/Wages of \$153,475 and Expenses of \$4,134. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Veterans Services. Mr. Johnson moved to recommend Salaries/Wages of \$16,837 and Expenses of \$55,060. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Recreation Commission. Mr. Johnson moved to recommend Salaries/Wages of \$193,663. The vote to approve the budget recommendation is unanimous, 8 in favor with 8 being present.

Cultural Council. Ms. Casemyr moved to recommend Expenses of \$2,000. The vote to approve the budget recommendation is 7 in favor, 1 abstention (Johnson), with 8 being present.

Mr. Arnold noted no vote was taken for the following department budgets that were listed on the agenda: Assessors, Town Clerk, Elections & Registration, and Health.

Review of upcoming meeting schedule.

Mr. Arnold noted that the DPW would appear at Monday's meeting. More budgets and articles could also be voted on. He hopes to discuss the process of drafting the town meeting booklet at Monday's meeting, too. Mr. Johnson noted that Mr. Malloy is now available to meet.

Chairman, Committee Liaison, and Department Liaison Reports

Mr. Arnold noted that just over \$1,000 is left in the printing budget. Ms. Casemyr explained that a local Westborough printer handled the printing last year at cost, a good savings. Mr. Arnold noted that copies of the appropriations report had been received, as well as a current copy of the Beacon. He also called the Committee's attention to a series of free workshops being offered by the Association of Town Finance Committees, to be held in Amherst: Budgeting 101 on May 5th, Statehouse Roundup on May 17th, and Early Retirement and Pension Expenses, May 26th. He also announced a job posting on the town Web site for a Youth Activities Coordinator to run Hot Summer Nights. Mr. Arnold thanked everyone for their thoughtful comments earlier in the meeting.

Ms. Rosenblum Senie reported on the School Committee budget presentations. The total School Department budget in FY2012 represents a 1.78% increase from last year. Of this 1.42% is contractual expenses and fixed costs. The net increase in staff is .9 FTE. She noted that there will be a strong focus on increasing Special Education programs within the district to avoid the considerable expense of sending students out of the district. Mr. Johnson felt it would be helpful to receive details on the total enrollment over 5-10 years, by school, as well as staffing numbers. Ms. Casemyr noted the difficulty in comparing percentages of positions. Mr. Behn would also like to know of the total staff, how many are full-time (and therefore eligible for benefits). Mr. Tepper noted that contractual pay increases do not necessarily require keeping staffing at the level we have. Mr. Johnson pointed out that the increases reflect step increases, not teacher contracts. Ms. Rosenblum Senie noted that the School Committee votes on their budget April 6th, possibly also April 13th, before meeting with the Committee on April 14th.

Mr. Linnane noted that the DPW is ready to meet with the Committee regarding its warrant articles.

Comments and Concerns of Committee Members

Mr. Allen reported that the Corridor 9 Chamber of Commerce and Harvey's are sponsoring Recycling and Shredding Days at the Westborough Shopping Center on May 6-7, 2011. For \$5 residents can bring their old computers to be recycled, \$10 for a monitor or TV.

Mr. Linnane recommended residents attend the Harlem Ambassadors basketball game, a Town fun day, which is a Rotary Club event to be held on April 9th. Tickets are readily available at various locations including Verizon and Roche Bros. He also urged residents to be on the lookout for candidates for public office.

Ms. Casemyr noted the awesome job WestboroughTV is doing making Finance Committee meetings available for public viewing.

Adjournment

Ms. Casemyr moved to adjourn the meeting at 9:05 p.m. Vote to adjourn was 8 in favor, with 8 being present.

Document List

Updated AFC Liaison Status spreadsheet, prepared by John Arnold.

Secretarial Duties, submitted by the Historical Commission.

Warrant Article Summary.

Budget Background Information sheet, Zoning Board of Appeals.

Email response to Legal Department questions from Town Counsel.