

Westborough Advisory Finance Committee
Minutes of Meeting No. 5, FY2012
September 22, 2011

Approved
September 29, 2011

Members Present: John E. Arnold, Chair, Ed Behn, Peter Allen, Bill Linnane, Jo Lown, Jim Tepper, Kathy Rosenblum Senie, J. J. Malone. Absent: Lisa Blazejewski.

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. 03, September 12, 2011

Mr. Malone and Mr. Linnane had emailed corrections to the minutes. Mr Behn moved to accept the minutes as amended. The vote to approve the minutes is 7 in favor and 1 abstention (Tepper), with 8 being present.

AFC Preparations for Special Town Meeting article reviews

Town Treasurer/Collector regarding debt reduction article

Joanne Savignac appeared before the Committee to present Article 14. She noted that, although she is not the sponsor of this article, she is happy to see it included in the warrant. Ms. Savignac explained that when a Town project is completed, and funds are left over, the excess authorizations must be cleared away to reduce the Town's debt authorization level. Three such items are dealt with in this article: \$81,882.69 originally authorized under Article 34 of the March 2000 Annual Town Meeting, funds borrowed through the Water Pollution Abatement Trust for a Comprehensive Wastewater Management Plan; \$25,000 authorized under Article 22C of the March 2002 Annual Town Meeting, for improvements to the Ruggle St water tank; and \$60,000 authorized under Article 20b of the May 2005 Annual Town Meeting, for an Assabet River Sedimentation Study. Ms. Savignac noted that all of these rescindings had the approval of the DPW and the Engineering Department. She also distributed a spreadsheet, "Westborough's Statement of Indebtedness". She noted that, although this action only increases the Town's borrowing capacity by \$160,000, it is a good housekeeping measure.

School Department regarding school-related article

Irene Oliver, the new Director of Finance and Administration for Westborough Public Schools, appeared before the Committee to present Article 12. Mr. Arnold welcomed Ms. Oliver to Westborough. This article is proposed as a transfer from Free Cash in the amount of \$45,000 for replacing a truck. Ms. Oliver explained that the School Department has two vehicles for grounds and maintenance work, adequate for light duty. The new vehicle would allow heavier duty work and would also include a snow plow attachment.

Mr. Behn wanted to know the cost-savings of purchasing this vehicle. Ms. Oliver explained that doing the heavy work in-house would be cheaper than contracting out work. Mr. Linnane noted that he had seen the vehicle and felt it did need to be replaced. He added that with a truck on-hand, work which needs to be done can be done quickly, without having to call in a contractor or the DPW. Regarding what would be done with the old truck, Mr. Malone reminded Ms. Oliver that the Town generally has resisted increasing the size of the Town's fleet of vehicles. Ms. Lown noted that purchases of this kind are handled through the Capital Expenditures Planning Committee. Mr. Malloy explained that Dan Hendricks, the previous School Business Manager, had submitted no requests to the Capital Planning Committee for the past three years; Ms. Oliver, however, has already completed the forms for next year's budget.

Town Manager regarding STM warrant articles

Jim Malloy, Town Manager, appeared before the Committee to present his warrant articles and provide any requested additional information about the others.

Article 1. Rule of the Meeting. Mr. Arnold explained that this article seeks to include the language, usually voted on at Town Meeting as “Article 2”, within the Town Bylaws, removing the need to explain and vote on it at every Town Meeting. Joe Harrington, Town Moderator, had no objection to the article.

Article 2. Town Building & Grounds Budget Transfer. Mr. Malloy explained that a contractor is now being used to clean the Town Hall and considerable savings are being realized. The town had bargained the number of full-time custodians from 4 to 3 during a vacancy, for a savings of approximately \$38,000. Mr. Malloy is also considering this option for all the Town’s buildings. He has spoken with the union, but noted that the contract does allow the Town to contract out services. He added that it is also more convenient for Town Hall employees, as all cleaning is now done at night.

Article 3. Central Purchasing Expenses. Mr. Malloy explained that this article provides another \$7,000 for postage costs. The result would bring the current FY2012 postage budget up to the end of year actual postage amount for FY2011. The present postage system does not allow close tracking of what postage is being used for. Going forward he would like to look into ways of saving postage, by emailing where possible, for example. There was some discussion of security issues, and Mr. Malloy agreed to look into improvements in these areas.

Article 4. Fire Department Budget. Mr. Arnold noted that this amount is to fund a collective bargaining agreement with the Firefighters union which was not completed in time for inclusion in the budget acted on at the Annual Town Meeting. Mr. Malloy explained that the agreement is consistent with other contracts which have been negotiated.

Article 5. Fuel Management System. Mr. Arnold noted that DPW Manager John Walden had already spoken about this article at a previous meeting. Mr. Malloy was comfortable with using free cash in the amount of \$60,000 for this article. He explained that AIM2 units are installed in town vehicles and interface with the fuel system, at a cost of \$230 each. The town is purchasing 126 of these units. The remaining town vehicles, lawn mowers, etc. will use Pro-keys, which are only \$4 each. More AIM2 units will be purchased next year as needed. Mr. Malloy added that he has also included some contingency for technical support.

Mr. Behn noted that the Town would benefit from having more fuel usage information. Regarding the potential of fuelling the school bus fleet, Mr. Malloy explained that the School Department will contact the bus company and seek to re-negotiate. Town Counsel is also looking into the legality of doing this. Ms. Senie noted this article’s use of Free Cash. Mr. Malloy explained that the Town’s Free Cash was currently at about 5.6-5.7%. Ms. Lown felt the fuel system was a good idea, and wondered if individual departments would be charged for their fuel usage rather than the current arrangement where all fuel is funded by a line item in the DPW’s budget. Mr. Malloy felt a separate central purchasing account would provide more flexibility, for example if the police department needed more fuel than was provided for in their budget. Mr. Arnold felt the system could hold each department accountable while still providing flexibility.

Article 6. DPW Plow Truck. Mr. Tepper noted the \$20,000 price difference between this truck and the one the School Department is requesting. Mr. Arnold requested the quote so that the vehicles could be compared. Ms. Lown felt the language regarding keeping the Town’s fleet size unchanged should be included in the motion. Regarding the Capital Expenditures Planning Committee’s previous denial of the DPW’s request for this vehicle, Mr. Malloy noted that the ranking system used was too subjective. He felt

the Town has not been planning well enough in terms of anticipated/scheduled capital replacement and he is working to address this in future budgets.

Ms. Lown noted the importance of the repair and maintenance of the Town's buildings, which are major assets. Mr. Malloy pointed out the two articles on the Annual Town Meeting warrant which provided such repair and maintenance: one for the HVAC system at the library currently being designed, and the other for repair to the Forbes Building roof. He added that any such work needs to be coordinated with the Facilities Study currently in progress, to avoid doing work which would then need to be "un-done".

Article 7. Building Department Vehicle. Mr. Malloy explained that, in the past, contingency had been built into the maintenance account for vehicle replacement. However, this year \$4,000 was budgeted rather than the usual \$20,000, and the vehicle which was requested in the capital plan didn't get funded. The current vehicle died earlier this week and a replacement is urgently needed. Mr. Malloy explained that although he prefers the Town begin using hybrid vehicles, in this case 4-wheel drive is needed for driving on construction sites, and a hybrid 4-wheel drive vehicle would be too expensive. Mr. Malloy felt the Town gets more years of use by purchasing new. Ms. Lown requested an updated list of all Town vehicles.

Article 8. Building Department Stipend. Mr. Malloy explained that this article would provide the Town's Building Commissioner and his assistant each a \$2,500 stipend for their work in support of the Town's contract with Ashland to provide services as their Building Department (16 hrs/week). He preferred not to address this as a salary increase in case the services are not provided in the future.

Article 9. National Citizen Survey. Mr. Malloy explained that this scientifically valid survey should indicate what the entire Town population thinks on certain issues, and over a period of time improve the level and mix of services the Town provides. Mr. Malloy believes that, based on the Town's population (~18,000) approximately 300 residents would be sampled but he will confirm this. Mr. Malloy noted he is proposing this 'survey' expense as an annual expense, with a performance-measuring tool being utilized in alternating years with this survey. Ms. Senie had some concerns with a one-size-fits-all survey. Mr. Malloy believes there is some small amount of customization in the survey but noted that the advantage of standardizing is being able to measure ourselves against communities nationally, and added that the company being used specializes in municipal surveys. He encouraged the Committee to visit the company website for more information.

Article 10. Insurance Proceeds. Mr. Malloy explained that as the Town is receiving more than \$20,000 in insurance proceeds from a wrecked police cruiser, Town Meeting authorization is required to authorize the insurance reimbursement to be used to purchase a replacement. He added that the officer involved in the accident was injured but will be back at work.

Article 11. Library HVAC System. Mr. Malloy explained that the article would be re-written to allow for borrowing or free cash, depending on the amount needed for the work. He added that the exact amount, which has not yet been provided by the architects, would be available for Town Meeting. Three recommendations were being sought, for various degrees of efficiency, in order to make the best decision. Mr. Linnane clarified that this is an engineer's recommendation, not a bid. Mr. Malloy noted that the projected amounts requested would include any energy rebates.

Article 13. Prior Year Bill. Mr. Arnold and Mr. Malloy explained that a Town employee eligible for tuition reimbursement in a past year had only recently received the official grade report needed to submit a reimbursement request. Since the course was taken in a prior year, approval of this reimbursement needs Town Meeting approval to pay the bill.

Article 15. Town Sewer System. Mr. Malloy explained that, in order to qualify for the Water Pollution Abatement Trust funds, appropriations must be made by October 18. The Town has already appropriated engineering money for this project. Mr. Malloy added that this area is one of the last needing to be provided with sewers; once this is done, the Town would be close to 100% of planned sewer coverage as specified in the Wastewater Management Plan. The Committee would like to know how many homes are impacted by this project.

Town Manager update on ATM budget process/timeline

Mr. Arnold noted many Committee members' disappointment with the size of the 'raise and appropriate' increase last year, and asked Mr. Malloy about his upcoming budget message. Mr. Malloy explained that local receipts are up. He felt there could be a leveling off of cuts to state aid going forward. As for expenses, a great deal depends on the schools; some expenses are not even under their control. He expected a 5-7% increase in Health Insurance. Motor vehicle excise taxes have plummeted dramatically, along with hotel taxes. He noted it is difficult to provide the same level of services to the community. However, Westborough has seen better business growth than other communities in the Metrowest area. Mr. Malloy noted an increase of 2,000 new jobs over the last two years, many of them high-end, professional jobs. Some large buildings which had been vacant have been renovated by new businesses. He added that the Building Department has already met its FY2012 target for building permit receipts.

Mr. Arnold noted that, recently, the Town has been coming close to the levy capacity each year, and added that his perception – based on comments from the Committee and the community – is that there is no appetite for an override. Ms. Lown noted that residents and small businesses have been impacted by the continuous increase in taxes. Mr. Malloy felt that aside from the fixed costs of health insurance, school system, and debt services, town departments have really held the line for some years, and noted that town department budgets were not necessarily what was driving the increases in property taxes. Mr. Tepper noted that “we just can't afford ourselves,” and expressed frustration since many costs (e.g., debt obligations) are out of the Town's immediate control. Mr. Malloy reminded the Committee that other states have it much worse.

Other STM Topics including upcoming meeting schedule

Mr. Arnold noted that all warrant articles have been discussed to some extent. With the exception of the Library article, the Committee has been able to discuss each article in some depth. At next Monday's meeting the Committee can consider voting or assess what is needed to be ready to vote. Mr. Arnold would prefer to get most of the work done on Monday and perhaps not have to meet on Thursday, which is Rosh Hashanah. Voting can also take place on Oct 3rd, with the Oct 6th meeting for voting on the final Report and Recommendations booklet. Mr. Behn is to check with the Town Accountant to get financial updates, updated local receipts, recap sheet, and warrant spreadsheet.

Review/Discussion of Advisory Finance Committee Topics

GASB 54

Ms. Lown had emailed a working draft report containing information on Free Cash reserves, Uniform Municipal Accounting System (UMAS), Government Accounting Standards Board (GASB), Bond Rating material, financial policy on reserves, and an overview of GASB54. She also recommended a PowerPoint presentation from the Florida Association of School Business Officials which has valuable information. Ms. Lown encouraged Committee members to read through the material for future discussions.

Chairman, Committee Liaison, and Department Liaison Reports

Mr. Arnold will send the Committee a marked-up copy of the Financial Policies document sent to Mr. Malloy with Mr. Arnold's comments. The Liaison spreadsheet has been finalized, and Mr. Arnold will start sending out notices to departments soon. He intends to represent the Committee at the 100th birthday event of E. L. Harvey & Sons on Saturday. He will also sign up Ms. Blazejewski, Mr. Behn, and Ms.

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Rosenblum Senie for the meeting of the Association of Town Finance Committees being held on October 15.

Comments and Concerns of Committee Members

Mr. Allen noted that the Civil War Encampment would take place on Saturday even if it rained.

Adjournment

Mr. Behn moved to adjourn the meeting at 10 p.m. Vote to adjourn was 8 in favor, with 8 being present.

Document List

Draft Report AFC STM 2011, prepared by Jo Lown.

Fall 2011 Town Meeting Draft Warrant, 9-15-11, prepared by Jim Malloy.

STM Articles spreadsheet, prepared by John Arnold.

Letter from Legal Counsel regarding wording of Article 11, presented by Joanne Savignac.

Statement of Indebtedness spreadsheet, prepared by Joanne Savignac.