

Westborough Advisory Finance Committee
Minutes of Meeting No. 17, FY2012
January 23, 2012

Approved
January 30, 2012

Members Present: John E. Arnold, Chair, Ed Behn, Peter Allen, Bill Linnane, Jim Tepper, Kathy Rosenblum Senie, J. J. Malone, Lisa Blazejewski. 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. 15, January 12, 2012

Ms. Blazejewski had requested an amendment to the minutes. Mr. Linnane moved to accept the minutes as amended. The vote to approve the minutes is 7 in favor, 1 abstention (Tepper), with 8 being present.

Preparation for FY2013 Annual Town Meeting

7:10 – Town Treasurer and Debt Budget

Joanne Savignac, Town Treasurer/Collector, appeared before the Committee to present these budgets.

Treasurer's Budget. Ms. Savignac noted that the increases in Salary/Wages were basically contractually scheduled increases. Expenses are essentially level from last year. Ms. Savignac explained that line 5453b covers bank payroll charges for the one department which has not gone to bi-weekly payroll, as the bank will no longer be providing a discount for these charges. She noted that in FY13 there may have to be adjustments or year-end transfer to help cover the discontinuation of those discounts. In answer to Mr. Allen's query about whether the Town could offer automatic online bill-paying, Ms. Savignac noted that there are already two online options for residents to pay bills.

Debt Principal & Interest. Ms. Savignac handed out two spreadsheets showing interest and principal due for this fiscal year. The first payment for the Wastewater Treatment Plant is due in FY13. The Water Pollution Abatement Trust has \$9 million in principal, with the first payment in June. The Treatment Plant payments are budgeted through the General Fund because of the reimbursements the Town receives from Shrewsbury and Hopkinton. Ms. Savignac noted that after 10 years borrowing can be re-financed. Mr. Malloy added that his budget message contains a table which shows school-related debt.

Building & Grounds

Frank Cornine, Supervisor of the Building & Grounds department, appeared before the Committee to present this budget. He explained that \$18,000 for custodial cleaning services for the library, originally in this budget, had been moved to the library budget. He noted that the Building & Grounds department makes extensive use of contractors to make repairs to boilers, HVAC systems, and electrical systems.

Town Manager (all budgets and warrant articles)

Jim Malloy, Town Manager, appeared before the Committee to discuss the warrant and department budgets.

Board of Selectmen/Town Manager's Budget. Mr. Malloy noted the decreases in Dues & Memberships, Professional Services, Contractual Services, and Printing costs. The only significant increase in Expenses is \$3,000 for a sick-leave buyback. In Salaries/Wages there is a 1.5% increase in clerical due to a step increase for the Assistant Town Manager. Mr. Malloy explained that the overall cost

of a second administrative assistant had been reduced by sharing services with the Personnel Board and the Municipal Building Committee.

Communication Budget. Mr. Malloy noted that Mark Stockman (GIS/MIS) had done a great job in reducing the overall cost in this budget. Repairs and Maintenance of equipment has gone up due to an increase in the monthly fees for the maintenance agreement. Mr. Stockman is attempting to consolidate all the department accounts into one Town account with Verizon Wireless, which will provide some savings.

Central Purchasing. Mr. Malloy explained that postage has traditionally been purchased in \$8,000 increments. After reviewing current practice, the Town will now buy less at year end, and wait until the next fiscal year to buy the bulk of the postage required to make the spending more consistent from one fiscal year to another. Postage for bill processing, real estate tax and excise tax bills is included in this line. In answer to a query about electronic billing, Mr. Malloy noted that Ms. Savignac had indicated that after including the cost of maintaining the electronic files, server, etc., the per unit cost for electronic billing would be higher than the present system.

Insurance. Mr. Malloy noted that credits earned by participating in loss control programs, as well as performance credits, were used to reduce next year's insurance premiums. He added that the Town is locked into current rates until FY14, at which time all options will be considered going forward. There was some discussion about the Health Care Reimbursement Account, which the Town funds at \$150,000 each year. However, only \$15,000 was spent last year. Mr. Tepper noted that this money was not being re-funded back to residents. Ms. Blazejewski was uncomfortable with having a 900% overage tied up when those funds could be used for other things the Town needs. Mr. Malloy will ask Town Counsel if the Town is obligated to fund that amount, or just obligated to pay. Ms. Rosenblum Senie asked about the Town's OPEB liability, specifically retiree health costs. Mr. Malloy felt that GASB applied company financial practices to cities and towns, without consideration of the difference between the public and private sector; towns don't go out of business as companies do. Mr. Arnold pointed out that many companies have coped with requirements by doing away with pension benefits altogether and implementing a pay-as-you-go contribution model.

Street Lights. Mr. Malloy explained that the increase to \$86,000 from \$80,000 reflected what was actually spent last year. He added that there is an ongoing discussion about purchasing the lights from National Grid in the downtown area, in order to replace them with period lights similar to the ones in Bay State Common—but without passing on the cost to taxpayers.

In answer to Mr. Arnold's question on the Council on Aging's request, Mr. Malloy explained that the Council's case load has increased and the Town's senior population has gone up significantly and will continue to go up. The Council's original request for two 19-hour/week outreach workers has been changed to one 35-hour/week individual. This new request is for fewer weekly hours but involves benefits, so the request is still being considered. Mr. Tepper noted that the Personnel Board had approved the 35-hour/week position.

Regarding the move to contracting out the Town's custodial services, Mr. Malloy explained that the Town employs four custodians at a cost of around \$250,000 (salaries plus benefits), whereas a contractor would cost \$63,000 for that same work. There is no need to pay worker's compensation, and no OPEB liability, and the Town would save \$187,000 annually. Mr. Malloy noted that he is attempting to cut back in areas which do not have a direct impact on services provided to the community. He added that years ago the Town owned its road-paving equipment, but then realized that it was more cost-effective to hire a private company to pave the roads—he feels this is a similar situation. He also noted that as the School Department employs 42 custodians, there might be room for discussion regarding their night-time custodial staff.

Warrant Summary

Mr. Malloy reviewed some of the highlights of the current Warrant for the Committee.

Article 8d (AFC regularly-recurring article). Mr. Arnold noted that the wording of this article restricts the \$300,000 for the General Reserve Fund to raise & appropriate, while the Committee in the past has recommended and the Town Meeting has voted a transfer from Free Cash. Ms. Rosenblum Senie wondered how the use of Free Cash was compatible with the Reserves goal set in the Fiscal Policies document. Mr. Malloy felt that the current reserve amounts were acceptable, and that Free Cash should be for one-time expenses, not for regularly recurring articles.

Article 12. Firestation/Townhall/Forbes Building project. Mr. Malloy noted that the Town utilizes only 50% of its useable space within the Forbes Building and Town Hall. With the new plan now being discussed, the existing buildings would be renovated for the police and fire departments, and other Town departments. However, the estimates are still high and Mr. Malloy and Municipal Building Committee prefer to present the schematic design at this Town Meeting, with a view to bringing the estimate down even further, and then coming to Fall Town Meeting with actual bids in hand. He added that if the original \$35 million Public Safety complex had been approved, the problems of wasted space in the existing buildings, and the significant repair and updates for code violations they would require, would still be unresolved.

Mr. Malloy noted that the Warrant would be closing on February 14th.

Areas/Topics of focus during upcoming AFC meetings

Mr. Arnold noted that at a future meeting the Committee would review the warrant to determine which articles require further discussion.

Schedule of meetings planned through March 2012

Mr. Arnold noted that the Wastewater Treatment Plant and DPW articles would be on the agenda of Thursday's meeting.

Adjournment

Mr. Behn moved to adjourn the meeting at 9:45 p.m. Vote to adjourn was 8 in favor, with 8 being present.

Document List

2012 ATM Warrant, Draft 4.

AFC Department Meetings Budgets, ATM FY2013.

Staff letter in support of M. Matley.

Revenue & Expenditures spreadsheet.

Warrant Article Summary.

Spreadsheets on Principal & Interest, provided by Joanne Savignac.