

Members Present: Ed Behn, Chair, Peter Allen, Lisa Blazejewski, Sharon Kaiser, J. J. Malone, Kathy Rosenblum Senie, Jim Tepper, Gary Wells. Absent: John E. Arnold.

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

The Committee welcomed Sara Mulkeen, the new Editor of the Westborough News.

### **Call to Order/Open Forum**

There were no requests to address the Committee.

### **Preparation for FY14 budget**

Town Manager Jim Malloy was present to discuss the budget process. Mr. Behn noted that the Town Manager and a Board of Selectmen representative had been invited to discuss budget approaches with the Committee to ensure that all are on the same page, and to begin a collaborative approach for the budget process which begins in January. Ms. Rosenblum wanted to know what message the departments are getting from the Town Manager, and Ms. Blazejewski noted that as the Finance Committee bears some responsibility for the budget, it should be in on the process early on. Mr. Tepper pointed out that 85% of the budget is out of the town's control, and welcomes discussing the long-term plan for limiting escalating spending. He prefers a level-funded budget.

Regarding liaison assignments for FY13, Mr. Behn asked the Committee to review the department list and email him their areas of interest. He also distributed a chart comparing Westborough to other towns with a similar population and income per capita, showing levy limits, tax rates, and expenditures. Mr. Malloy felt the comparisons could be useful, but noted that when comparing Public Works department services, Water and Sewer might be included in Westborough's data but not in data for other towns.

Leigh Emery, Selectmen Chair, is now present. Mr. Malloy distributed a packet, "What Does It Really Cost Property Taxpayers to Run the Town?" which showed the net cost to the average taxpayer of various town services, including schools. He pointed out that Westborough does not receive a proportional amount of state aid compared to other towns, which is reflected in the town's higher property tax bills. He felt the town provided many important services at a cost less than many residents pay for cell phone plans. Mr. Malloy noted that some fixed costs (such as electricity) would be decreasing in the near term, providing more of a cushion going forward. He added that a long-term goal was to bring the town's OPEB liability to zero.

Mr. Behn felt Westborough's significant commercial and industrial tax base should be factored in when making comparisons with other towns. Ms. Emery noted that many companies choose Westborough because of its good schools, which the employees' children then attend, making the commercial factor difficult to quantify.

Mr. Wells felt a budgetary message should be put out with a cap on budgets going forward, as part of a long-term financial plan. He noted the many projects coming up which will significantly impact taxes without such a plan, and felt many residents would soon not be able to afford to live in Westborough. He pointed to the \$4 million surplus in the budget as evidence the town was over-budgeting.

Mr. Allen noted the Committee's responsibility for recommending a budget, and felt that rather than submitting level-services budgets, departments (at least the larger ones) should be encouraged to show the

impact of, for example, budgets reduced by 2%. The school department should be included, since the school is 77% of the town's budget, according to Mr. Malloy's FY2012 chart titled, "Impact on Single Family Taxpayer."

Mr. Malone noted that since residents had approved the budget at Town Meeting, they must not feel the tax rate is unreasonable; however, other projects coming down the road should be considered, as they might suddenly make the situation unreasonable. Mr. Malone felt that a plan for dealing with the cost of these projects should be incorporated into the regular budget, rather than requiring an override. He added that the Board of Selectmen should be more involved in the budget process early on. Ms. Emery responded that the BOS role was to send out an initial budget message, with the AFC giving advice to voters at Town Meeting. She noted that hiring Mr. Malloy as Town Manager had made possible the implementation of 5-year budget plans and other financial strategies and policies, tools the town had not previously had. One goal of the BOS was to tie deliverables and services to the budget, making it clearer what impact certain cuts would have and therefore making choices clearer as well. Another goal was to stay within the levy limit. Ms. Emery noted that residents choose where to live based on the services a town offers, and though concerned about the tax rate, felt the rate could not be significantly decreased without impacting those services.

Mr. Behn wondered why Westborough's tax increases have been so high (with the 9<sup>th</sup> highest tax rate in the state). He felt budget decreases would only be significant in the larger departments such as school, public works, police, or fire, and that perhaps these departments should be asked to show the impact of a level-funded budget. Mr. Malloy pointed out that the tax rate had been in a similar range for 25 years. He is asking departments for level-funded budgets (excluding salaries), not level-services budgets, and added that in fact the town is providing an ever-decreasing level of services. Bearing in mind that Massachusetts has one of the most restrictive tax limits in the country, Mr. Malloy feels the town's goal of keeping the total property tax bill under 2.5% has been achieved. The town is not spending up to its levy limit, and money is being set aside for future projects. The BOS has adopted financial policies designed to reduce the debt burden, and projects will be phased in to maintain the debt level within reasonable limits, eventually to an ideal 7-8%. Mr. Malloy pointed out the dramatic impact of debt on the tax bills, such as paying off the \$2.5 million spent for the land next to the fire station. Finally, he felt that as the economy improved companies would share more of the tax burden.

Mr. Behn noted that Mr. Malloy's three-year tenure as Town Manager reflects good progress in tightening the Town portion of the budget.

#### **On-going Discussions**

##### **AFC Bylaw follow-up**

##### **Capital Expenditures Planning Committee Charter follow-up**

These discussions will be deferred until Mr. Arnold, who has been working on these issues, can be present.

#### **School Committee Information**

Ms. Rosenblum Senie had forwarded information to the Committee and welcomed their comments as to what further information they would like to see. Mr. Tepper would like the School Committee to show the impact of a 98% budget. Ms. Rosenblum Senie and Mr. Arnold will invite the School Department to continue this discussion with the Committee.

#### **Chairman, Committee Liaison, and Department Liaison Reports**

Mr. Tepper noted that the Gibbons Project committee is waiting on state guidelines, and will not convene again until September. Mr. Tepper asked about the Insurance Advisory Committee, and Mr. Behn noted that he and Mr. Arnold planned to attend those meetings.

**Comments and Concerns of Committee Members**

Mr. Behn had circulated a paper describing the effect of personal property new growth on the tax levy limit and welcomed feedback from Committee members. Mr. Wells noted the difficulty in defining “new growth”, and wondered if business taxable fixed assets were placing a burden on town services. Mr. Behn felt there was a benefit in this tax but noted that it does allow the levy limit to increase.

Mr. Behn noted that Fall Town Meeting was scheduled for October 15<sup>th</sup>. The Committee’s final meeting therefore would be October 4<sup>th</sup>, and the booklet completed on October 5<sup>th</sup>. Mr. Behn will find out when the warrant is to be made available, and will poll Committee members for possible attendance at meetings on all Mondays and Thursdays leading up to Fall Town Meeting.

**Adjournment**

Mr. Tepper moved to adjourn the meeting at 9:15 p.m. Vote to adjourn was 8 in favor, with 8 being present.

**Document List**

AFC Bylaw document.

Capital Expenditures Charter document.

Cover letter for Town of Westborough GASB 45, with report.

Fiscal Year 2012 End of Year Report.

New Growth Analysis.

“What Does It Really Cost Property Taxpayers to Run the Town?” prepared by Mr. Malloy.