

Members Present: Gary Wells, Chair, Ed Behn, Lisa Blazejewski, Jim Tepper, Tara Howard, Jim Driscoll, Hank Rauch, Beth Blumberg, Phyllis Jaffee.

At 7:00 p.m. Mr. Wells called the meeting to order in Memorial Hall at the Town Hall.

Open Forum

There was no one here to address the Committee.

New AFC Member Introduction – Phyllis Jaffee

Town Moderator, John Arnold, was present to introduce the newest member of the Advisory Finance Committee (AFC), Phyllis Jaffee. Ms. Jaffee has been a Westborough resident since 1980 and, prior to retirement, worked for the federal government in the division responsible for the architecture of municipal buildings. She has served on the Spurr House Committee, and is currently a member of the Cultural Council.

Approval of Past Minutes

Meeting No. 12, November 16, 2015

Mr. Tepper made a motion to accept the amended minutes of 11/16/15. Voted: 8-0-1 (abstention: Jaffee).

AFC Member Selection – Board of Health, Waste Materials Management Committee Mr. Wells informed AFC members that Ms. Blumberg would like to withdraw her name for consideration as liaison to the Waste Materials Management Committee. Ms. Blumberg's spouse is the Chairman of the Board of Health and, although it is not technically a conflict of interest, she would prefer that her name is withdrawn. Mr. Driscoll asked when the Waste Materials Management Committee will meet and Mr. Wells replied that the Committee was just formed and he is not sure yet. Mr. Driscoll volunteered to take over as liaison. Mr. Wells pointed out that, if he takes over that position, he'd also like to appoint him as liaison to the Landfill Contract and Health Department since those also deal with the Board of Health, and Mr. Driscoll agreed. Mr. Tepper made a motion to appoint Mr. Driscoll as the representative from the AFC for the Waste Materials Management Committee. Voted: 8-0-1 (abstention: Driscoll).

School Liaison Budget Report – Ed Behn, Tara Howard

Mr. Behn reported on the recent School Committee meeting that he attended along with Ms. Howard. Mr. Behn said that the schools are looking ahead to their 2016-2017 school year, along with their FY17 budget. They anticipate an influx of approximately 94 students, which will involve an increase to staffing of about 7.4 teachers and aides. The schools are expecting that most of the new student population will come in at the elementary school level. They are estimating that they will have an increase to the FY17 school budget of 2.71% and are expected to vote on it this Wednesday, December 16th. Ms. Howard added that she felt the schools worked hard to remain tight with their budget and adhering to their strategic plan. It was noted that the School Department and School Committee will meet with the Board of Selectmen on January 19th.

Unspent Warrant Article Funds – Hank Rauch

Mr. Rauch wanted to discuss unspent warrant article funds and referred to the report emailed out to Committee members by Mr. Wells. He mentioned that Town Accountant, Leah Talbot, generates this report each month indicating what funds are still remaining on warrant articles. Mr. Rauch felt that it was part of the AFC's duty to ask why this money has not been spent and to see if these funds can be turned back in to the Town if it isn't needed. Mr. Wells thought that perhaps departments forgot to close out an article after a project is completed and

gave an example of an article still open from 2011 for the Hastings school. He noted that some money for these articles came from free cash and some were through a raise and appropriate (R&A). Mr. Wells pointed out that we would need to check with Ms. Talbot as to whether remaining funds should go back to the reserve fund or to free cash. He also mentioned discussing this topic with Town Manager, Jim Malloy, when he meets with the AFC on January 14th. Mr. Wells felt that when money is approved for an article that it should be closed out when the project is complete. Ms. Blazejewski asked what happens when funds are designated for a project through an R&A and the procedure for turning in any unspent money back to the Town. Town Moderator, John Arnold, mentioned that the right approach would be to take this up with Mr. Malloy since money that is raised and appropriated for a certain purpose can only be used for that purpose. Mr. Arnold added that the only way unspent funds can go back to free cash is through Town Meeting action. It was noted that this is a housekeeping issue and once the project is done then the article should be closed out. Mr. Behn pointed out unspent money in articles designated for renovations at the Library and how those funds were re-purposed. Mr. Rauch mentioned that Library Director, Maureen Ambrosino, still needs to consolidate those articles. He also mentioned there was \$205,000 still unspent for hazmat training for the Fire Department and wondered why that had not been used. Mr. Wells noted that these are good questions to ask the departments when they meet with the AFC. Mr. Behn recommended that liaisons for any departments with articles on this list should speak with that department and bring up for discussion when they meet with the AFC.

Chairman's Report

Mr. Wells referred to the FY 2016 Schedule update that he sent to Committee members. Mr. Wells confirmed the upcoming meeting with Town Manager, Jim Malloy, on January 14th. He has also scheduled dates for the major departments such as the schools, Fire Department, Police, and DPW. Once budgets become available, Mr. Wells said the AFC can determine who to invite in.

Mr. Wells provided an update on the recent Finance Team meeting that he attended. He informed the Committee that the Finance Team is made up of the Town Manager, Chairman of the Board of Selectmen, the Chairman of the AFC, the School Superintendent, and the Chairman of the School Committee, along with heads of various departments such as the Town Accountant, Treasurer, Assessor, and Assistant Town Manager. Since we are getting close to budget season, they are starting to meet again. Mr. Wells said that expenses have decreased over the years to the point where items need to be added back in to department budgets. Regarding salaries and wages, Mr. Wells pointed out that there's not much that can be done about cost of living and step increases. He mentioned that they anticipate an 8.6% increase for insurance, along with other increases such as for the schools. They are expecting an overall increase of 3.2%, which can be discussed further with Mr. Malloy at the January 14th AFC meeting. Mr. Wells noted that we may come in at \$1.4 million over the Selectmen's goal and are looking at a tax increase of about 4.2%. Mr. Behn added that we will have to start paying down debt for the new Fire Station and the Town Hall renovations. Mr. Wells also mentioned that the Town's electric rate is going up, which will increase that expense by approximately \$37,000. Mr. Wells noted that all electric costs will now come out of individual department accounts and the old Street Light account is now a general account for the Town's electric. He pointed out that this change will make it easier to track solar credits. Ms. Howard asked why electric costs are going up since we have solar credits. Mr. Wells said that was a good question to ask Mr. Malloy. Mr. Driscoll asked what percentage of the increase to the Town's budget belongs to salaries and wages and Mr. Wells said that we don't have that information yet. Mr. Rauch thought that salaries and wages shouldn't be taken as a given. He felt increases to wages should be examined to determine if we are gaining more services, or are we just unproductive. Mr. Driscoll also wanted to know what efficiencies and savings have been taken in to consideration in the budget. Mr. Wells pointed out that the individual departments, as well as Town Manager, Mr. Malloy, could be asked what has been saved. Mr. Tepper asked Mr. Wells for clarification on the percent increase to taxes and how that broke down. Mr. Wells said that the schools represent about 2.71% of that increase and the Town is at about 1.49% for a total of 4.2% as estimated by Mr. Malloy. Mr. Wells explained that over the past few years the Town has kept their budget down which mitigated increases on the school side. He added that they are trying to stay within the goals set by the Board of Selectmen. Mr. Wells noted that the budget is supposed to be

completed on 12/21 and budget books will be available to everyone at that time. Mr. Driscoll asked about the school budget and Mr. Behn said that the School Committee is voting their budget on Wednesday, 12/16.

Mr. Wells referred to his email to Committee members regarding attachments to the AFC minutes. He took everyone's comments and felt that any member of the AFC can request a document be attached to the minutes as long as there are no objections. Mr. Behn noted that he will meet with Mr. Stockman about having an electronic repository. Mr. Behn made a motion to adopt the Meeting Minutes Document Attachment Guidelines as presented by Mr. Wells and Mr. Tepper seconded. Voted: 9-0-0. Mr. Rauch requested that the Meeting Minutes Document Attachment Guidelines be attached to this set of AFC minutes.

Regarding the budget review process, Mr. Wells again took everyone's comments and compiled them in to guidelines to be used during meetings with various departments. Mr. Tepper made a motion to adopt the Budget & Warrant Article Presentation Guidelines with spelling corrections as presented by Mr. Wells. Mr. Behn didn't think this needed a vote since the Chairman is responsible for running the AFC meetings. Mr. Tepper disagreed and felt there should be a consensus from the Committee that this is the direction we should go in. Ms. Blumberg asked for clarification of the motion and Mr. Tepper noted that it is a "guideline only" that will be used during meetings with departments during the budget review process. Voted: 9-0-0.

Mr. Wells mentioned that the Annual Town Report (ATR) for the Advisory Finance Committee (AFC) is due and that this is a calendar year report. He emailed out a copy of what he wrote for the ATR to Committee members and asked for any corrections or changes. Ms. Blazejewski noted that Ms. Jaffee should be added as the newest member of the AFC. Mr. Behn made a motion to accept the Annual Town Report with appropriate corrections. Voted: 9-0-0. Ms. Blazejewski will provide typo corrections and edits to Mr. Wells.

Mr. Wells wanted to discuss the AFC General Reserve Fund. He noted that the AFC Reserve Fund is there for emergency uses and any amount left over at the end of the fiscal year returns to free cash. He felt that this was a built in tax generator of free cash. Mr. Wells pointed out that one way to deal with this is to roll over the balance remaining in the AFC Reserve Fund to the following year and only raise and appropriate the amount that was used to supplement the budgets. He mentioned that historically the fund has been used for additional snow & ice costs. Mr. Wells referred to the document he emailed to Committee members and noted that it is a starting document to put on the table for discussion and welcomed any changes, comments, and corrections. Mr. Wells pointed out that the AFC has discussed this subject before but nothing has ever been put in writing. With Annual Town Meeting (ATM) coming up in March, Mr. Wells suggested putting an article in the warrant regarding funding the AFC Reserve Fund since actual fiscal year end numbers are given at the Special Town Meeting (STM) in October. Mr. Tepper inquired about what was done years ago and why it has changed, since the AFC Reserve Fund used to be funded from free cash and, if not spent, would go back to free cash. Mr. Wells mentioned that the change occurred when the Board of Selectmen (BOS) put out their fiscal guidelines to the Town Manager and departments with the directive that free cash shouldn't be used to balance operating budgets and that it should be saved for capital reasons. Mr. Behn said that he was in favor of the replenishment aspect where we would raise and appropriate what was spent and free cash what is rolled over. He felt that this kept in line with doing a raise and appropriate for operational purposes. Mr. Behn suggested making a motion under Article 8C in the Annual Town Meeting warrant to raise and appropriate a portion and use free cash for the other portion of the AFC Reserve Fund. If this was done in the fall at the Special Town Meeting, he felt we would need a new article and he thought that might be confusing. Mr. Rauch was in agreement and pointed out that it leaves our options open and provides flexibility as to how the AFC Reserve Fund is funded. Ms. Blazejewski asked for an example so she could better understand how that would work operationally and Mr. Wells noted the medical fund. Mr. Behn added that it was similar. Mr. Rauch felt that if we are always putting money back in to free cash then we should lower the amount needed for the AFC Reserve Fund. Mr. Tepper requested the actual history as to how much has been turned back in to free cash each year from the reserve fund. He felt this would offer a better understanding and then the Committee could discuss this subject again. Mr. Wells said he would get that information and email it out to AFC members for their review.

Mr. Wells reviewed AFC liaison assignments and explained the role of the liaison to new members. He pointed out that liaisons are the conduit for individual departments to reach out to the AFC and vice versa. Mr. Wells noted that he didn't feel a liaison was needed for the Personnel Board. Mr. Tepper mentioned that they used to have liaison forms, which were cumbersome, so they haven't been using them recently. Mr. Wells said that changes were never finalized to the liaison form. He will send copies of the liaison form to AFC members for their comments and changes. He also mentioned that, once they received the new budget binders, they have started using those for reporting instead. Mr. Wells pointed out that the role of the liaison is helpful during budget season so changes can be reviewed, especially any large changes. He noted that the liaison can also work with departments to get answers if AFC members have any questions. Mr. Wells went down the department list and has Ms. Blumberg assigned to the Planning Board, Zoning Board of Appeals, and Conservation. Mr. Driscoll was assigned to the Landfill and Health Department, and Mr. Tepper will take the Police Department. Ms. Jaffee was assigned to the Cultural Council, Recreation Department, and Council on Aging. Mr. Wells explained to the newer members which departments are typically invited in for discussion prior to Town Meeting. Mr. Wells said that he will send out an updated liaison assignment list and requested that the list be attached to this evening's AFC minutes.

Committee Liaison and Department Liaison Reports

Gibbons School Building Committee: Mr. Tepper reported on the Gibbons School Building Committee (GSBC). He said that the general contract was recently voted and they received well over a 100 responses to the bid package that was sent out for subs. The GSBC met and pre-qualified bidders and their bids should come in January. Mr. Tepper mentioned temporary classrooms and that they are looking at a cost balance since the temporary classrooms may be used for other school projects. He pointed out that Building Commissioner, Tin Htway, was a part of the GSBC's last meeting and Mr. Htway is comfortable with the renovation plans. Mr. Tepper noted that the five phases to this project should be complete by September of 2017. Mr. Rauch asked if the cost for the temporary classrooms were already in the budget. Mr. Tepper said that some of the money needed was from the School Department's budget and some was already built in to the renovation budget. Mr. Tepper added that the Gibbons School Building Committee continues to meet weekly regarding this project.

Charter Review Committee: Ms. Blazejewski reported on the Charter Review Committee. She mentioned that they are still working on the wording for their articles. Ms. Blazejewski noted that the Charter Review Committee is looking to get things organized for the start of the year. They hope to have two public meetings before drafting the final articles for the warrant. Ms. Blazejewski said that she will invite in the Chairman of the Charter Review Committee to meet with the AFC once they figure out what's happening for Annual Town Meeting.

Capital Expenditures Committee: Ms. Blazejewski also reported on the Capital Expenditures Committee (CEC). She said that they have a meeting later this week. Ms. Blazejewski mentioned that CEC members submitted their votes for capital expenditure requests in order of priority before Thanksgiving. Town Manager, Jim Malloy, and Assistant Town Manager, Kristi Williams, are tallying those votes and they should know where the requests came in at their next meeting.

Pre-K to 3 School Building Committee: Mr. Wells noted that the Pre-K to 3 School Building Committee was recently formed and members still need to be sworn in. Otherwise there was nothing to report as of yet.

School Department: Mr. Behn reported on the School Department. He pointed out that the schools make up 70% of the Town's budget. Mr. Behn suggested having the schools as a separate article in the warrant since it is the only department that makes a separate presentation and their budget is large and complex. He wanted AFC members to give it some thought. Ms. Blazejewski asked what other towns do and Mr. Behn said he would find out. Mr. Rauch was in favor of giving residents more insight in to what it takes to run the schools. He felt that by providing more visibility to the total cost of running the schools, residents could determine if the money is used wisely. Mr. Behn briefly reviewed the figures and what was spent. He said there was about a million dollars that

he couldn't determine what it was needed for and warranted more discussion. Mr. Driscoll said that he would like a better understanding of the grant process. Mr. Behn noted that federal grants are earmarked for certain items and mentioned that the other type of grant is for circuit breaker funds, which are meant to supplement the costs for special education. He pointed out that circuit breaker funds are revolving, unlike federal grants which you get and have to spend. The third type of grant is for revolving funds – like the Community Education program, where they collect money and then use it to offset costs associated with that program. Mr. Behn mentioned that he gets detailed reports from the School Department's Director of Finance and Administration, Irene Oliver. He felt that the more education we can provide to residents would be helpful. Mr. Behn pointed out that splitting the article in two would be a Board of Selectmen issue.

Comments and Concerns – Committee Members

None

Public Reminders for Viewers

None

Adjournment

Mr. Behn made a motion to adjourn the meeting at 8:41 p.m. The vote to adjourn was 8-0-0 in favor, with 8 being present (Mr. Tepper was absent for this vote).

Document List

Unspent Appropriations Report – Gary Wells

Meeting Minutes and Document Attachment Guidelines – Gary Wells

Budget & Warrant Article Presentation Guidelines – Gary Wells

AFC General Reserve Fund Funding – Gary Wells

FY2016 Liaison and Committee Interests/Assignments – Gary Wells

Respectfully submitted,
Jessica Thomas,
AFC Administrative Assistant