

Members Present: Jo Lown, Chair, Bill Linnane, Christine Hirsch, Judy Lucas, Cliff Watts, Ian Johnson, Brigitte Casemyr, Michael Meachen. Absent: John E. Arnold.

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

Open Forum

There were no requests to address the Committee.

FY10 Finance Discussion – Borrowing, Budgets, Other

Joanne Savignac, Treasurer reported on the current financial situation.

- She had no new information on the Wastewater Treatment Plant project. They are still waiting for EPA approval to delay the date by which the project must be finished. They looked at the 2% vs. 0% financing last year, and the 0% financing was dependant on the term of the borrow. At this time the SRF financing is still available.
- Capital Expenditure Plans are coming in and the Capital Expenditures Committee will meet after the holidays. So far there is nothing new, but Ms. Savignac has not gotten information from the schools, DPW, or Municipal Building Committee. There are no emergency projects at this time.
- Ms. Savignac distributed an overview of the town's long-term debt. As of 7/1/09 there will be \$82M in outstanding long-term debt. At this time, Ms. Savignac would not recommend borrowing for projects that are not urgent or crisis. Rates have not changed significantly. She did a borrowing in November but negotiated it rather than taking it to market. She only got five bidders on a short-term borrowing of \$1.163M (mostly for sewer/water projects.) Credit is tight but available at a higher interest rate. Average debt to value ratios for Massachusetts towns can be found on the DOR web site. Standard & Poor's report gives the town a rating of AA2. This report and the proposals for borrowing are available for review. Short-term borrowing is for up to 360 days only. After that term the decision to move debt to long-term borrowing depends on the scope of the project. All borrowing is done for Articles approved at Town Meeting only. The total debt burden has gone up but not greatly, and has stayed fairly consistent since the school debt was authorized.
- Collections are becoming more difficult. The town now has liens on 55 properties for FY08 taxes not paid. This is the most since 1992. The Treasurer's tax title account will not cover the cost of services to collect these liens. Property owners get a tax bill, a pink demand letter, and a couple more letters, before a lien is filed. The tough economic conditions will depress collections further. At this time there is approximately \$800,000 in unpaid taxes.
- The Commonwealth has announced the likelihood of a 5% to 10% cut in State Aid to Cities and Towns for FY10.
- The Town is allowed to borrow funds in anticipation of revenue or due to a catastrophic event.

Approval of minutes – Meeting No. 9, November 3, 2008.

Committee deferred voting on the minutes until the next meeting.

2009 Scheduling

- AFC meeting on January 5, 2009 – Henry Danis will attend.
- Mr. Meachen suggested a press release prior to this meeting to let people know what the committee is discussing. Ms. Casemyr suggested it be informational to let people know what is on the agenda, like a Public Service Announcement. The AFC has not done press releases in the past, and this meeting, as all meetings, is a public meeting rather than an open meeting and so the public would not have an opportunity

to join the discussion. Ms. Casemyr would like to give townspeople more information about future budget issues, including the Wastewater Treatment Plant project and the Public Safety Building, in order to determine what the town's priorities should be. Ms. Lucas pointed out that determining the town priorities is not a task for the AFC.

Ms. Casemyr reported on a research project done by the City of Worcester which gathered data on residents' opinions on which services are well-done and worthwhile, including questions such as "How do you rate the service today?" This gave the City information it could use to better provide needed services.

Mr. Meachen would like to convey to the townspeople that this is a special time, and that they need to determine what services they want the town to provide. Sample scenarios could be included to explain the financial consequences.

Mr. Johnson is expecting town departments to submit two budgets – one for level funding and one for level services. They may possibly be asked to provide a third budget which will come under the Proposition 2½ cap.

Ms. Lown notes that line-item budgets do not identify the actual services provided so it is difficult to see the "big picture" by merely looking at line items in each budget.

Mr. Linnane suggests speaking with Mr. Danis before the budget process goes much further and before sending out a press release. Ms. Lown will meet with him, especially in light of the state funding cuts. Committee members suggest it may be good for department heads to look for any areas in which cuts may be possible if necessary, while they are producing the two budgets already requested.

Mr. Meachen would like to see town departments produce multi-year budgets in the future but does not feel this is a good time to make this request. Current fiscal conditions are extraordinary. While it is always difficult to make projections, it can be done based on the best information available at a given time.

Ms. Casemyr will investigate the possibility of new growth. The Planning Board and Assessor's Office may have information on what areas in town are still available for development.

Mr. Johnson notes that a large portion of the town department budgets are personnel costs.

Mr. Watts wondered what the impact of moving town health insurance to the State GIC plan would be. Ms. Lown will ask Maryanne Bilodeau.

Ms. Lown reported on the Board of Selectmen's initiative to create a Legislative Liaison Committee. Should the AFC member be a voting member of this committee, and could they then also be the liaison to the committee? Mr. Johnson looks at the role of this committee as a lobbying committee. He feels that the AFC should be represented. Ms. Lown suggests rotating AFC members as liaison representatives. Ms. Hirsch asked if consistency would be important. Ms. Lown will seek clarification from the Board of Selectmen on the member's role. Committee members agreed to start with rotating representatives, and Mr. Watts and Mr. Johnson volunteered.

Liaison Updates

Ms. Casemyr reported on the WWTP Board meeting held 11/12/08. They are still waiting for EPA and DEP decisions, and are looking for changes to the base bid. There was a meeting with the EPA scheduled for 12/3/08 to discuss the deadlines. No decision has been made on extending 0% financing. The DEP has not set the criteria, and guidance is expected to be ready by mid-January. EarthTek has been doing much work on the

new bid process using funds already paid by the town. The Board has looked at the effect of the poor economy on costs, and feels that if a national stimulus package is passed it will most likely fund construction projects so may have a negative impact on the cost of this project. The WWTP is projecting a shortfall in the current FY09 budget due to increased costs of electricity and chemicals and a significant increase in its FY10 budget request

Mr. Linnane reported that the Youth and Family Services research team has met with students to give feedback on the survey results.

Comments and Concerns of Committee Members

Ms. Lown noted the Snow and Ice budgets in members' folders. Mr. Watts said he has gotten several negative comments from townspeople on the sanding operation and residue after the recent snow event. Mr. Johnson noted that some costs in the DPW Snow budget were for repairs or pre-purchase of salt/sand.

Ms. Lown noted the following meetings:

1/5/09 – AFC

1/20/09 – joint presentation to AFC and Board of Selectmen on GASBY 45 (not confirmed)

2/2/09 – AFC

2/10/09 – joint meeting with Board of Selectmen, AFC, and Capital Expenditures Committee.

Adjournment

At 8:50 p.m. Ms. Lucas moved to adjourn the meeting. The vote to adjourn was unanimous, 8 in favor with 8 being present.