

Members present: Kevin McCormick Christopher A. Rucho
Allen Phillips John O'Brien
Members absent: Steven Quist

Mr. McCormick convened the meeting at 7:01 p.m. Members of the School and Finance Committees are in attendance to hear the report on first look at revenues moving into next fiscal year.

Town Administrator and Finance Director Report on Revenues

Mr. Gaumond explained that the meeting was requested by the Board of Selectmen who are seeking to start the process early enough to give all town boards and departments the ability to plan next year's budget plans. It is a very early look at the revenues and numbers may change repeatedly before our May town meeting. He will be sending out his budget forms and letter the week after Thanksgiving. The state is not announcing state revenue sources for another six or seven weeks. Personal property taxes are pretty much tied down and the only area of question is New Growth, which is not a huge amount of money. Local estimated receipts are usually pretty flat and there is a little fluidity in local aid and available funds. Last week he attended a meeting of the Local Government Advisory Commission with Secretary of Administration and Finance Jay Gonzalez and the subject of the discussion was the state finances. There seems to be some good news coming out of Boston. In closing out fiscal 2010, the state saw \$163 million in surplus and they were able to put money into the state's Stabilization Fund. The state is \$413 million over their projections. The word out of Boston is we are not likely to see any mid-year cuts. The state budget was balanced because of the stimulus funds. If we didn't have those monies the last couple of years would have been dire. The state has a structural imbalance of \$1.5 to \$2 billion due to the stimulus funds that will be disappearing after the year ends. Mass Taxpayers Association is projecting a 10% cut in local aid and MMA suggested a 5-10% cut. Mr. Gaumond is using the 7.5% number for his initial estimates of local aid.

With regard to available funds, we have Free Cash, Ambulance Receipts and Wachusett EMS. This year the MMA is focusing on passing health insurance plan design, which will allow municipalities to have management powers in the area of health insurance to be able to modernize their plans to reduce costs, adequately fund the Chapter 90 program to return funds to communities to improve their roads and sidewalk infrastructure, fight for long-term funding and expansion of the special education circuit breaking program by advocating for changes during the budget process.

Finance Director Michael Daley presented a power point analysis which reviewed the tax levy from FY2008 through FY2010. Our biggest source of revenue is through our property taxes. In 2008 we were at \$10.5 million, in 2009 we went to \$11 million, in 2010 we went to 12 million and our 2011 estimate is \$12.3 million. In 2008 we had a pretty good growth amount, and we have not had the kind of growth in the past years that we had in 2008 and 2009. Last year we had \$46,000 in New Growth and our 2011 estimate is \$50,000. The presentation included a review of the budget revenue available for General Fund use, Recurring General Fund Other Financing Sources which included Ambulance Receipts Reserved for Appropriation and the Wachusett Fund. A review of Recurring General Fund Other Financing Sources, Annual Budget Resources Available for General Fund Expenditure, and Non-Recurring Other Financing Sources. These sources included Free Cash, Capital Investment Fund, Budget Transfers, Overlay Surplus, Stabilization Fund, Cemetery Lots and Graves and Community Preservation Act Funds. We have a Policy on the use of Free Cash and in FY08 we did not have any Free Cash to use. We were able to follow the Policy on the Use of Free Cash in FY10.

Mr. Daley reports that it is looking like a level fund fiscal plan for FY12. When we lower aid

we are lowering some line items and not touching others. Chapter 70 and Charter are down, however, school lunch and School Choice are not. We have taken the Quinn Bill off and the Veterans Benefits continue to grow and the state provides reimbursement. Exemptions are driven by activity here locally resulting in them having to send us supporting revenue. Even though we are shooting for a 7.5 reduction, we are only experiencing a 6.4 reduction. We have a zero county assessment because the county went out of business. The levy goes up, state aid goes down. We are forgiving about \$133,000. FY11 estimated shaded areas are still in place. The change from FY10 to FY11 would cost us. Total assessment 16.8%, FY10 actual, FY99 actual the assessments were up 4.6%. The bottom line is we are looking at level funding FY12 at the levels we used to fund FY11.

Patrick Crowley asked if the New Growth included the Franklin Street project. Mr. Daley explained that it is based on where we were at December 31 of last year. In the next fiscal year we will add value again and you will get growth in two fiscal years. The sales of FY10 drive FY12.

John Owanisian asked about pay-as-you-throw and the increase on local meals tax. Mr. Daley explained when we do the recap, page three includes the local receipt section. In FY12 we took action on the meals tax. In year one we generated revenue beginning in February. We will have 12 months of collections in FY11. It is a local receipt on page 3. On motor vehicle excise, last year revenues went up due to the Cash for Clunkers Program. We are bumping up local receipts. We budgeted 2.15 in FY8, 1.965 in FY09, 1.76 in FY10 and 1.961 in FY11. We are not diminishing the value of local receipts and our estimate is a 2.2% increase over last year.

With regard to pay-as-you-throw, Mr. Gaumond explained that the Board of Selectmen has issued goals for next year to the Town Administrator and one of goals is a full analysis on the pay-as-you-throw program. We will have an analysis of where we are with our revenues. We have several options including continue as is, create an enterprise account, or build it all into the operating budget. That decision is a town decision. We will have the analysis completed by February or March and we will invite the Finance Committee and School Committee to come in to that presentation. Mr. Daley added if you are going to play with pay-as-you-throw you have to raise the price of the bags. He has heard there is more trash being disposed of in FY10 than in FY11. Mr. Rucho pointed out there we have also the question with the Proposition 2-1/2 override on the trash.

Mr. Berglund questioned whether the solar panels which the Light Plant installed would provide a benefit to the town. Mr. Gaumond explained that we have two components, the first is streets lights and the second is our electricity. There could be a benefit, however, he is not sure it will impact the rates we pay. Because the Municipal Lighting Plant is not a private power provider, we do not pick this up as New Growth. In closing Mr. Gaumond noted that this revenue estimate is still very preliminary. He will send out any estimate changes.

With no further business to come before the Board, motion Mr. O'Brien at 8:15 p.m. to adjourn, seconded by Mr. Phillips, all in favor.

Respectfully submitted,

Approved: December 1, 2010

Nancy E. Lucier

Kevin M. McCormick, Chairman

Allen R. Phillips, Vice Chairman

Christopher A. Rucho, Selectman

John J. O'Brien, Selectman