

Members present: Kevin M. McCormick John W. Hadley  
John J. O'Brien Michael J. Kittredge, Jr.  
Christopher A. Rucho

Mr. McCormick convened the special meeting of the Board at 6:00 p.m.

### **Town Administrator's Fy2014 Budget Recommendation**

Mr. Gaumond explained that since we last met, we are still waiting for the House to come in with its numbers of local aid. As of right now, he is planning on level funding local aid, and the budget can be amended if our revenues take a dramatic up or down. The expenditures are divided into categories which include General Government, Public Safety, Education, Public Works, Human Services, Culture and Recreation, Debt Service, Intergovernmental, Employee Benefits and General Insurance. Also added to this is the sewer enterprise operating budget, however, that is not included in the operating budget and will be voted separately. He reviewed the following budget line items.

Moderator – this line item will be level funded.

Board of Selectmen - this line item will be level funded.

Town Administrator – this line item includes a small increase in the supplies line item and a COLA adjustment for the Municipal Assistant and no raise for the Town Administrator.

Reserve Fund – this line will be level funded.

Finance Department – this line item will be increased by \$5,000, and will cover a COLA for the one employee in the department and the contract with our financial consultant.

Town Audit – this line item will increase by \$5,000 to cover the actuarial services needed to comply with GASB45.

Assessors Department – this line item will increase about \$360 to cover a COLA for the one employee in the department and the contract with our Principal Assessor.

Treasurer/Tax Collector – this line item will increase from \$164,971 to \$167,072 and includes a COLA for the employees in the department and funds for tax title enforcement and for training.

Town Counsel – this line item will be level funded. We continue to be more conservative with this budget, however, this area of the budget may have a problem getting through this fiscal year.

Personnel Board – this line item will be eliminated.

Computer Services – this line item will increase from \$77,850 to \$83,700. It includes a limited amount of equipment and an increase in costs for our computer maintenance contract.

Town Clerk – this line will increase from \$67,740 to \$70,615 and includes a COLA for the assistant.

Elections will increase by \$1,055 to cover automark election system/coding and postage. It also includes funds for a special election.

Planning Board will be getting \$3,183 for their secretary and operating costs. They continue to maintain their revolving fund.

Public Safety Headquarters will be level funded and it also includes a line item of \$9,900 for building maintenance.

Town Hall – this will increase \$1,894 to cover a 1% increase in the rent.

Town Report – this will be reduced by \$500.00.

Total General Government is \$1,099,782, an increase of 2.3% primarily due to an increase in the audit and computer costs.

Public Safety

Police Department - this line item will increase by \$33,300, includes a COLA for the one non-union employee, everything else is level funded, and it also includes the cost of a new cruiser.

Fire Department – this line will increase \$48,250 and includes a COLA. The number is much higher than last year due to the fact that we have included their annual warrant article to cover ambulance billing and hospital medical direction services into the operation budget. Because this is an annual cost, the Finance Director would like it built into the operational budget.

Public Safety Communication – this will decrease by \$10,920. We are still actively working to regionalize our dispatch services in West Boylston and we are trying to work out the best deal for the town.

Building Department – this will decrease by \$533.

Sealer of Weights & Measures – this is level funded and the town does recoupe the expense.

Emergency Management – this line will be level funded. It is our hope that this budget will be supplemented with grants.

Animal Control – this line item will be increased by \$400 as there is a piece of equipment he would like to outfit his truck with.

Total Public Safety is \$2,363,512, an increase of 3% due to the addition of the ambulance expenses in the Fire Department operating budget.

Education. They are proposing to increase this line item from \$10,151,094 to \$10,429,680, an increase of 2.7%. The vocational expenses are significantly higher than last year.

#### Public Works

Public Works – this line will increase \$31,820, maintains a reduced staffing level and increases salaries per the contract and a COLA for the one non-union employee. It maintains the continued level of support for the Tree Warden, additional funds for parks and street maintenance as well as fuel, and it sets aside \$9,900 for building repairs.

Snow and Ice Removal – this line will increase by \$1,113 in order to compensate for increased personnel costs.

Street Lighting – this line will be level funded.

Trash & Disposal – this will be reduced by \$9,911.

Landfill Monitoring – we have been off setting the costs of this through an old warrant article and this is the first year that the entire cost will need to be in the budget, \$9,000 will be included.

Cemetery – this line item will increase by \$686 for COLA adjustments.

Total Public Works will be \$1,297,521, an increase of 1.8%

#### Human Services

Board of Health – this line will be reduced to \$13,000, and will cover the town's participation in the Regional Health Alliance and still maintain the revolving fund.

Council on Aging – this line item will decrease by \$5,959 due to a change in salary for the one employee in the department.

Veterans Services – this line will increase by \$22,935 to cover an increased level of veterans taking benefits and a small increase for the Veterans' Agent.

Total Human Services is \$146,215, a decrease of 13.5% primarily due to the change in the Board of Health funding.

#### Culture & Recreation

Library – this line will be increased by \$16,140, however, we are once again short in this budget and we will need to seek a waiver. It does set aside \$9,999 for building maintenance.

Celebrations – this was formerly Memorial Day and will not be funded. Mr. Gaumond thanked those who have helped raise funds to continue on.

Arts Council – this will be level funded

Total Culture & Recreation is at \$338,196, an increase of 5%.

Debt Service

Debt Principal – this will be funded at \$1,090,301.

Debt Interest – this line will be reduced.

Short-Term borrowing – this line will be reduced.

Total Debt Services will be \$1,208,446, a decrease of 3.8%. They are all fixed costs to the town.

Intergovernmental

Regional Planning Assessment – it is our participation in CMRPC and is based on our population.

Wachusett Earthday – this is also based on our population.

Total Intergovernmental is at \$4,481, an increase of 12.5%.

Employee Benefits

Retirement & Pensions – these are fixed costs, \$801,370.

Workers Compensation – this is a fixed cost and due to a decent claims history we think we will be able to level fund this at \$48,000. We will have to support this with some MIIA rewards.

Unemployment Insurance – this is a fixed cost and will increase from \$47,500 to \$62,500.

Group Health Insurance – this is a fixed cost for the both the town and the school. This will increase from \$2,885,935 to \$2,895,802. We did go out to bid and we also are going to look at changing a co-pay to allow us some flexibility. We will be asking the unions and the Board of Selectmen to agree with that change.

Group Life Insurance – this is level funded.

Medicare – this will increase by \$5,000

Total Employee Benefits is \$3,990,672, an increase of 1.8% primarily due to health insurance.

General Insurance

General Insurance will be maintained at \$125,000, it is about \$55,000 less than what we have historically been paying. Anything that comes in above that will need to be offset with MIIA rewards.

Mr. Gaumond states that the budget is balanced, it is projected to be \$21,029,569, an increase of 2.01%.

Pat Crowley asked about the police training line item. Mr. Gaumond advised that it was moved up to the salary line item. He also asked if the \$34,000 ambulance expense would be funded through ambulance receipts and Mr. Gaumond advised that it would be.

Mr. Gaumond explained that the biggest problem with the budget falls in the area of education. With regard to the School Department line item, they will be looking at different things to try to make the budget work for them. We only have \$415,000 more than last year. Mr. McCormick asked about COLAs. Mr. Gaumond explained that on the union, the town's side, both police and the DPW received a 2% increase and non-union employees received 1.5%. His understanding is that the school has also settled on a 2% for next year. Mr. Owanisian concurred, they have a memo of agreement in place for the teachers contract at 2%.

Finance Director Michael Daley joined the Board. He explained that there was an election in 2008 and since 2009 things have been stressed and now they are turning back. It is how we budget, how we spend and how we end up. In government, we have fund balances and unrestricted funds. Our Free Cash is derived by having more revenue than we budget and having less expenses than we budgeted. He went on to review the last several years of Free Cash numbers. In the year ending 2009,

they shorted us \$403,936 because of cuts from the state. When we had that problem there was a conscious effort not to spend what we had budgeted and we had a \$385,000 net operating set back. We have to make sure that we never have a revenue deficient. In theory if we budget conservatively on both we will be okay. We have a policy that we can use 1% of Free Cash for the budget. We get revenues from taxes, they tell us what we will get in state aid and we are using what is coming out of Boston. It leaves us with local revenues. Current year is \$2.2 million, 10% of the total budget. Motor vehicles revenues, in lieu of taxes, licenses, permits and fees, investment income and other revenue were down. The Department of Revenue (DOR) requires us to use the actuals of the completed year as they actual. That gave us \$450,000 of Certified Free Cash. The actual local receipts are listed on page 3 of the Recap Sheet. Miscellaneous non-recurring revenue.

Mr. Daley explained that we voted the FY10 budget in May of 2009. We ended up with \$750,496 in Free Cash. In FY11 we just about level funded everything. They require us to use last years' actual when we set the tax rate for FY11 revenues. We had a stunning year of turn backs and it gave us \$941,063 of Free Cash. If we do not have a surplus and a turn back on the budget, we do not have Free Cash. We know we have to create a couple hundred thousand dollars of Free Cash. He noted that the town spends an arduous amount of time maturing new revenues. Now we are looking at budgets with meals tax revenues and pay-as-you-throw. It is driven because you have invented new sources of revenue. We closed out FY12, tightened the estimates, and ended up with \$195,000 of surplus revenues added to the \$300,000 in turn backs. Coming out of FY12, we have Free Cash certified at \$450,892.

Mr. Daley further explained that excess revenue begets Free Cash and the tighter we budget the less we have available for next year. He stated that we are right on with our number of \$2.2 million for estimated receipts. In our current fiscal year we need to put \$2.2 million in before we create any surplus. The likelihood of turn backs has been diminishing. The first concern is to close out FY13 with a couple hundred thousand. What we close in FY13 will be what we use in FY15. Every year he tracks local receipts. On average, over the past six years we have had 43% in our budgeted local receipts in our hands. Motor vehicle excise does not get committed until later this month. We will have a good motor vehicle excise year. It is our biggest revenue piece. Meals taxes are not doing as good as it has done, penalties and interest are doing okay. We are also okay with our payment-in-lieu-of-taxes. Licenses have grown as licenses and permits are economy driver. We are also doing okay with fines. Investment income is rallying. Reoccurring revenue is driven by the Municipal Lighting Plant who gave us money to pay their pension and insurance, and that is in good shape. All things being equal we are where we need to be. By the time we go into town meeting we may have the April numbers. We plan to use the \$2,200,000 when we hit the floor at town meeting. Mr. Daley stated that he is already worrying about the FY15 budget.

Mr. Gaumond noted that the important thing we have not discussed is where we are with the snow and ice deficit. We might have to solve that at the May town meeting and seek alternate funds to make that up. It may diminish what we are turning back. Mr. Daley stated that it is the right thing to do because we have managed our funds and lived within our means. If the state votes huge amounts we can amend the budget this fall. He added that our revenue budgets are right on.

Mr. Daley explained that one of the concerns is the state is being overly cautious. However, that is because the state depends on the feds for money. He does not see any reason to change anything and he does not see anything that is wrong. We estimated revenues the way the DOR tells us to estimate revenues. They have not given us any hope that there are going to be any new revenues such as a change in meals or motel taxes. There are no questions for Mr. Daley.

Mr. Gaumond noted that this is a living document and should things improve we will be ready to modify the numbers; however, by the time we get to town meeting we need a balanced budget that can be sustained. Mr. Owanisian added that from the school's perspective, we look at the numbers and the overall revenue was up 2%. The single biggest line item is the vocational education and it is up 10%. As a result, the money that remains for the West Boylston School District is only up 1%. The budget subcommittee will work with the Selectmen and Mr. Gaumond, but that is the problem they are faced with as 85% of their costs are salary driven. Their shortfall will amount to positions as a disproportionate amount of their budget is going to vocational education. Mr. Kittredge asked about their final count on those going to Assabet and elected for school choice. Mr. Owanisian advised that their final count for Assabet will be known in about another week and they are pretty close on school choice which has been reflected in their budget.

**NEW BUSINESS**

1. Concurrence on the hiring of Ann Kokernak, Sterling, Massachusetts as interim secretary for the Building Department effective March 7, 2013 for a term to expire on April 30, 2013

Mr. Rucho asked if this person applied for the current opening. Mr. Gaumond advised that she is not a candidate for the job. He added that the interviews are scheduled for next week.

Motion Mr. Rucho to concur with the hiring, seconded by Mr. Kittredge, all in favor

With no further business to come before the Board, motion Mr. Rucho at 7:10 p.m. to adjourn, seconded by Mr. O'Brien, all in favor.

Respectfully submitted,

Approved: April 17, 2013

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Nancy E. Lucier, Municipal Assistant

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Kevin M. McCormick, Chairman

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John J. O'Brien, Vice Chairman

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Christopher A. Rucho, Clerk

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John W. Hadley, Selectman

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Michael Jr. Kittredge, Jr., Selectman