

Minutes of the Meeting of the Board of Selectmen

and the Finance Committee

Monday, September 22, 2014 Police Department Meeting Room

Selectmen Present: Eric Hevy, Robert Smith, Mary Walter

Finance Committee Present: Frank Hubacz, Bob Locatelli, Chet Lubelczyk

Also Present: Nancy Nykiel, Town Accountant

The Board of Selectmen and members of the Finance Committee met to further discuss ways of reducing the projected FY 15 deficit. The Meeting was called to order at 6:08 PM by Mr. Smith, who chaired the Meeting.

Mr. Smith provided those present with an updated Income/Expense statement which had been prepared by Ms. Nykiel at his request. It projected the deficit for FY 15 at \$370,134, which was a reduction from the \$450,000 on the last report discussed the previous week. He explained that a charge which had been anticipated from the Department of Revenue would not be made, which led to the dramatic reduction. (Attachment)

Ms. Nykiel attended the Meeting to explain the various changes to the Income/Expense statement since the June Town Meeting, when the deficit was projected at approximately \$265,000. The additional charges/expenses reflected in the current deficit projection were the result of 'cherry sheet' changes which became final after the State budget was approved in late June. An additional charge to the Town of \$52,098 for 'choice-out' students and an appropriation deficit of \$51,306, as well as other minor changes in the final 'cherry sheet' numbers were responsible for the increase in the projected deficit.

Members of the Finance Committee asked a number of questions about the income/expense statement, all of which were answered to their satisfaction. They asked Ms. Nykiel if she had any recommendations regarding the FY 16 budget process. She suggested requiring specific 'line item' breakdowns within budget requests from all Town Departments, which would better enable the Selectmen to monitor specific areas of spending. Ms. Nykiel also suggested a 'budget workshop' for all Department heads at the beginning of the process to explain how budgets should be developed, and monitored. She also suggested the possibility of mailing the proposed budget to voters well in advance of the Town Meeting, although such a recommendation might be too costly at present. In response to a question, Ms. Nykiel indicated that she was reviewing all local income projections for FY 15, to see if additional income might be available to further reduce the FY 15 deficit. Members of the Board and the Committee thanked Ms. Nykiel for explaining the income/expense statement in detail and for attending the evening Meeting.

Following Ms. Nykiel's presentation, a member of the Finance Committee suggested that the Selectmen should review State regulations regarding the use of 'retained earnings' in the Town's two Enterprise Funds. Based on information provided at the Meeting, it appeared that under certain circumstances the Town might have the option of charging the Sewer and Water Departments a yearly fee for use of Town-

owned property in lieu of a property tax assessment (PILOT). The Selectmen agreed to review the matter immediately. It was also suggested that the Town might consider selling water. However, it was unclear whether a market for water exists locally, or what the costs would be to the Town to market water to interested buyers.

The discussion then returned to the FY 15 deficit. Mr. Smith indicated that based on his meetings with Ms. Nykiel and others the previous week, an additional \$25-30,000 in 'new growth' might be available prior to the Town Meeting, although the Assessor's projections had not yet been approved by the State. An increase in 'new growth' figures would further reduce the deficit. He estimated that 'free cash' would be approximately \$75,000—a significant reduction over FY 14, primarily as a result of the large snow/ice operating deficit which was eliminated in May by using nearly all of FY 14's unspent funds. Mr. Smith also indicated that because the School Department had received approximately \$45,000 more in 'choice-in' funds in FY 14 than anticipated when the budget was initially approved, the Selectmen were considering a meeting with the School Department to discuss a modification in the School budget. All 'choice-in' funds are paid directly to the School Department, whereas 'choice-out' expenses are charged directly to the Town. The FY 15 budget, he noted, had included a \$69,000 increase for the School Department for a Special Needs program. The net amount available, not including any additional local revenue that Ms. Nykiel may be able to identify, might be in the region of \$150,000 which would reduce the FY 15 deficit to an amount below the projection made at the June Town Meeting. The remaining deficit, however, would have to be eliminated through the use of the Stabilization Fund. In response to a question, Mr. Smith said that if 'free cash' was certified at more than \$75,000 the amount needed from the Stabilization Fund would be less. Since almost all Town Departments were level -funded in FY 15, it would not be possible to reduce budgets to eliminate the deficit.

Members of the Finance Committee made a variety of suggestions for consideration, including eliminating the overnight shift at the Police Department (for an estimated cost savings of approximately \$65,000 yearly). However, no agreement was reached on the impact on public safety of such a proposal. The possible sale of surplus Town land was also discussed and will be the subject of a future Meeting. Possible additional vocational offerings at the School Department to retain existing students and attract additional 'choice-in' students were also discussed. Another suggestion concerned obtaining surplus Defense Department vehicles for use by the Police Department. But several of those present indicated that there would be little cost-benefit from use of the vehicles suggested. It was noted, however, that all of these suggestions required analysis, and could not be implemented, if agreed upon, in time to impact the FY 15 deficit.

Members of the Committee, at the request of the Selectmen, also briefly reviewed the draft of the October Town Meeting Articles. It was agreed that no Article should be included on the Warrant which required additional spending unless adjustments were made to existing budgets, or additional funds became available.

There being no further business before the Selectmen, a Motion was made by Mrs. Walter, and seconded by Mr. Hevy, to adjourn the Meeting. So voted. The Meeting was adjourned at 8:00 PM.

Respectfully submitted,

Robert Smith