

Finance Committee Meeting

March 30, 2011 7:30 PM
Veterans Memorial Building, Room 229
900 Main Street
Millis, MA 02054

In Attendance:

Chris Smith, Chairman
Craig Schultze, Vice Chairman
Jennifer Soule, Clerk
John Burns
Peter Jurmain
Rick Manburg
Richard Molloy
Jim Smith
Susan Vecchi
Charles Aspinwall, Town Administrator
Charles Vecchi, Board of Selectmen
Nancy Gustafson, School Superintendent
School Committee Members

Chris Smith called the meeting to order at 7:31 PM

FY11 Budget Review:

Charles Aspinwall:

(A) Operating Budgets: Overall the operating budgets for FY11 are in good shape except for snow & ice and police overtime. The police overtime is due to filling shifts for an officer that has retired. The Animal Control budget is a little tight but funds will be turned back from the new truck purchase. Park Expenses are high due to the water bills to irrigate the Town Park. A reserve fund transfer is needed for the Veterans Budget, monthly payments are \$710.00. The Library budget is a little tight, building repairs are over budget \$1,595.37. The Assessors Article item for \$35,297.00 will be used for abatements. Town Counsels balance of \$57,032.68 is through January. Overtime wages for Town Buildings is over budget \$2,461.22; that amount will be reclassified to snow & ice. The VMB repairs line item overage of \$15,437.29 will be absorbed in the overall Town Building budget with a balance of \$52,379.38. The Health Insurance line item is good; there may be funds left over for Free Cash. The Board of Health Meetings expense line item is at 80% it should be around 75%. The Debt Services line item is at 86.6%, money will go back in this account due to refinancing. \$198,090.00 will go back to taxpayers; the Town is working with DOR to determine how and when this will take place.

(B) Local Estimated Receipts: Estimated receipts for FY11 were \$1,400,065.00 as of March 30, 2011, \$1,426,698.21 has been collected. Motor vehicle excise receipts are lower than expected. The outstanding balances to meet the estimated receipts for water and sewer charges are less than what was billed out in the last bill run. Overall Local Receipts are down \$70,500.22; this could be due to timing.

(C) School Special Revenue:	Balance 7/1/10:	\$ 903,991.74
	Federal Revenue:	\$ 526,515.92
	State Revenue:	\$ 291,640.94
	Interest Revenue:	\$ 135.84
	Other Revenue:	\$ 996,777.11
	Salaries:	(\$1,277,822.55)
	Expenses:	<u>(\$ 659,480.78)</u>
	Balance:	<u>\$ 781,758.22</u>

(D) Special Revenue Funds:	Balance 7/1/10:	\$ 613,373.59
	Federal Revenue:	\$ 26,181.86
	State/County Revenue:	\$ 285,366.01
	Interest Revenue:	\$ 1,107.11
	Other Revenue:	\$ 692,711.38
	Salaries:	(\$ 248,350.40)
	Expenses:	(\$ 574,410.99)
	Transfer-Out	<u>(\$ 226,000.00)</u>
	Balance:	<u>\$ 569,978.56</u>

The balance in the sidewalk fund is \$100,102.00. There is a lag in department payments posted to the gas & diesel fund. \$218,617.61 was spent in Chapter 90; this will be reimbursed in the spring. The balance does not include March 2011 interest. \$16,000.00 will be reimbursed by FEMA and put back into the budget.

(E) Special Revenue:	Septic Loan Betterment:	\$ 112,760.40
	Community Preservation:	\$ 434,721.20
	Sewer Betterment:	<u>\$1,240,291.46</u>
	Total:	<u>\$1,787,773.06</u>

(F) Capital Projects:	Landfill Project:	\$ 12,915.00
	Reconstruct Acorn Street:	\$ 1,357.50
	Library Project:	\$ 755,012.01
	Causeway Street Culvert:	\$ 5,119.40
	Transfer Station Equipment:	\$ 230,029.80
	Sewer Capacity – Franklin:	\$ 149,086.00
	Flood Damage:	<u>\$ 26,274.17</u>
	Total Expended to Date:	<u>\$1,179,793.88</u>

(G) Trust Funds:	Stabilization Fund Balance:	\$1,125,607.71
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(H) Agency Funds:	Balance:	\$ 49,515.24
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These are bond funds for construction projects and student activity accounts.

(I) Ambulance Revolving Fund: Balance: \$ 149,846.44
 There was a problem with billing when the department switched to a computer based billing system as reflected in the February receipts of \$756.89. There will be a shortfall in revenue of approximately \$50,000.00.

(J) Transfer Station Collections: Permits: \$41,177.00
 Fess: \$ 1,480.00
 Bags: \$42,900.00
 Total: \$85,557.00

The above receipts are through March 31, 2011. The totals are a little behind last year's collections. FY08 had the highest Transfer Station Collections. Collections are impacted by the amount of permits sold in the month of June.

(K) Chapter 90 Funds: Balance: \$118,599.14
 The uncommitted balance will be committed before Town Meeting.

(L) Library Roof: A temporary patch was installed a more permanent patch will be done in the future, the cost of the repairs will come directly out of the Library's budget. The new library construction will begin in October, the construction is estimated to take one year. The old library will have to go through one more winter.

(M) Snow and Ice Deficit: (\$210,768.82)
 The deficit will be funded with Stabilization Funds.

Discussion – Deficit Split School Department/Municipal:

The Board of Selectmen voted to recommend Model #4, a general override in the amount of \$1,125,583.00 will be put on the election ballot. The cost to the average single family home will be \$383.00 per year. The override is broken down as follows:

FY12 Structural Deficit:	\$535,185.00	48%
Surplus for Future Deficits:	\$258,000.00	23%
Strategic Plan:		
Roads:	\$100,000.00	9%
School Curriculum:	\$ 50,000.00	4%
Town Vehicles:	\$ 30,000.00	3%
School Vehicles:	\$ 30,000.00	3%
Town Buildings:	\$ 25,000.00	2%
School Building:	\$ 25,000.00	2%
Ten Year Revaluation:	\$ 15,000.00	1%
OPEB Audit (Post Employee Benefits):	\$ 7,500.00	1%
Senior Citizen Tax Relief:	\$ 50,000.00	4%

If Local Aid is cut by 5% the breakdown of the override will be as follows:

FY12 Structural Deficit:	\$789,828.00	70%
Surplus for Future Deficits:	\$269,855.00	24%
Strategic Plan:	\$ 66,000.00	6%

The Strategic Plan funds would be split evenly between the School Department and the Municipal Departments.

In the event an override fails the deficit split would be as follows:

Municipal's Share:	\$ 76,034.00	14%
School's Share:	\$459,149.00	86%

The split was based on the percentage of total budget growth. In the past the split was Municipal Departments 35% and School Department 65%.

Discussion: There is not a lot of room in expense budgets to make cuts, cuts to cover the deficit would be in salary reductions. Municipal Departments' budgets increased at a much lower rate than the School Department's budget. The loss of federal stimulus money, loss of grants and the increase in state mandates has been detrimental to the School Department's budget. The School Department's deficit of \$459,149.00 would mean the loss of 4.4 FTEs (full time employees) resulting in 8.5 people cut. The Municipal Departments' deficit of \$76,034.00 would result in the loss of 2 FTEs. Middle/High School after school activities would be impacted by the cuts. The Municipal Departments' union salary contracts have not increased as much as the School Department's base salary increases. Non-union municipal employees have not received a cost of living increase in two years. The School Department will look at shaving \$80,000.00 off expenses where possible. A department head meeting will be held to determine cuts to the Municipal Departments. The use of Stabilization Funds will not be considered to fund the deficits.

Warrant Article Review/Recommendations:

Article #24 – School Bus Lease \$ 77,000.00

Craig Schultze made a motion to recommend funding of Article #24; Susan Vecchi seconded. Vote: 9/0 motion carries.

Article #25 – Medicaid Billing \$ 2,100.00

Craig Schultze made a motion to recommend funding of Article #25; Rich Molloy seconded. Vote: 9/0 motion carries.

Article #26 – School Computer Leases \$ 60,000.00

Craig Schultze made a motion to recommend funding of Article #26; Jim Smith seconded. Vote: 9/0 motion carries.

Article #31 – Middle/High School Hot Water Storage Tank \$ 17,000.00

Discussion: Use of reserve funds is not an option, in order to use reserve funds all other funds must be depleted.

Craig Schultze made a motion to recommend funding of Article #31; Susan Vecchi seconded. Vote: 9/0 motion carries.

Article #9 – Audit \$ 34,000.00

Craig Schultze made a motion to recommend funding of Article #9; Rick Manburg seconded. Vote: 9/0 motion carries.

Article #10 – Unfunded Post Employment Benefit Liability \$ 15,000.00

Craig Schultze made a motion to recommend funding of Article #10; Rich Molloy seconded. Vote: 9/0 motion carries.

Article #11 – Property Valuation \$ 15,000.00
Craig Schultze made a motion to recommend funding of Article #11; Peter Jurmain seconded. Vote: 9/0 motion carries.

Article #14 – DPW Multipurpose Vehicle \$101,000.00
The option to borrow to pay for this article is not recommended by Charlie but it could be done with a five year loan.
Craig Schultze made a motion to recommend funding of Article #14; Rich Molloy seconded. Vote: 9/0 motion carries.

Article #15 – Chapter 90 Funds \$279,685.00
Craig Schultze made a motion to recommend funding of Article #15; Rich Molloy seconded. Vote: 9/0 motion carries.

Article #39 – Reauthorize Revolving Funds
Craig Schultze made a motion to reauthorize the following revolving funds:

Oak Grove Farm:	\$15,000.00
Animal Control Shelter:	\$ 3,000.00
School Department Transportation:	\$90,000.00
Fire Alarm:	\$10,000.00
Historical Commission:	\$12,000.00
Ambulance Department:	\$20,000.00
Youth Commission:	\$ 5,000.00
COA Transportation:	\$ 5,000.00
Veterans Memorial Building:	\$ 6,000.00
BOH Food Service Inspections:	\$ 4,500.00
Stormwater Management:	\$10,000.00
BOH Vaccinations & Medical Services:	\$ 3,000.00
Continuing Education:	\$50,000.00

Rich Molloy seconded. Vote: 9/0 motion carries.

Article #20 – Water Improvements \$ 26,000.00
Craig Schultze made a motion to recommend funding of Article #20; Peter Jurmain seconded. Vote: 9/0 motion carries.

Article #18 – Flood Control Structure \$121,000.00
Seventy five percent of this cost could be reimbursed by FEMA.
Craig Schultze made a motion to recommend funding of Article #18; John Burns seconded. Vote: 9/0 motion carries.

Article #19 – Flood Proofing Dover Road Sewer Station \$ 65,000.00
Craig Schultze made a motion to recommend funding of Article #19; Jim Smith seconded. Vote: 9/0 motion carries.

Article #34 – Clyde Brown Leak Repair: \$ 5,000.00
Craig Schultze made a motion to recommend funding of Article #34; Jim Smith seconded. Vote: 9/0 motion carries.

Most Warrant Article Recommendations will be made at Town Meeting on May 9, 2011.

Upcoming Meeting Schedule

April 6, 2011 7:30 PM
Veterans Memorial Building, Room 229

April 13, 2011 7:30 PM
Veterans Memorial Building, Room 229

April 20, 2011 7:30 PM
Veterans Memorial Building, Room 229

April 27, 2011 7:30 PM
Veterans Memorial Building, Room 229

May 4, 2011 7:30 PM – Public Hearing
Veterans Memorial Building, Room 229

May 9, 2011 7:30 PM – Town Meeting
Millis High School Auditorium

Minutes Approval:

Craig Schultze made a motion to accept the March 23, 2011 meeting minutes as written; John Burns seconded. Vote: 9/0 motion carries.

Adjourn:

Susan Vecchi made a motion to adjourn the meeting at 9:50 PM; Jim Smith seconded, Vote 9/0.

Respectfully submitted,
Deirdre Gilmore