

## **FINANCE COMMITTEE**

### **MEETING, February 6, 2019**

A scheduled meeting convened at 7:00 p.m. in Room 7.

Members of the Committee in attendance: Mr. Creighton, Mr. Weld, Mr. Oldeman, Mr. Pratt, Ms. Mellish, Ms. Harrison and Mr. Even.

Town Administrator, Mr. Federspiel, Finance Committee Clerk, Ms. Hunter and Town Accountant Ms. Mainville were also in attendance.

Mr. Creighton called the Finance Committee meeting to order.

**Review of Meeting Minutes:** Minutes for January 30, 2019 were forwarded for preliminary review not approval.

#### **Review of MERSD Proposed Operating and Capital Budgets:**

Mr. Creighton provided the Committee with a recap of the February 5, 2019 meeting of the MERSD School Committee. The School Committee voted to use \$100K from their reserve fund to decrease the District's FY 20 Operating Budget by \$100K.

The Town of Essex had requested help from the School Committee to address an anticipated budget shortfall. The unexpected request from Essex for assistance with their apportionment increase of 3.48% was presented to the School Committee at the District's final budget presentation on January 29<sup>th</sup> and was reviewed by the Collaborative Committee on Friday, February 1<sup>st</sup>. Mr. Federspiel stated the request of the School Committee and the Committee's willingness to work with Essex allows Essex to approach Town Department Heads with requests for budget cuts.

The drop in the District FY 20 budget will result in approximately \$65K savings to MBTS and \$35K to Essex. Ms. Mellish would like to see the Town drop the tax rate to reflect the savings. She does not believe the Town should tax residents for funds not being used in the upcoming fiscal year.

The Committee discussed the District's budget increasing at a rate that is not sustainable. Mr. Oldeman indicated the Town's budget model allowed for the District budget to increase at a rate of 3.2%. Mr. Federspiel stated the District has stated to maintain level services moving forward the District would need to request an increase of 3.5% to 3.8%.

The Committee discussed labor and benefit costs which make up 80% of the District's operating budget. Ms. Harrison stated the annual increase in labor and benefits is slightly over 4.0%. Mr.

Oldeman stated the District has a different contract with Teachers. Ms. Harrison stated teachers are licensed and receive step and column increases based on the number of years teaching and academic degrees. COLA increases for teachers at the maximum step and column level is their only raise and it is 2.5%.

The Committee asked about District reserves. The District current has reserves of 12% of their operating budget. District reserves were used in evaluating the bond issue for the Memorial School Building Project and are in place to assure the District can cover unanticipated Special Education costs and capital emergencies.

The Committee discussed the Town's tax levy, reserves and future plans for moving to cash payment of capital projects. The Board of Selectmen and the Finance Committee likely agree that the Town's budget should include more accurate estimates of receipts to keep the tax rate lower and fund capital projects with cash. The Committee did not resolve the steps necessary to make this happen and a timeline for implementation of the plan.

*Ms. Harrison moved to approve the MERSD Operating Budget of \$14,668,257.00, Mr. Even seconded the motion. The motion passed unanimously.*

*Ms. Harrison moved to approve the MERSD Debt of \$2,994,868.00, Ms. Mellish seconded the motion. The motion passed unanimously.*

*Ms. Harrison further moved to fund North Essex Regional Agricultural & Technical School in the amount of \$102,572.00, Mr. Oldeman seconded the motion. The motion passed unanimously.*

Mr. Creighton opened a discussion on the use of interest earned on bonds on deposit with the MERSD. The Committee universally agreed funds on deposit should be used solely for the purpose of the Memorial School Building Project. The interest earnings should be set aside for unforeseen costs and when the project is completed the interest funds should be used to pay down the debt.

*The consensus of the MBTS Finance Committee is funds derived from interest should be applied to costs and scope for which the funds were issued.*

### **Review of Proposed Town Operating Budgets:**

The following budgets have been discussed and approved.

*Mr. Pratt moved to approve the Board of Selectmen Budget of \$431,978.00, Ms. Harrison seconded the motion. The motion passed unanimously.*

*Ms. Harrison moved to approve the Town Hall and Town Common budget for \$82,050.00, Mr. Oldeman seconded the motion. The motion passed unanimously.*

*Ms. Harrison moved to approve the Streetlighting budget of \$40K, Mr. Even seconded the motion. The motion passed unanimously.*

*Ms. Harrison moved to approve the reduction in the Town Moderator's budget to \$0.00, Mr. Pratt seconded the motion.*

*Mr. Weld moved to approve the Finance Committee budget of \$4,820.00, Ms. Mellish seconded the motion. The motion passed with one abstention.*

*Ms. Harrison moved to approve the Town Clerk budget of \$122,230.00, Mr. Weld seconded the motion. The motion passed with one opposition.*

*Mr. Weld moved to approve Elections and Registration budget of \$23,855.00, Ms. Harrison seconded the motion. The motion passed unanimously.*

*Mr. Creighton moved to approve the Parking Clerk budget of \$28,715.00, Mr. Oldeman seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve the Accounting budget of \$158,627.00, Mr. Oldeman seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve the Assessor Department budget of \$198,330.00, Mr. Oldeman seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve the Legal budget of \$110,000.00, Ms. Harrison seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve the Treasurer Collector budget of \$201,677.00, Ms. Harrison seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve the Appeal's Board budget of \$24,407.00, Ms. Harrison seconded the motion. The motion passed with on opposition.*

*Mr. Weld moved to approve the Planning Board budget of \$90,896.00, Ms. Harrison seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve Employee Benefits and Pensions of \$1,268,059.00, Ms. Mellish seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve Insurance budget of \$1,797,000.00, Mr. Oldeman seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve the Animal Control Officer budget of \$16,315.00 (which is ½ of the expenses), Mr. Pratt seconded the motion. The motion passed unanimously.*

*Mr. Creighton moved to approve the DPW budget of \$1,207,921.00, Ms. Mellish seconded the motion. The motion passed unanimously.*

*Mr. Weld Moved to approve Snow Removal budget of \$202,000.000, Ms. Harrison seconded the motion. The motion passed unanimously.*

*Ms. Harrison moved to approve the Sanitation budget of \$620,000.00, Mr. Oldeman seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve Other Environmental budget of \$81,532.00, Ms. Mellish seconded the motion. The motion passed unanimously.*

*Mr. Weld moved to approve the Library budget of \$488,810.00, Ms. Mellish seconded the motion. The motion passed unanimously.*

Finance Committee will pursue metrics on other libraries, Mr. Pratt requested comparisons from libraries in neighboring communities. Justify the libraries budget in comparison to other communities – considering number of librarians, programs, hours open, resources, how many individuals use the library and for what do they use the library?

Mr. Creighton to forward a letter to BOS and Trustees of the Library regarding the size of the budget and multi-year plan on the future of the library.

**Review of Capital Projects and Planning:**

Discussion on Capital Projects was moved to the Committee meeting on February 13, 2019.

**Other business that comes before the Finance Committee, discussion only.**

**Next Meeting:** Parks & Recreation, Enterprise Fund, Debt Service and Capital

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CPC \$80K, Mr. Burke confirmed drainage and estimation with Mr. Dam.

*Mr. Weld moved to approve \$80K for CPC funding for line item 11A, Paving at Masconomo Park, Ms. Harrison seconded the motion. The motion passed unanimously.*

**Meetings Scheduled for Finance Committee:** February 13, 2019 and February 20, 2019 both meetings in Room 5.

Ms. Harrison moved to adjourn, Mr. Oldeman seconded the motion. The motion passed unanimously

**Meeting Materials:**

- FY 20 Preliminary Budget
- Revised Budget Sheets