

Call to Order

The meeting was called to order by Mr. Stumpf at 7:00 p.m. in the Selectmen's Conference Room at Town Offices. The meeting was live cablecast.

In attendance were Chairman S. Jon Stumpf, Linn Anderson, Margaret (Peggy) Kruse, Joanne Marden, Greg Serrao, Paul Fortier and Eugenie (Janie) Moffitt. Absent were Donna Walsh and John Barry.

Finance Committee Minutes

Upon motion duly made by Mr. Fortier and seconded by Ms. Andersen, the Committee voted to approve the February 24th minutes (see attachment) with the following changes. The motioned passed 7-0.

Page 2

Information Technology – change Ms. Kruse to Ms. Andersen as the liaison.

Triboard Meeting Minutes

Upon motion duly made by Mr. Serrao and seconded by Ms. Andersen, the Committee voted to approve the February 10th minutes (see attachment) with the following changes. The motion passed 6-0-1 with Ms. Moffitt abstaining.

Page 2

First paragraph, replace “21st” with “12th.”

Third paragraph, replace “Capital Projects Fund” with “total Capital Improvement Project for 2015.”

FY15 Operating Budget - Capital Improvement Program (CIP)*General Fund Revenue*

Mr. Stumpf opened the discussion on the capital projects to be funded with General Fund Revenue. Known as “pay-as-you-go” funding from FY2015 tax dollars, this appropriation of \$2,370,000 will be presented as Article 5, Capital Projects Fund, at Town Meeting. While this article will be voted on as a whole, projects are tracked individually. He noted that last year's appropriation was \$2,280,000.

Discussion ensued with regard to the need for evaluating town projects in their entirety, as services are separated in the budget from capital improvements, i.e. Elder Services' structural repairs/improvements are appropriated in the Plant and Facilities budget. While all projects were deemed essential, the Committee did have questions about their details/costs/justification etc. Liaisons will obtain this subcategorical information from department heads. Also, Mr. Stumpf will reissue to members the CIP Evaluation Checklist used last year, to better enable evaluation of projects as a whole (see attached.) He will also send an email request along with the Checklist to the Town Manager. School Capital Projects will be presented on March 12th.

Mary Carbone expressed concern about the Skate Park repairs, pointing out that while the project originated with donated monies, repairs became the responsibility of the town. She urged caution on committing the town to these types of projects in the future.

General Fund Borrowing – General Fund Exempt Borrowing

Mr. Stumpf opened the discussion on the capital projects to be funded by General Fund Borrowing/General Fund Exempt Borrowing. The original appropriation of \$3,960,000 has decreased to \$3,910,000 due to the elimination of the Conservation Land Acquisition (anticipated purchase of land adjacent to the Reichhold project now defunct,) and in substitution thereof, AHS renovations of \$350,000. He noted that these two items would be moved separately at Town Meeting as the Town Manager's

guideline in the prioritization of borrowing. School items and IT would be discussed next Wednesday, March 12th.

Discussion ensued with regard to the requirement for a) more detailed information on the need for the item; b) a mid-year update of changes from previous year's budget appropriations (i.e. the actual vs. the forecast, what happened and what didn't happen); and c) the development of a policy on paying vs. borrowing. Mr. Stumpf agreed on the need for the policy, but in the constraints of time, he suggested this policy discussion be deferred post-Town-Meeting.

This policy discussion will review a) the current percentages of 2% of cash allotted to general fund and 20% of new growth; b) paying vs. borrowing; c) the upkeep of roads and sidewalks and d) water and sewer reserves. He noted while the current policy is 20%, this budget reflects a percentage of 38%.

Discussion ensued with regard to Old Town Hall and rental reserves, as well as the substitution of AHS renovations for the land conservation item. It was agreed members would email questions to liaisons, and they in turn would direct specific questions to their department heads.

Citizen Tom Deso suggested the Committee act more as an advisory group and not merely "rubber stamp;" Citizen Mary Carbone pointed out the parking study was voted down last year and item reappears this year, and when Town Meeting votes an item down, it should be respected; and Citizen Chris Arrigg pointed out that if Article 5 was amended to increase, Article 4 would have to be adjusted and how this would be explained to voters.

Special Dedicated Funds

Mr. Stumpf opened the discussion on the capital projects to be funded by Special Dedicated Funds in the amount of \$1,950,000. Discussion ensued with the regard to the Parking Management Plan, with Citizens Carbone and Arrigg repeating their concern that this matter was voted down at last year's Town Meeting. It was agreed that an article could be returned for vote the following year with the exception of zoning related articles, which had a two-year waiting period. Mr. Stumpf further pointed out that this parking study included a pricing strategy component, not space, i.e. are we charging enough for parking.

Water and Sewer Enterprise Funds

Mr. Stumpf opened the discussion on the capital projects to be funded by Water and Sewer Enterprise Funds in the amount of \$815,000. Discussion ensued with regard to the additional monies of \$500,000 requested over last year's \$1,000,000 appropriation for fire hydrant replacement/repair. The feasibility of an increase in the water maintenance line item of \$300,000 and moving to the operating budget followed. The impact of loss of No. Reading was also discussed, with the request that liaison report back to the Committee on details. It was agreed that a comprehensive review of this reserve account, including rate structure and policy, was needed.

Ms. Carbone questioned why the Berberian legal settlement monies were not noted as a deduction from this account. Mr. Stumpf replied this will be so noted when case is finalized.

Articles for Taxation

Mr. Stumpf opened the discussion on the capital projects to be funded by Articles for Taxation in the amount of \$240,000. These articles were not discussed at the previous Saturday meeting. Ms. Marden distributed her chart on the impact of individual projects on the average citizen's tax bill (see attached.) It was noted that preliminary warrants did not contain actual numbers and were not complete.

Shared Costs, Obligations and Debt

There was no discussion.

Budget Model Projection

Mr. Stumpf reviewed the budget model projection spreadsheet now inclusive of the Town Manager's FY15 recommended budget numbers. He demonstrated how changing percentages of levy tax affected the average taxpayer's tax bill. These projections would also determine the operating budgets over the next three years. Discussion continued on the need to control spending/borrowing and for a change in budget policy that would allow for tax reduction.

Mr. Serrao left the meeting at 9:05 p.m.

Other Business*Stabilization Fund*

Ms. Marden suggested a policy be developed on how we handle bond premium income for exempt and non-exempt debt and apply to ongoing debt service. It was agreed this was an area to be further discussed with the Finance Director. The questions the Committee has are: a) has the Board of Selectmen adopted a policy to amortize the income over the term of the notes issued; b) what "term" will be used if the notes were sold with various years of maturity (i.e., 5 year notes, some 10, 15, 20); c) procedurally how will this be handled; d) will warrant articles be presented each year--one to transfer the income to a stabilization fund, another to amortize the income out of the stabilization fund and offset non-exempt debt service, or other process.

Citizen Carbone questioned when the School Budget Book would be available. Mr. Stumpf replied it would be available on March 10th with a live presentation on March 12th.

Adjournment

Upon motion duly made by Ms. Kruse and seconded by Ms. Moffitt, the Committee voted to adjourn. The motion passed 6-0. The meeting was adjourned at 9:25 p.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

*Attachments:**Minutes of Meetings**Memo and CIP Evaluation Checklist**Budget Projection Model**Projection of Tax Increases on Average Taxpayer Bill*