

Call to Order

Due to the Chair's anticipated late arrival, the meeting was called to order by Vice-Chair Linn Anderson at 7:00 p.m. in the Third Floor Conference Room A. The meeting was live cablecast.

In attendance were Chairman S. Jon Stumpf (arrived at 7:10), Margaret (Peggy) Kruse, John Barry, Jr., Eugenie (Janie) Moffitt, Linn Anderson, Greg Serrao, Joanne Marden, Bonnie Zahorik and Bojay Taylor. Also in attendance was Finance Director, Donna Walsh.

Approval of Minutes November 4, 2015

Upon motion duly made by Ms. Marden and seconded by Ms. Kruse, it was voted to approve the above minutes as amended. Motion passed 8-0-1 with Ms. Zahorik abstaining.

Fiscal Year 2017 Budget – Big Picture

Ms. Marden distributed two spreadsheets to the Committee: the first titled "Focus on General Revenues and Expenditures" – she noted that these generally available revenues were taken from the CIP but she had subtracted the allocations for indirect costs shown in the Water and Sewer budgets and not included exempt debt. The second "what if" spreadsheet illustrates how this model could be used to see what happens if there are changes. She added she had made changes to the property tax numbers for FY2016 to match the actual new growth and excess levy capacity numbers not known when the CIP was published. Both spreadsheets are attached. Discussion ensued.

The following are her emailed comments just prior to the meeting: Two other changes illustrate how we might use a tool like this to better understand the kinds of decisions that are made during the budget process. Given the actual new growth numbers for the last two years, it might be reasonable to change the estimates for the future from \$1.8M to \$2.0M depending on what we learn from the professionals. The other change shown would be purely a policy decision. The Board of Selectmen has been discussing limiting property tax bills to a 2 1/2% increase. While it is not possible to calculate the budgetary impact until they actually set the tax rate for FY2016, I changed the excess levy capacity to \$2.0M for FY2017 - a reasonable guess with what we know now.

She encouraged the Committee to "try out different scenarios" on the dynamic spreadsheet as the budget process unfolds. Discussion ensued.

Mr. Stumpf emphasized the need to consider the total compensation number consisting of salary, COLA, step, track, longevity, health and retirement. With \$2.4M/school and \$750K/town last year, contractual obligations total \$3.1M. Ms. Marden added that with school retirements and new hires, those numbers will change. Mr. Stumpf asked Mr. Serrao to create a table demonstrating the rate of growth of expenditures over revenues for next meeting.

Finance Committee's Duty/Purpose/Role

Mr. Stumpf introduced the topic of the role of the Finance Committee. Discussion ensued and touched on the following topics: a) review of the language of the town charter and bylaws, and those of the Mass Division of Local Services and ATFC (see attached); b) the need for consideration and agreement of the independent roles between Board of Selectmen, Finance Committee and Town Manager; c) not sufficient dialogue on issues last year before Town Meeting; d) the perceived difference between elected vs. appointed boards and the accountability and responsibility attached to each; and e) ultimate fiduciary responsibility of Finance Committee to give Town Meeting an independent opinion and recommendation on financial implications of all decisions on requests.

Summary of Health Plan Expenditures To Date

Ms. Walsh updated the Committee on health plan expenditures to date (see attached.) She noted that through October we are presently at 27% of total claims, which is 4.41% over original target.

Liaison Updates

Tax Classification – Ms. Marden reported she had attended the Board of Selectmen meeting at which Assessor David Billard made his presentation. At the maximum classification of 150, the shifting in values places residential values higher than commercial/industrial. The average single family residential tax bill would be 4.4% higher (originally the Board aimed at 3.3%), and the residential tax rate is \$14.96 (last year's tax rate was \$14.97.) Discussion ensued on the ramifications of "hitting" the maximum of 150 and its effect on present and future tax rates. She reiterated that understanding how the tax rate is set is crucial to maintaining fairness.

Retirement Board - Meeting is tomorrow @ 8:00AM.

Municipal Services - Ms. Kruse reported she attended the goal setting meeting of the Board of Selectmen. An RFP had been issued to buy land with regard to Town Yard with one response, and an RFP will be issued to sell land. She said discussion also revolved around improving town services with the possibility of moving CD&P to second floor. Training of new board members was also discussed.

Library – Ms. Zahorik reported that patio construction was underway and the bulk would be completed "before the snow flies." She would distribute to the Committee the strategic plan of the Library Director and Trustees.

Elder Services and Youth Services – Mr. Taylor will be introduced to Kathy Urquhart and Bill Fahey as the new liaison.

CD&P – Ms. Anderson will take this position over from Ms. Kruse and continue her IT town/ITAC as Ms. Zahorik will continue hers as IT/School.

OPEB – Mr. Barry reported that the OPEB Advisory Committee is considering recommendations from Mr. Hartwell. The Committee is awaiting the results of the actuarial report, which has not yet been started. The solutions will be considered from a present as well as future perspective.

Fire – Mr. Stumpf reported that Chief Mansfield had arranged to loan our ladder truck to No Andover for one of their recently opened fire stations. No Andover's ladder truck was out of town and Andover jumped in to display that the ladder truck did in fact fit in the bay of the new fire station.

Next Meetings

Wednesday, December 9, 2015 – Triboard.

Wednesday, January 13, 2016 – Finance Committee

Adjournment

Upon motion duly made by Ms. Anderson and seconded by Mr. Barry, it was unanimously voted to adjourn.
Motion passed 9-0.

Meeting adjourned at 8:40 p.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachments:

Focus on General Revenues and Expenditures

“What If” Scenario Spreadsheet

Tax Classification FY2016

Town of Andover Bylaws

ATFC Bylaws

Massachusetts Division of Local Services

Summary of Health Plan Expenditures to date