

FINANCE COMMITTEE MINUTES

DECEMBER 4, 2012

The meeting was called to order at 7:35 PM in the Selectmen's Meeting Room of Town Hall. The following members were present: Ken Szajda, Michelle Zeamer, Charlie Kaslow, Michelle Johnson and Dan Alfred. Kathleen White and Anita Ballesteros were absent from the meeting.

Dan Alfred, seconded by Michelle Johnson, made a MOTION to approve the minutes of November 27, 2012, as amended. Motion did not pass 0-5-0. FinComm wants to see amended minutes.

Michelle Zeamer, seconded by Michelle Johnson, made a MOTION to approve payment of a bill submitted by Faith Antonioli for the meeting and minutes of November 27, totaling 2.75 hrs. Passed 5-0-0.

Charlie Kaslow asked to reconsider voting on the minutes tonight if there is no meeting next Tuesday. He also questioned the point of meeting with the Board of Selectmen and Stone Company before reading the addendums provided. Ken Szajda felt it is important to start the process and Dan Alfred agreed. Dan said he would like to see the response from Stone Consulting 24hrs. before the meeting.

Ken Szajda discussed the email regarding the state budget cuts, which is not official yet. The governor is requesting 9C powers and will probably be granted them. The impact, in theory, of these cuts is that they can be absorbed in the bottom line; practically, these cuts could trickle down to some departments (i.e. Special Education reimbursement). Ken said that the real question is whether more cuts will become necessary. Ken Szajda said that the FinComm needs to ponder voting on a guideline to give dept. heads to base their FY14 budget presentations on. He suggested +1.5%. It can be revised later - so FinComm could ask that budgets be based on the +1.5% with the expectation that it could change. Charlie Kaslow suggested a level funded guideline because of the combination of uncertainty and managerial expectations. The guideline could go up from there. Dan Alfred commented that 1.5 % is too high but 0% would send the wrong message. Ken Szajda said that from his experience, depts. would rather start the budget process and presentations with the higher number and then lower it later in the process, if it becomes necessary. Ken Szajda does not want to go to 0 to start the process - he wants to be as realistic as possible. At a 0% guideline, it would cover an 8% decrease in local aid. The worst ever was 7.5-8%. Charlie Kaslow commented that the state is only one funding stream; the taxpayers are a 2nd. Michelle Zeamer said that she is concerned with going too low with the net reserves the town has and if the fiscal cliff gets resolved, it will look the FinComm is "crying wolf". Ken Szajda then asked FinComm members to give their ideas for guideline numbers: Michelle Zeamer and Michelle Johnson both said +1.5 %; Charlie Kaslow said 0%; and

Dan Alfred said 1%. Ken Szajda suggested another option – to go with the guideline number of +1.5% but tell dept. heads that during their presentation to the FinComm, they will need to explain how they will get to 0% if necessary. Charlie said that they need to be conservative on the front end. Ken said that they do need to be conservative, but realistic. There is \$500,000 in free cash and about \$325,000 in new growth. Charlie Kaslow then inquired whether the FinComm would support a +1% guideline; but they need to come in with a budget showing a possible 0% as well. Ken Szajda said that a +1% would cover just under a 5% cut in local aid; a +1.5% would cover about a 2.5% decrease in local aid. Ken said that he will dig up some historical data for new members to look at. The 1% of general aid cuts the governor is proposing at this time translates to \$13,000, which the town can cover. Ken Szajda added that there is a belief among dept. heads that the later they present, the more money available. Dan Alfred, seconded by Michelle Zeamer, made a MOTION to recommend a +1.5% guideline for FY14 budget, with instructions to department heads to have a plan to get to 0%. Passed 4-1-0. (C. Kaslow the “no” vote).

FinComm then discussed the letter to Stone Consulting. Charlie Kaslow would like a response before the meeting and time for the Selectmen and FinComm to digest the report before meeting with them. Dan Alfred wants Ms. Brown to present the data. Ken Szajda said that the proposal for the pay structure for non-union workers is not lacking information – the town has received job descriptions and wage tables. Charlie Kaslow asked if they are being driven by deadlines instead of deliberations. Ken Szajda thinks that the discussion with the Selectmen will be “where do we want to be as a town” in comparison with other towns. The town wanted a status report of where we are as a town and the data to show us where we are. This will give us a consensus and direction to present to Town Meeting. They have had to deal with classification and compensation issues between union and non-union employees. Charlie Kaslow commented that the study has cost the town money. FinComm will change the last paragraph in the letter being sent to Stone Company to say they “would appreciate and anticipate a response and any additional information by the close of business on Tuesday, December 11, 2012.” They can discuss the date for the meeting in which Ms. Brown will present her findings. Michelle Zeamer, seconded by Charlie Kaslow, made a MOTION to approve the letter to be sent to the Stone Company regarding the information to be reported to the town. Passed 5-0-0.

At 9:08 PM, Michelle Zeamer, seconded by Charlie Kaslow, made a MOTION to adjourn the meeting. Passed 5-0-0.

Respectfully submitted,
Faith Antonioli, Secretary

Date Approved: January 8, 2013

Holliston Finance Committee
703 Washington Street
Holliston, MA 01746
December 4, 2012

Rachel Brown, C.C.P
Stone Consulting Inc.
5 West Mill Street, Suite 5
Medfield, MA 02052

Dear Rachel:

One of the actions we take as part of our review and acceptance of the Classification and Total Compensation Study that was prepared for us is to review what was provided against what was stated in the Request for Proposals. We do this to insure that all of the requirements listed in the request were satisfied. During this review there were a handful of items identified that we felt were incomplete; we wanted to inform you of these deficiencies so that you could respond to and/or rectify them to complete the work on the study.

The specific issues we identified are as follows:

1. Although comparative data was presented for non-unionized employees, no comparative or total compensation data was provided for unionized employees (RFP stated "evaluate compensation levels for all employees" and "total compensation comparison with comparable communities (both union and non-union)");
2. No long-range planning was included in the report (RFP stated "develop long-range strategic planning for the purpose of addressing the Town's long-term liabilities for employee pensions and other post-employment benefits");
3. While we recognize that comparison with the private sector is not applicable in most cases, no private sector comparative data was provided at all, even for positions where comparison to the private sector would be meaningful (clerks, administrative, etc);
4. Although the salary cost of the new non-union compensation structure was provided, the total compensation cost (i.e. impact to benefit costs) was not provided;
5. No recommendations were made for reduction of long term benefit costs (RFP stated "The consultant shall analyze the current benefits offered by the town and shall make recommendations for both short term savings and reduction of long term benefit liability");
6. The total benefit cost analysis was not provided with the comparative data from other towns (RFP stated "Such market survey should include the level of benefits offered by each town, the total cost of the benefits offered, the cost sharing arrangements between the subject town and employees, and the distribution of enrollment for each town (plan selection, for health care offerings)");

In addition, the RFP stated that "upon request, the consultant shall provide one additional meeting to present the final product to a joint meeting of the Finance Committee and the Board of Selectmen." We are planning on holding a joint meeting with the Board of Selectmen on Thursday, December 13 to discuss the study and its recommendations and would like to request that you attend if possible to address the issues above at that time.

Sincerely,

Kenneth Szajda, Chairman
Holliston Finance Committee