

**HOLLISTON FINANCE COMMITTEE
MEETING MINUTES
December 2, 2014**

The Committee convened in Room 105 at Town Hall at 7:03 PM. Present from the Committee were Vice Chairperson Michelle Zeamer, Dan Alfred, Bill Dowd and Beth Liberty. Chairman Ken Szajda, Charlie Kaslow and Brendan Shea were absent.

1. Minutes – Approval of the minutes of the November 25, 2014 was postponed until more Committee members were present.
2. FY16 Budget Planning – Committee members were asked to come to the meeting with proposed budget components in connection with developing an FY16 budget guideline. Beth Liberty stated that she had three areas of concern. First, she would like to develop an algorithm for estimating New Growth. She states that she was uncomfortable with a recurring \$325,000 estimated amount in the context of a history of higher amounts. She suggested a multi year average or a discounted percent of such an average. She also suggested that perhaps permit activity could be queried to get a sense of what might be in the “pipeline”. At 6 months into the year, there should be a way to get a better sense of what’s coming in New Growth. Dan Alfred disagreed with making any changes because the risks of overestimating New Growth could cause real problems with Town finances. Town Administrator Paul LeBeau was asked if New Growth came in so low as to cause a deficit in the budget would a Town Meeting be required to adjust appropriations. Paul said that while that was possible, there were other ways to make adjustments. He mentioned Local Receipts and the Overlay as two possible places where the Town could make reasonable adjustments to close the “deficit”. He said there were limits to how much of an adjustment would be acceptable to the State, and cautioned against just changing the numbers to make the spreadsheet work. More discussion on this subject will be required. Second, she is uncomfortable with a flat, across-the-board application of a guideline budget increase percent. She believes that budget allocations should be aligned with community priorities and strategic initiatives. There was not a consensus on this, and further discussion will be required. Third, she would like to pursue different treatment of the dollars associated with Extended Day staff benefits. Again, there was not a consensus on this topic, and further discussion will be needed.

Bill Dowd circulated documents describing his proposed budget components for FY16. (Attachment I) Bill explained the documents. Town Administrator Paul LeBeau said that Bill may want to back the energy savings out as the total annual spend for energy is only about \$1.25 million. Bill acknowledged that he may have overreached on the FY16 energy savings, and will go back to the analysis of Mr. Hager’s presentation to see if a change is warranted. More discussion of these matters will be required.

Dan Alfred stated that he would leave New Growth at \$325,000, apply an across-the-board increase of 1.5%, a 1% salary increase assumption, another \$100,000 in Capital Expenditures, and another \$100,000 for Keefe Tech. He urged those working on the Tuition Free Full Day Kindergarten to proceed as quickly as possible so that the extent of the need can be processed. Dan indicated his view that funding the program will require a Proposition 2 ½ override.

Michelle Zeamer stated that she agreed with most of Dan’s views, except that she would increase New Growth to \$400,000, increase the Capital Expenditure appropriation by \$100,000 perhaps targeted toward more efficient lighting in town buildings, and support the idea of creating a line item for building maintenance and repairs.

Discussion of all matters regarding FY16 budget will be continued in future meetings.

3. Financial Policies – Discussion of policy matters was postponed until more Committee members are present.
4. Other Business – Town Administrator Paul LeBeau was asked if there was any update on Free Cash. He said there was none. Michelle Zeamer suggested that another All Boards meeting be scheduled at the beginning of 2015 so that the FY16 budget and financial picture can be provided to all boards, committees and department heads. Selectman Jay Leary, who was in attendance, said the Board would be taking that under advisement.
5. Adjournment – At 8:17 PM moved by Michelle Zeamer, seconded by Beth Liberty to adjourn the meeting. Four in favor, none opposed, no abstentions, the meeting was adjourned.

Approved_____12/9/14_____

12/2/14

FY16 Budget Proposal – Bill Dowd

FY16 budget model changes

- Reluctantly accepts a 2.5% prop tax levy increase
- No changes to:
 - o Net Local Aid
 - o Local Receipts
 - o New Growth
- “Guideline” set at a hard 1%
- \$284k of the New Growth roll-forward goes to Stabilization
 - o Gets us to where we intended in October 2014
- CapEx increased to \$700k
 - o \$100k specifically targeted to replenish the fund
- Public Buildings increased by \$25k to cover non-school building maintenance and repairs
 - o Add similar budget funds already in other Town budget accounts
- \$1 million in energy savings assumed
 - o \$500k for tuition free full day K
 - o \$300k for Schools generally
 - o \$200k for stabilization
 - o Any extra energy savings to Stabilization
- Unknowns
 - o OPEB adjustment
 - o OPEB allocation to Extended Day

Results in “surplus” of about \$86k

Department	Actual FY15	FY16 Model	Requested FY16	Recommended FY16
Selectmen	\$425,910	\$430,169		
Finance Committee	\$1,525	\$1,540		
Town Accountant	\$85,074	\$85,925		
Board of Assessors	\$188,685	\$190,572		
Treasurer/Collector	\$309,475	\$312,570		
Reserve Fund	\$212,675	\$212,675		
Technology	\$98,171	\$99,153		
Town Clerk	\$140,514	\$141,919		
Elections	\$23,491	\$23,726		
Conservation Commission	\$48,158	\$48,640		
Planning Board	\$75,825	\$76,583		
Zoning Board of Appeals	\$10,550	\$10,656		
Public Buildings	\$240,833	\$268,241		
Police	\$2,453,055	\$2,477,586		
Auxiliary Police	\$12,841	\$12,969		
Fire Department	\$804,355	\$812,399		
Building Inspector	\$126,107	\$127,368		
Sealer	\$1,000	\$1,000		
Emergency Management	\$10,519	\$10,624		
Animal Control	\$38,359	\$38,743		
Schools	\$29,999,742	\$31,099,739		
Keefe Tech	\$762,815	\$770,443		
Highway / DPW	\$1,235,250	\$3,548,319		
Street Lighting	\$61,200	\$61,812		
Wastewater Treatment	\$69,700	\$70,397		
Motor Vehicle Fuels	\$144,232	\$145,674		
Board of Health	\$128,949	\$130,238		
Council on Aging	\$201,197	\$203,209		
Youth and Family Services	\$118,942	\$120,131		
Veterans Services	\$39,266	\$39,659		
Library	\$461,088	\$465,699		
Park Commission	\$99,062	\$100,053		
Snow & Ice	\$250,000	\$250,000		
Solid Waste	\$1,063,762	\$1,074,400		
Group Insurance	\$4,348,582	\$4,631,240		
Benefits	\$2,042,479	\$2,205,877		
Debt Service	\$5,583,261	\$5,551,497		
Water Department	\$2,277,937			
Ambulance	\$437,757	\$442,135		
Energy Savings		(\$1,000,000)		
Article Appropriations	\$25,000	\$0		
Capital Expenditure Fund	\$625,000	\$700,000		
OPEB Trust	\$1,444,013	\$1,444,013		
Stabilization Fund	(\$474,000)	\$484,000		
Total Appropriation from Revenue	\$56,252,356	\$57,921,592	\$0	\$0

Revenue Assumptions	Actual FY15	FY16 Model	Requested FY16	Recommended FY16
Tax Levy	\$37,640,037	\$39,279,062.59	\$39,279,063	\$39,279,063
New Growth	\$681,000	\$325,000	\$325,000	\$325,000
Excluded debt	\$2,692,403	\$2,661,940	\$2,661,940	\$2,661,940
State Aid (excl SBAB)	\$9,392,294	\$9,392,294	\$9,392,294	\$9,392,294
SBAB	\$2,260,046	\$2,260,046	\$2,260,046	\$2,260,046
Local Receipts (excl water)	\$2,751,268	\$2,643,088	\$2,643,088	\$2,643,088
Free Cash	\$0	\$250,000	\$250,000	\$250,000
Water Department	\$2,293,371	\$2,316,150	\$2,316,150	\$2,316,150
Ambulance	\$437,757	\$442,135	\$442,135	\$442,135
Other	\$12,040	\$0	\$0	\$0
Total Revenue	\$58,160,216	\$59,569,716	\$59,569,716	\$59,569,716

Adjustments to revenue				
State offsets	\$780,208	\$780,208	\$780,208	\$780,208
State charges	\$363,257	\$396,475	\$396,475	\$396,475
Overlay	\$275,000	\$275,000	\$275,000	\$275,000
Overlay Deficit from prior year	\$30,000	\$30,000	\$30,000	\$30,000
Snow & Ice Deficit	\$0	\$60,000	\$60,000	\$60,000
Late bills	\$14,203	\$20,000	\$20,000	\$20,000
Total adjustments	\$1,462,668	\$1,561,683	\$1,561,683	\$1,561,683
Net revenue	\$56,697,548	\$58,008,033	\$58,008,033	\$58,008,033
Net surplus (deficit)	\$445,192	\$86,441	\$58,008,033	\$58,008,033

(1) Green shaded requests are at or below guideline.

(2) Red shaded requests are above guideline.

(3) Blue shaded requests are fixed-cost or are otherwise guideline-exempt budgets.

(4) The income recommendations include compensation adjustments presented by the Board or Selectmen as part of their implementation of the Compensation and Benefit study; in all but one case (Police) these adjustments are the reason for above-guideline recommendations. The Police budget includes an additional adjustment to account for recent staffing changes and prior underfunding of overtime.

(5) The total appropriation for the OPEB trust is \$1,500,000. It appears less in the spreadsheet because OPEB costs for the Water Department and the Ambulance account are allocated directly to those budgets.

Scenarios:

Non-wage guideline inc/dec	1.00%
Group insurance inc/dec	6.50%
Benefits increase/decrease	8.00%
Local aid increase/decrease	0.00%