

**BOARD OF SELECTMEN
MEETING MINUTES
1/15/13**

Handwritten initials: JAC, PB, SM

The Board of Selectmen met in the Joseph F. Bilotta meeting room at Town Hall as scheduled with David Matthews, Tom Alonzo, Carl (Ernie) Sund, and Town Manager Kerry Speidel. Not Present was Paula Bertram & Steven M. deBettencourt

Regular Meeting opened at 7:01 PM

7:00PM PUBLIC COMMENT

Mr. Sund stated that he had gone to an internment ceremony today for his 98 year old uncle who had recently celebrated his 70th wedding anniversary and was a decorated World War II Veteran. The BOS gave their condolences to Mr. Sund.

Mr. Matthews explained to the public about the letters that have been sent out from Colonial Power letting customers know that the Energy Purchase Plan had been put on hold until the market rates have improved. Ms. Speidel mentioned that she had been contacted by Colonial Power and they advised her that the rates are starting to go down and they do expect within the next few weeks that they will be bringing a better alternative to the customers.

ANNOUNCEMENTS

APPOINTMENTS

CURRENT BUSINESS

- 1. MRPC Presentation of Priority Development/Preservation Areas Report** –Representatives from MRPC, John Hume, Planning & Development Director, Renee Marion, GIS Analyst, and Glen Eaton, Executive Director, came before the BOS at the request of the Lunenburg Planning Board to make a presentation on the Lunenburg Priority Development/Preservation Report which they had developed. This project is intended to assist in any future Master Plan efforts. Funding for this project came from the District Local Technical Assistance Program and the Massachusetts Department of Housing and Community Development. Marion Benson, Lunenburg Planning Director also assisted with this undertaking.

This report included the following items:

- Population Characteristics
- Employment in Lunenburg
- Education
- Economic Sector Contribution to Local Tax Base
- Brownfields
- Chapter 43D Sites
- Open Space and Recreation
- Transportation
- Environmental and Development Characteristics of Land by Zoning District

MRPC Proposals and Recommendations for the Town of Lunenburg to prosper were as follows:

- Establish a Local Economic Development Committee
- Work to Foster Redevelopment of Brownfields
- Implement the OSRP (Open Space & Recreation Plan)
- Develop a Computerized Database of Available Commercial Properties
- Work to Facilitate Existing Permitting Process
- Strategically Locate Areas for Infrastructure Improvements
- Consider ways to Guide Development – Perhaps Conduct a Route 2A Corridor Analysis
- Coordinate Development Activity with Lane Owners
- Support Local Businesses.

MRPC and the Planning Board will schedule a meeting for next week to keep this project moving forward. After the presentation, the BOS thanked MRPC and all who were involved in the development of this report.

2. **FY14 – 18 Financial Forecast** – Ms. Speidel began her FY14-18 Financial Forecast by thanking all who were in attendance this evening. She mentioned that it was good to have MRPC there to give their presentation earlier this evening because it showed that the Town needs more money and economic development is a way to bring more to the community. It is projected to be going into the budget season with a \$226,912 deficit just to maintain the level of services that are in place for the current fiscal year.

Ms. Speidel commenced with a Power Point presentation which included the following:

Why Forecast?

- Best Financial & Management Practices
- Required by Town's Charter, Section 4-2 (s)
- Bond Rating Agencies look favorably upon communities that annually prepare a forecast document

Forecasting v. Budgeting

- Forecast provides a long-term and comprehensive financial perspective on service delivery both known information & hypothesis (assumptions)
- Budget is a specific plan detailing service delivery in the coming fiscal year

Goals of Forecasting

- Gain a Long-term perspective/basis for planning
- Determine whether fiscal problems are on the horizon
- Time to plan for change, favorable or unfavorable
- Reinforce the need for long-range considerations during the annual budget process

Forecasting-Key Concepts

- Projections are not inalterable prophecies, but merely guidelines which may be adjusted as necessary
- Once you develop baseline projections, it's relatively easy to adjust the underlying assumptions to address issues
- Forecasted shortfall does imply that some action will be taken, or at least planned, to avoid the financing problem
 - *changes made in FY13 Budget had a dramatic effect on "Current Conditions" Forecast, but what is the cost of continuing at this reduced level?
 - *were those adjustments made just to balance the budget or do they reflect community acceptance of less?

Forecasting Guides & Tools

- MGL, Town Bylaws, other Generally Accepted Standards
- Financial Policies
- Trends Analysis
- Debt Service Schedules
- Union Contracts
- Assumptions

MGL, Town Bylaws, or other Generally Accepted Standards

- MGL governs labor, employee benefits, & requires delivery of certain service
- Town Bylaws require delivery of certain services; enforcement of bylaws
- GAAP/GASB standards, in. manning standards, etc.
- Net School Spending
- Library Certification to receive State Aid
- What about other services that aren't mandated? Are they any less important? COA

Financial Policies

- Financial Management Policies & Objectives adopted by the Board of Selectmen July 2004

- Address:
 - *Operating budgets vs. Capital Program
 - *Free Cash
 - *Stabilization Fund
 - *Borrowing

Union Contracts

- IBPO, Police 2014
- AFL-CIO, Dispatchers 2013
- Various School (Teachers) 2014
- IAFF, PFFM, Fire 2014
- AFSCME, Clerical 2014
- IUONA, Public Works (2) 2012, 2013

Assumptions for Financial Forecast-FY14-FY18

- Service Levels
- Future of the local economy
- Revenue structure
- Cost of Services

Assumptions – Service Levels

- Forecast document will adhere to adopted financial policies – Stabilization Fund & Capital Expenditures (inc. debt service)

Mr. Matthews interjected at this point and stated that the Stabilization fund is often referred to as the “rainy day” fund but this fund is more of a financial tool that shows the lending companies that we have a basic idea of running a stable government here. Keeping it at the 5% has saved us thousands of dollars in borrowing costs because we end up with a better credit rating which we work very hard to get to. It is significantly important that we maintain this good credit rating.

- Forecast document will honor all contractual obligations, such as debt service schedules and union contracts
- Current Conditions Forecast
- Needs Forecast

Assumptions – Revenue

- Revenues
 - *Property Tax – 2 ½% increase, Tri Town Landing exempt debt down \$136k over life of forecast
 - *State Aid – 0% increase in FY14, 2.5% moving forward; Ch. 70 Hold Harmless; House 1; amazon.com settlement; casino licenses
 - *Available Funds – no use of Stabilization Fund to fund operating costs; Free Cash to increase Stabilization Fund
 - *Local Receipts – assumes 2.5 % growth; MVX
 - *Enterprise Revenue- will continue to fully fund enterprise operations

Assumptions – Cost of Services

- Two Scenarios – Current Conditions & Needs
- Even after all the “cutting” in FY13, still projecting a shortfall

<u>Current Conditions</u>	<u>Needs</u>
• FY2014 = (226,912)	(2,069,277)
• FY2015 = (308,522)	(2,884,504)
• FY2016 = (306,752)	(2,820,137)
• FY2017 = (298,158)	(4,074,667)
• FY2018 = (250,084)	(4,819,718)

Assumptions – Current Conditions

- All Administrative/Land use Offices continue to operate on a four day work week.
- Council on Aging on a 4 day schedule: additional funding for either Outreach or transportation. \$7k
- Increase Library funding in order to maintain its certification. \$9k
- LPS funding up 3.8% to account for loss of Shirley Tuition, Increased SPED Tuitions: Insurances. \$587k
- Monty Tech Assessment up 3.5% to account for Insurances & Transportation. Assumes level enrollment. \$24k
- Solid Waste Removal, Municipal Buildings \$13k Additional Research on Cost of Recycling Program
- Lower Personnel Cost in LPD due to retirements
- NVRDD Assessment savings used to cover Lobby and/or enhancements
- No funding for Pavement Management System, other than Ch. 90, but \$50k for Crack Seal Program
- Reduce Unemployment to \$25k, historic level
- Health Insurance, premium increase of 3% offset by reduced enrollment & reduced penalty for Medicare Part B, overall net reduction or \$67k, further cost savings measures to be proposed 1/22/13
- Fund Sick Leave Buyback benefit, first funded in FY13, overall liability \$200k, consider early buyback
- Increase General Reserve Fund from \$50k to \$75k, represents 0.25% of exp.
- Increase Stabilization Fund to required 5% minimum, \$287k
- CIP funded at \$500k; can't maintain this level moving forward, unless we borrow for Fire Trucks & Other Equipment
- Retirement Assessment 9% increase

Assumptions – Needs Forecast

- FY14 Resources Coordinator. \$40k (restore in different form)
- FY14 Police Sergeant. \$68k
- FY14 Laborer, DPW. \$38k (restore)
- FY15 Police Officer. \$54.5k
- FY15 Laborer, DPW. \$39k (restore)
- FY17 Police Officer. \$57k
- Increase Fire Dept. funding \$50k per year to cover station at times not currently covered
- FY14, increase Snow & Ice Account closer to historic spending levels. \$50k
- LPS, Use Superintendent's Recommended Budget & Forecast
- Increase Health Insurance for restored/new positions
- Additional funding for CIP for Fire Trucks
- Pavement Management Plan. \$800k

Making the Case for Needs

A slide was shown showing a residential road in Lunenburg which is in significant need of repair. Ms. Speidel felt that she did not need to add words to this slide.

A Snow & Ice Budget graph slide was shown representing a 10-year History of Snow & Ice Removal

- Capital Improvement Plan
 - FY14 – Street Sweeper, Ambulance \$395k
 - FY15 – Engine 1 (1991), \$550k
 - FY16 –
 - FY17 – Pumper Truck (1995), E4, \$650k
 - FY18 – Ladder Truck (1988), L-1 \$850k
- Can haggle over when these items need to be replaced, but not that they need to be replace
- Fire Department coverage is M-F, 6AM-6PM only
- Increased funding for Fire Department, \$50k per year
- Up to \$50k – Summer Weekend Day coverage plus all holidays & holiday weekends
- Up to \$150k – Full Weekend Coverage + holidays
- Up to \$200k – 24 hour/7 day per week coverage with Per Diem @ 2 Personnel

A slide was shown depicting Non-School Department FTE's (based upon a 40 hour work week)

- LPS, refer to Superintendent's Proposal
- Human Resources Coordinator, restore in a different form, a position funded up until FY13
- Police Staffing Levels

Forecast – Next Steps

- Detailed discussions of Assumptions
- Investigate & Finalize Cost Savings Measures
 - *Health Insurance Plan Changes
 - *Net Metering Tax Credits
 - *Other

Mr. Matthews re-capped the Forecast and said that it's not an attempt to make residents or department heads fearful but instead to give an accurate description of what is going on with the Town's finances. He stressed that it's easy to balance the budget and make cuts, until you see the impacts of them. We want to live within our means, which we can do, but it comes with a price, and our goal is to make people understand how we get to the place that we make these decisions.

Mr. Sund thanked Ms. Speidel for coming up with this Forecast along with all of the other departments for their work on their budgets.

Mr. Alonzo would like to see discussions started among the BOS concerning the assumptions regarding whether or not we agree with them, if they are taking the Town in the right direction financially, and what would need to be changed to take the Town in a positive direction. He believes that the department's "Needs Forecast" is not a "Wants Forecast" and they are truly what the Town needs to perform the services that people expect.

Mark Ericson, Chair of the Finance Committee spoke to the BOS and thanked the Town Manager for pulling of this information together. He said that if you look at the currant conditions summary we have a challenge getting to a balanced budget. It will be painful again this year, everyone needs to understand that and they look forward to the deliberations and we need as much public input as we can get to solve this problem.

Mr. Matthews thanked the Town Manager for all of her work and said that he appreciates the effort.

3. Minutes/Warrants/Action File Issues

Minutes: 12/11/12
Executive Session 12/11/12
1/8/13
7/12/11

<u>Warrants:</u>	Payroll	15P13	\$615,924.96
	Accounts Payable	38-13	\$311,892.51
	Payroll Deduction	39-13	\$543,395.04

Action File Issues: None

4. Committee Reports – Mr. Sund reported that the Capital Planning Committee will be meeting tomorrow at the Public Safety Building and they will be inspecting potential new vehicles for the Police Department.

5. Town Manager Reports or Department Reports – None

OLD BUSINESS - None

APPOINTMENTS/RE-APPOINTMENTS/RESIGNATIONS –

PUBLIC COMMENT – Mr. Sund reminded everyone again about the Capital Planning meeting at the Public Safety Building tomorrow.

Mr. Alonzo thanked all of the people from the different departments in attendance at this evening meeting.

EXECUTIVE SESSION - None

Being no further business, Mr. Alonzo moved to adjourn the meeting. Mr. Sund seconded.
On vote motion carried, 3 in favor, 0 opposed.

Meeting ended at 8:41PM.

UPCOMING MEETING SCHEDULE

January 22, 2013

*Respectfully Submitted,
Susan Doherty, Recording Secretary
Board of Selectmen*