

OCT 14 2015

LUNENBURG TOWN
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Mark Erickson
10/18/15

Finance Committee:
Mark Erickson, Chairman
Terri Burchfield, Vice-Chairman
John Henshaw, Secretary
Karin Menard
Jay Simeone

**Lunenburg Finance Committee
Minutes September 24, 2015 Meeting**

- Location: Town Hall
 Present: Mark. Erickson, Karin Menard, Jay Simeone, John Henshaw
 Not Present: Terri Burchfield, Tom Alonzo, BOS Liaison, Karen Brochu, Town Accountant
 Also Present: Kerry Lafleur, Town Manager, Lisa Cohen
- a. Public—Mark gave an overview of the Finance Committee:
 - i. Requirements for a quorum---a majority of the seven member committee.
 - We are two members short of being a full committee.
 - ii. Meetings run between one and two hours.
 - iii. The committee usually meets twice a month. During the three months or so when meeting on the budget, the committee meets virtually every week.
 - iv. Liaison roles and standing committees (e.g. School Building, Capital Planning) as well as other departments like Public Safety, Schools, DPW.
 - b. Committee:
 - i. The Open Meeting Law Workshop will be held at the Senior Center on Wednesday, September 30 at 7:00 pm. Kopelman and Paige, PC will cover open meeting law: Public records, conflict of interest, disclosure statements, and site visits. This notice went out to all Attendance is strongly recommended. This has been sent to all appointed and elected boards and committees. Members are strongly urged to attend.
 - ii. The annual Association of Town Finance Committee meeting will be held on Saturday, October 17, in Sturbridge, MA. Link to www.MMA.org for more information.
2. Town Manager's Report:
- a. The BOS has called a Special Town Meeting, Monday, November 16.
 - i. Articles not taken up at May meeting, which was suspended because the ATM no longer had a quorum.
 - There are several articles that had yet to be taken up at the May ATM when the meeting was suspended, but few have any direct financial effect, so the Finance Committee would not need to address them.
 - There may be a budget adjustment article.
 - State aid has risen but the budget has not changed.
 - There are a couple of by-law modifications.
 - The Personnel committee is proposing some changes to the salary administration plan.

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- a. The changes would go into effect July, 2016—the start of FY2017.
- b. The proposed changes would—if approved—increase personnel costs in future years.
- c. Mark asked if we could schedule the Personnel Committee could meet with the Fin Comm on October 8th (preferable) or the 22nd.
 - i. Before then the personnel committee will meet on the changes Thursday, October 1.
 - ii. John asked if the Finance Committee could get a copy of the proposed changes.
 - The Town may have a settlement with the Fire Fighter's Union.
 - Kerry has asked the Town Clerk if the Town has any unpaid bills and awaits an answer.
- ii. Unless and extra-ordinary issue presents itself for consideration by the Special Town Meeting, the Finance Committee will not publish a statement for this meeting.
- b. Kerry is meeting with Nexamp on a net metering proposal. It's a private project being built in Fitchburg. It would be for any Unitil (as opposed to Con Edison) customer to buy new metering credits. The Board of Selectmen voted to enter into a 50/50 project—the Town gets 50% of the credits, and individuals may purchase 50% of the credits.
 - i. Projected savings for the Town are about \$40,000 per year:
 - The first six months from 11/2015-4/2016 the rate is 11.98 cents/kwh
 - The six months from 5/2016-10/2016 is 8.9 cents/kwh.
- c. John Londa is working on solar electricity for the Middle School-High School Project.
 - This may be one investment to fund with the contingency funds that remain after completion of the Junior-Senior High School.
- d. The Town is re-funding the 2004 bond issue for the library and DPW buildings at a potential savings of \$100,000 over the life of the bond—through 2024. There is another bond callable in 2017, but is currently at an interest rate that is closer to the rates now and thus has less opportunity for savings.

3. Minutes:

- a. August 27 minutes—Karin made a motion to approve the minutes and Jay seconded the motion. The committee voted 4-0 to approve the motion.
- b. September 10 minutes—John made a motion to approve the minutes and Jay seconded the motion. The committee voted 3-0 to approve the minutes. Karin did not attend that meeting, so she did not vote.

4. Budget Goals and Opportunities:

- a. Background:
 - i. The Town is in a period when revenues have been particularly tight.
 - ii. One area that has helped in recent years has been a smaller rate of increase in health insurance costs.
 - iii. A small portion of the total Town budget is discretionary, which constrains the leeway there is to shift resources around.

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- Discretionary items include departments like the Council on Aging and the library—both of which have constituencies.
- iv. The budget process over the past few years has been to allocate the Town's revenue at a level that each department can provide the level of service it did over the previous year. Prior year expenditures is a large factor in determining the allocation of revenues.
- v. Terri had sent the committee information on a priority driven budget process, which is a way to develop a budget. This process begins with a strategic plan which sets priorities which guide decisions on allocating revenues to fund programs and departments, rather than based on previous expenditures.
 - Potential issues:
 - a. The paper listed much larger cities which had used this process and which likely more staff to work on the budget issues.
 - b. Our Town may lack the staff to establish priorities, determine funding levels to support the priorities and do the requisite follow up.
 - c. Discretionary expenditures are a small part of the total Town budget which limits flexibility to shift revenues.
 - d. Mandates and/or incentives from the state regarding funding priorities is another potentially limiting factor.
 - e. Building the necessary political buy-in on this.
 - Potential Opportunities:
 - a. This approach may be useful to apply to the discretionary parts of the budget.
 - b. It could also provide a framework for measuring the results of funding in terms of services, the analogy being return on investment.
 - c. It could also be a tool to help prioritize allocations of growth in revenue—concern more with the new money.
 - i. Allocating year-to-year revenue growth would not involve taking revenue from departments.
 - ii. Some principles could clarify decisions about allocating growth in revenue among departments.
 - Issues with some current metrics:
 - a. Comparisons between Lunenburg's allocations of revenues with other towns' allocations are not ideal due to the disparate circumstances of the communities being compared. (E.g. whether Towns belong to regional school systems.)
 - b. Showing how much in local taxes the average taxpayer spends on specific services the Town provides is fomenting discontent on how their taxes are being spent takes care.
 - i. The resulting discussion was about presenting what the alternatives would be to investing the money.
 - We will continue this conversation when Terri in back with us for the discussion.

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5. Committee Updates:

<u>Committee/Department</u>	<u>Update</u>
DPW—John H.	No report.
Capital Planning—John H.	The time horizon for the capital plan has been extended to 15 years at least. This is to get a longer term future capital requests to aid in budgeting and scheduling, large capital requests defined as over \$100,000.
Public Access Cable—John H.	No report.
Library—Terri B.	No report.
Public Safety—Terri B.	No report.
Schools—Karin M.	Total enrollment of students attending Lunenburg schools has increased by 17 students since June, 2015 and is now 1,574 students. The increase is concentrated in the 4 th and 6 th grades, and the schools added one teacher in each of these grades in response to keep class sizes at acceptable levels. They are working on their 15 year plan for capital planning committee. John Londa is working on a plan to extend THMS longer than 2024, at the request of Dr. Berthiaume.
Monty Tech—Karin M.	No report.
Sewer Commission—Jay S.	No report.
Green Task Force—Jay S.	No report.
School Building Comm--Mark E.	No report—they have not met since Mark's last report.
Building Re-Use—Mark E.	RFQ awarded to Tappé Associates. Tappé has 12 weeks produce their findings. Separately the committee will change the night it meets to accommodate members' schedules.

6. Ongoing Business:

- a. Pavement Management Plan
 - i. Kerry may have a recommendation on or by November 10th on the funding of the PMP which may lead to a discussion of how to fund road maintenance.
- b. Contract Commitments (e.g. sick leave buy back).
- c. Rules for retainage for the school construction project.

7. The next two meetings will be October 8th and October 22nd.

8. Meeting Adjourned: Karin moved to adjourn the meeting and Jay seconded the motion. The board voted 4-0 in favor; the meeting adjourned at 8:38.

Respectfully submitted by John Henshaw September 28, 2015

Copy: Karen Brochu, Tom Alonzo

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