

Town of Lunenburg



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

Mark Erickson
12/10/15

Lunenburg Finance Committee Minutes December 3, 2015 Meeting

Location: Town Hall
Present: Mark Erickson, Terri Burchfield, Karin Menard, Jay Simeone, John Henshaw
Absent: None
Also Present: Kerry Lafleur, Town Manager, Tom Alonzo, BOS liaison

1. Mark called the meeting to order at 7:00 pm.
2. Comments:
 - a. Public—Superintendent Calmes invited townsfolk to attend performances of *A Date with Judy* Friday, 12/04 and Saturday, 12/05 at 7:00 p.m. at the high school auditorium: a taste of Broadway, a fraction of the price.
 - b. Committee:
 - Mark said the Planning Board Meeting scheduled an informational meeting on December 14 at 6:35 p.m. at Town Hall to hear and discuss a site plan review for a proposed office and maintenance facility. The applicant is Unutil. The application and plans are available for review at the planning office.
 - Mark has the latest issue of *The Beacon* for the committee's review.

3. The Five Year Financial Forecast by Kerry Lafleur.

Note: These minutes cover the requirement of a forecast, its purposes within the budget process, goals, and guidelines for doing a forecast. For specifics, click on [Forecast](#) to link to a .pdf file on the Town Web site. You can also link to a video of the Town Manager's presentation on [You Tube](#).

- a. This forecasting process is required under section 4-2 S of the Town Charter. Bond rating agencies look favorably on Towns that forecast which in turn contributed to the Town's improved bond rating and lower borrowing rates.
- b. The forecast provides a comprehensive, long term of service delivery based on known information and assumptions. A budget, in contrast, is a specific plan to provide services during the fiscal year.
- c. Goals of forecasting:
 - Providing a long term perspective especially regarding what to expect as the budget process unfolds.
 - Identifying any fiscal problems in the period forecasted.
 - Providing the opportunity to plan for change.
 - Emphasizes the need for long range considerations during the annual budget process.

Note: If the forecast shows a shortfall, the forecast does not address ways to deal with that.

- d. Forecast Guidelines:
- Statutes: Mass General Laws, Town By-Laws
 - Generally Accepted Standards
 - Town Financial Policies
 - Trends and projections
 - Contractual Obligations and debt service obligations.
- e. The Town manager did not include any 40S funds in the forecast, but she did include \$150,000 of 40S funding in the target budget.
- f. Summary of revenues:
- Forecasted Increase in Revenues in FY17: \$861,920.
 - Target budget is \$150,000 more – see 3. e. above.
 - Revenue from local sources is forecasted to increase at a faster rate than revenue from state aid.
- g. Expenditures in FY17 assumptions:
- For the most part expenditures are to fund level services.
 - Exceptions are noted in the forecast spreadsheet.
 - The total increase in costs is two to three percent.
 - NexAmp project net credit is not included.
 - Retirement assessment increases nine percent.
 - Health insurance increases seven percent.
 - The Town may have to take into account the “Cadillac” tax under a provision in the Affordable Care Act taxing high cost health care plans.
- h. Summary of expenditures:
- Lunenburg Public Schools (excluding Monty Tech) initial forecast is for an increase of \$1,200,000 or seven percent over their FY16 budget.
 - Most of this increase would fund special education programs within the district as opposed to out of district to provide a better educational services at a cost saving and also to pay for increased health insurance costs.
 - The remainder of the increase is to fund additional teaching positions, a custodial position, and an IT position.
 - Public Safety department requested an increase just under \$49,000 for level services with funding for overtime and lockup.
 - Radio dispatch is a projected decrease of \$15,100 with the same levels of service. The Town will see a decrease in regional dispatch allocation in FY17 and FY18 with the addition of Bolton and Berlin respectively.
 - Fire Department forecast an increase of \$14,000 to maintain the same service level.
 - Public Works forecast is to:
 - Add one member to make two full time three people crews to increase efficiency.
 - There is \$40,000 in the budget for stormwater system maintenance, but the Town needs a funding source to pay for the coming mandate as we do not have a source of revenue to fund this.
 - The goal is to fund the Pavement Management Program [PMP] at \$1,000,000 per year. The PMP is currently funded at \$670,000 annually: \$420,000 of Chapter 90 funds and \$250,000 from the operating budget. If, as the Town retires long term non-exempt debt, we could shift the revenue consequently freed up, to fund the PMP, that could reduce the shortfall between FY17 and FY20.

- a. There are however other capital needs the Town faces.
- b. Mark asked if there was room in the capital budgets going forward for the expenditures of borrowing. Kerry said there was—especially for shorter term borrowing. She said that there was nothing wrong in prudent borrowing. She also mentioned using State House Notes that make available loans at low rates for up to \$2,000,000 not to exceed five years in duration.
 - There are no funds for building maintenance in this forecast.
 - General Administration increases are due to an increase in the audit cost and contractual obligations.
 - Excluded:
 - Addressing the recurring annual shortfalls of the capital budget relative to capital requests.
 - Town Hall restoration and expenditures related to building re-use.
 - Other Post-Employment Benefits [OPEB]. The Town's contributions to OPEB liabilities fall short of the growth of actuarial costs.
- i. Next steps:
 - Evaluate assumptions.
 - Kerry will firm up the revenue estimates.
 - The departments will prepare their actual requests for FY17.
 - The Town will receive the insurance renewals in February.
 - Kerry handed out the budget planning schedule.
 - Recommend that the Finance Committee meet with Capital Planning early in the process.
- j. Mark thanked Kerry for the tremendous amount of work, the thoroughness and the tightness of the forecast. He also congratulated her and her staff on getting the tax rate certification in record time.

4. Minutes:

- a. Minutes of the November 12, Terri corrected the reference to the Police Department in the minutes, and John wrote her correction on the printed copy. Karin made a motion to approve the November 12 minutes as corrected; Terri seconded the motion. The committee approved the motion 5-0.
- b. Minutes of the November 16 meeting. Karin made a motion to approve the minutes of the November 16 meeting as written. Jay seconded the motion. The committee approved the minutes 5-0.

5. Budget Goals and Opportunities:

- a. Mark invited the Superintendent and the School Committee to attend our meeting. Superintendent Calmes and Greg Berthiaume will attend. If enough other members attend that the School Committee has a quorum they will call a meeting to order.
- b. John asked if we could include a brief review of possible effects of the Salary Administration Plan just approved by the Special Town Meeting.

6. Committee Updates:

<u>Committee/Department</u>	<u>Update</u>
DPW—John H.	Jack said that the Parks and Recreation Committee and he have been discussing ways to set up user fees for athletic fields including the turf track and field. So far it is only in the discussion stage.
Capital Planning—John H.	One result of Kerry's financial forecast will be that the Capital Planning Committee will reconvene on the proposed capital plan for FY17.
Public Access Cable—John H.	No report.
Library—Terri B.	The trustees were discussing the celebration of the tenth anniversary of the new library. They are very pleased with the new library web site..
Public Safety—Terri B.	No report.
Schools—Karin M.	The School Committee had a televised meeting to go over their proposed new budget. The budget documents are posted on the school web site so those who want to familiarize themselves with the budget proposals can look on the school web site.
Monty Tech—Karin M.	No report.
Council on Aging—Karin M.	No report.
Sewer Commission—Jay S.	No report.
Green Task Force—Jay S.	No report.
School Bldg. Comm.--Mark E.	The committee will meet next week, and has not met since Mark's last report.
Building Re-Use—Mark E.	The committee got an interim report from Charley Hay of Tappé Associates on the review of the existing buildings and the feasibility plan for Town offices. We have seven alternatives Charley is looking at in terms of what the potential cost may be. The committee looked at an evaluation matrix. They began work on developing a list of FAQs for the public's information. The review and feasibility process is on schedule.

7. Ongoing Business:

- a. The consensus was there was no need to discuss this at this meeting.

8. The next three meetings will be December 10 at 7:00, January 14, and January 28. The Town Manager has given us the budget planning schedule so we can plan our meetings accordingly.

9. Meeting Adjourned: Karin moved to adjourn the meeting and Terri seconded the motion. The board voted 5-0 in favor; the meeting adjourned at 8:26.

Respectfully submitted by John Henshaw December 9, 2015