

West Newbury Finance Committee
Minutes of the meeting
Tuesday, September 6, 2016

Chairman Codair called the Finance Committee meeting to order at 7:00 p.m. in the Finance Department office of the 1910 building with Mr. Phillips, Ms. Grammer, Mr. Bertino, Mr. DeLena, and Mr. Winch in attendance. Mr. Ellis, the Committee's associate/soon-to-be-full member also attended.

There being no public comment, the Committee considered its agenda.

Finance Director Mike Bertino: \$100K Free Cash Buydown of Tax Rate

Finance Director Mike Bertino provided an explanation why the proposed buydown amount is only \$100K, which would still leave Free Cash hundreds of thousands of dollars above the 5-7% of budget that the Selectmen identified as appropriate. Mr. Bertino provided an updated version of his tax rate dashboard and explained that the \$100K amount was conservative and would avoid tax spikes by keeping the tax rate increasing slowly but steadily. With a higher Free Cash amount, the Town can save and invest funds and have funds available for things like a cruiser or a truck if need be. He stated that end-of-year turnbacks were about \$170K, which shows that departments are genuinely trying to save money. He also noted that less conservative revenue estimates could reduce Free Cash, but funds come in from one-time-only sources like FEMA funds for snow.

In response to Mr. DeLena, Mr. Bertino explained that the increase in taxes since 2007 is mostly attributable to school costs. Pension and health insurance are also drivers.

The Committee discussed that \$100K is too low to hit the 5-7% of budget Free Cash level the Selectmen identified, and that high levels of Free Cash have been an issue for years. Arguments against too much Free Cash are that the taxpayers should be able to save and invest their own money and that a high Free Cash level may invite spontaneous expenditure to reduce it. *The Committee voted to approve the \$100K level for this time with the understanding that 1) greater steps would be taken, including increasing revenue estimates, to reduce Free Cash, 2) more focus and discussion on this issue will be pursued, and 3) we will plan for annual Free Cash tax rate buydowns to address the issue as needed.*

The Committee voted to approve the \$100K use of Free Cash to buy down the tax rate, 5-0-0. Rationale: DeLena.

Finance Director Mike Bertino: Pipestave Apartments Revolving Fund

Mr. Bertino explained that West Newbury owns and through its own Department of Public Works maintains the affordable housing units near the Page School, but nonetheless it pays the Newburyport Housing Authority \$1,100/month to provide management services in the form of collecting rent and paying bills. With this change, the West Newbury Finance Department can take over these chores and save money, and the Town will gain greater control over this housing.

The Committee voted to approve the institution of a Revolving Fund for the Pipestave Apartments, 5-0-0.

Rationale: Phillips

Finance Director Mike Bertino: Salaries Omnibus Line Item for Recreation Department

Mr. Bertino explained that the Recreation Department hires part time workers to mow and maintain the fields. Although the Rec Department currently has only an expense line item in the omnibus budget, this cost for personnel should properly be reflected as a separate line item for salaries. The proposed change would rectify this accounting matter, and the intra-department transfer of \$1,500 would cover the salary cost.

The Committee voted to approve the additional Rec Department Salary line and the \$1.5K transfer 5-0-0.

Rationale: Winch.

Finance Director Mike Bertino: \$8K Unanticipated Essex Tech Tuition

Mr. Bertino explained that Essex Tech made a coding error attributing West Newbury's sole Essex Tech student to Newbury, so that Newbury received the \$12K Ch 70 reimbursement from the state and West Newbury will never get that money. Mr. Bertino said that this is not the first such Essex Tech error but it may not be possible for his office to know what public schools West Newbury students attend. Essex Tech is unique in terms of the mechanism for disbursement of state Ch 70 funds.

Recognizing its mistake, Essex Tech proposes to charge the Town only about \$2.2K reflecting bus costs for our student. Even though the Town cannot pay more than it is billed (which should be about \$2.2K) Mr. Bertino proposed the amount of \$8K as fair because that would be the tuition cost minus the \$12K that should have come from the state. He does not think that Newbury would pay the rest of the \$8K in tuition attached to the \$12K Newbury received from the state because Newbury would know that would represent one Newbury student too many at Essex Tech.

The FinCom majority concluded that the article should reflect the expected \$2.2K bill and if \$8K is actually billed, the shortfall can come from the FinCom reserve funds.

The Committee voted to disapprove the \$8K proposed payment for Essex Tech 4-1-0, Winch dissenting. Rationale: Codair.

Finance Director Mike Bertino: Septic Loan Revolving Account

Mr. Bertino said that the article proposing to transfer \$11,769.73 for repayment of the septic loan has no new elements—it's the same program transfer as in prior years.

The Committee voted to approve the \$11,769.73 Septic Loan transfer 5-0-0. Rationale: Ellis.

BOS/FinCom/CIC Joint Mtg: CIC Dollar Threshold Increased from \$10K to \$20K

At a meeting with the Selectmen, Capital Improvements Committee and Finance Committee it was decided to propose an amendment to the 1988 bylaw concerning capital improvements to increase

the lower limit of CIC reviewable items from \$10K to \$20K to reflect inflation and to make better use of CIC time in reviewing important Town investments in capital improvements.

The Committee voted to approve changing the CIC threshold amount from \$10K to \$20K, 5-0-0. Rationale: Grammer.

Minutes

The Committee voted to approve the August 29, 2016 minutes with the clarification that the vote concerning the FinCom website was a ratification of a prior FinCom determination in June 2016.

The meeting adjourned at 9:00 p.m.

Respectfully submitted,

Elisa Grammer
Secretary