

**West Newbury Finance Committee
Minutes of the Meeting
Tuesday, September 11, 2017**

Finance Committee Meeting

Chairman DeLena called the Finance Committee meeting to order at 7:00 p.m. in the second floor hearing room of the 1910 Building with Dr. Beaudoin, Mr. Durey, Mr. Ellis, Ms. Grammer, and Mr. McGrath in attendance. Finance Director Gould joined the committee a short time later.

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

Transfer request

None.

Library Materials Revolving Fund Article Request: Library Director Susan Babb

Ms. Babb is requesting the establishment of the revolving fund in conjunction with the implementation of the new Integrated Library System (ILS). The Merrimack Valley Library Consortium (MVLCC) manages the ILS. The system allows for credit card payment of lost or damaged materials. The revolving fund will accept the payments.

FinCom questioned Ms. Babb as to where were previous payments directed. She explained Friends of the Library collected payments. In addition to lost or damaged books, funds are used to replace outdated materials. She cited science books as an example.

Chairman DeLena inquired if there is a typical annual amount. Ms. Babb replied the amount generally runs about \$800.00 per year. However, she anticipates an increase in the amount collected due the convenience of online credit card use. FinCom questioned Ms. Babb if the library itself will accept credit card payments. Ms. Babb stated the library is equipped to handle cash and check payments only. Mr. Durey asked if the revolving fund is the depository for all methods of payment. Ms. Babb affirmed that is the case. Mr. Ellis inquired if there is an imposed fee on credit card usage. Ms. Babb said there is a fee but to the library and not the patron.

Chairman DeLena asked the name of the library software. Ms. Babb answered the name of the software is Sirsi Dynix. She reported there are two separate programs: Symphony for staff use and Enterprise on the patron side.

Dr. Beaudoin inquired if revolving funds were commonplace. FinCom members replied there are currently three revolving funds: cable, police vehicle, and recreation.

Library Five-Year Plan

Mr. McGrath inquired into the status of the Library Five-Year Plan to improve the library building. Ms. Babb reported, although there have been improvements, the plan remains in the investigative phase. Ms. Babb remarked, with continuous improvements in technology and materials, it will be more practical to develop Three-Year Plans in the future. However, to date, the library has received

new windows, repair and replacement of exterior fascia has taken place, and both the children's and teen rooms were fitted with modular furniture.

Ms. Babb stated some funds remained following the purchase of the modular furniture. Ms. Grammer asked Finance Director Gould if there were no sunset clause associated with the article, where are the funds. Finance Director Gould was not aware of the status of unused funds from the Article. *Finance Director Gould will track the money.* He suggested the possibility of the funds being kept over. Finance Director Gould mentioned another article is not necessary to close out the request. Unspent funds will go to the undesignated fund and then to Free Cash.

FinCom voted to approve the Library Revolving Fund, 5, 0, 1. Ms. Grammer recused herself, as her husband is a member of the Library Board of Trustees.

Rationale: Mr. Ellis

Article Sunset Clause

Mr. McGrath stated it is important to make requisitioners accountable by applying sunset clauses to every article request. Mr. Ellis inquired as to the current process. Are departments able to retain left over funds and apply to another project? Furthermore, he asked if were possible to include a sunset clause with every article. Mr. McGrath replied it would require a joint effort of FinCom and the Board of Selectmen (BOS) to assure a sunset clause accompanies every article. He further suggested the importance for FinCom to follow up on the expiration dates of past articles. *In the future, FinCom will monitor expiration dates for all new articles.*

Dr. Beaudoin inquired as to how articles with sunset clauses are processed or tracked. Finance Director Gould replied following completion of a purchase or project a Department Head contacts the town accountant who would then close out the article. Mr. McGrath stated initially the accountant receives a copy of the town clerk stamped article. Finance Director Gould added the accountant receives a monthly list of expenditures.

Special Article Request—\$1,471.78 Payment of outstanding bills from prior years' expenditures: Michael McCarron, Town Council

An Article Request is necessary due to the fact expenditures occurred in prior years.

FinCom voted to approve the payment of outstanding bills of \$1,471.78, 6-0-0.

Rationale: Mr. Durey

Status of funding for Finance Director

Mr. McGrath posed some questions regarding funding for the Interim Finance Director position prior to considering prior to funding for the Town Manager's position.

1. If the Interim Finance Director's health insurance is a six-month duration, then was his salary as well? Alternatively, was it funded for the entire FY18?
2. If the position is not fully funded for FY18 and it is unknown when a Town Manager will be in place and becomes knowledgeable of town policies, who will be responsible for preparing the town budget?

3. Should the Finance Director be funded for FY18 and the Town Manager for a six-month period?

Finance Director Gould stated when the Town Manager is in place, the Town Treasurer will replace the Finance Director. Ms. Grammer remarked Finance Director Gould came on board shortly before the budget season and performed very well at that time, but it is difficult to have a new person arrive just as budget preparation is underway. Mr. McGrath said it would be beneficial for West Newbury to retain the services of Finance Director Gould for the entire fiscal year of 2018. Finance Director Gould stated his contract ends of December 31, 2017. Mr. Durey inquired if it were possible for Finance Director Gould to stay on. Finance Director Gould replied it is possible but he may receive an attractive job offer. He further stated there is a pool of retired financial consultants available. If approved, the consultant could receive the Town Manager's salary. If this were the case, health coverage is not necessary.

Town Manager Interim Funding Article Request

Ms. Grammer stated that as Mr. McGrath had observed, there is a need to apply a sunset clause to the half year Town Manager Article Request. Beginning in FY19, the salary would be a line item on the town omnibus.

Mr. Durey questioned if the \$20,350.90 slated for health coverage was for the half or entire year. Finance Director Gould although not positive, believes the amount covers an entire year.

Mr. Ellis asked for an update on where in the approval process is the Town Manager position. Finance Director Gould replied the legislature returned the original request to the BOS for a change in legal language. Realistically, the earliest date a Town Manager may be hired would be January 1, 2018.

Mr. Durey asked Chairman DeLena if FinCom should vote on how it now stands and revisit later if there are changes. *FinCom will meeting with the BOS on Monday, September 18, 2017 and clarify the language of the article. Chairman DeLena will author the rationale following a vote on the request.*

Ms. Grammer explained to Mr. Durey, some articles appear annually and their rationales may be unchanged and thus easy to prepare. She additionally stated individual members prepare rationales but all members edit them and thereby becomes a group endeavor. Mr. McGrath suggested if there is a split FinCom vote, pro and con rationales are prepared.

Review of Articles to be presented at Fall Town Meeting Marijuana Moratorium & Groundwater Overlay

These articles entail amendments to the zoning bylaws. Therefore, they require the actions of the Planning Board. Ms. Grammer requested Mr. Ellis to schedule a meeting between the Planning Board and FinCom. Hopefully the Planning Board can meet FinCom on Monday, September 18, 2017 or September 25, 2017.

Mr. Ellis will contact the Planning Board to schedule the meeting.

Chairman DeLena reported the Planning Board met on September 5, 2017. Unfortunately, the Merrimack Valley Planning Commission (MVPC) did not have the new groundwater overlay map available and therefore the Planning Board could not vote. On a side note, there will be a public hearing for marijuana on October 3, 2017.

Tax Buy down & Free Cash

Per Chairman DeLena the tax buy down is now at \$114K. Mr. Durey stated the amount of Free Cash as of June 30, 2017 was \$992,300.00. Mr. Durey inquired as to the appropriate level of Free Cash. Chairman DeLena stated the acceptable rate is typically 5-7% of the total general fund operating budget. The state further recommends 3-5%. Mr. Durey reported West Newbury's Free Cash was 11.8% of the budget, which is approximately double that of most towns. He stated, currently, Free Cash is now at a level of about 10%. FinCom members discussed possible dollar amounts to propose to the BOS in order to reduce Free Cash. Although the town has some significant upcoming expenses, reducing Free Cash and using long-term stabilization funds for capital investments is more appropriate.

Chairman DeLena agreed to prepare the rationale regarding use of Free Cash to buy down the tax rate.

Thereupon, at 8:55p.m., *the Finance Committee took a unanimous roll call vote to go into executive session* Pursuant to MGL Chapter 30A §21(a) 3: To discuss strategy with respect to collective bargaining or litigation if an open meeting may have a detrimental effect on the bargaining or litigating position of the public body and the chair so declares (Police Department Union Contract). This related to a discussion of an acceptable amount of Free Cash for the town.

Minutes of the executive session are submitted separately.

At 9:10pm, *the Finance Committee took a unanimous roll call to go out of executive session.*

FinCom continued the discussion of Free Cash. All agree it is important to reduce the amount of Free Cash. Chairman DeLena suggested the aim for Free Cash is 7%. FinCom will discuss with BOS regarding the amount applied to tax buy down and an amount dedicated to the school stabilization fund. Mr. McGrath queried about individual household savings from last year's buy down of \$144K. *Mr. McGrath will visit the Assessor's Office to obtain the information.*

Mr. Durey stated 7% of the budget would amount to \$410K. If the funds were split, the tax buy down and the school stabilization would each receive \$205K.

Mr. McGrath stated the tax buy down is for the entire year and is retroactive for the January and April tax bills. FinCom members noted if the amount of \$114K remains in place, Free Cash levels will remain the same.

In preparation for the September 18th meeting with the BOS:

Mr. McGrath will pass on information obtained at the Assessor's office to Mr. Durey.

Mr. Durey will prepare an analysis and figures citing varying dollar amounts for percentages of Free Cash.

Chairman DeLena will present information to the BOS.

Chairman DeLena suggested presenting an amount of 7% and proceed from that point.

Meeting Minutes

FinCom members voted to approve minutes of September 5, 2017, 4-0-2. Ellis and McGrath abstaining.

Upcoming Meetings

Monday, September 18, 2017: Discuss article spending and meet with BOS

Monday, September 25, 2017: Discuss articles and present FinCom votes to the BOS

The meeting adjourned at 9:35 p.m.

Respectfully submitted,

Elisa Grammer
Secretary

Meeting materials:

Library Revolving Fund Article

Question and Answer McGrath-Gould regarding Finance Director Funding

Updated Fall articles spreadsheet with notes from minutes attached

Town Clerk late bills article request and background information

Town Manager interim funding article request

Draft public minutes September 5, 2017

Draft Executive session minutes September 5, 2017