

**West Newbury Finance Committee  
Minutes of the Meeting  
Monday, September 18, 2017**

**Finance Committee Meeting**

Chairman DeLena called the Finance Committee meeting to order at 7:01 p.m. in the first floor Finance Office of the 1910 Building with Dr. Beaudoin, Mr. Durey, Mr. Ellis, Ms. Grammer, and Mr. McGrath in attendance.

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

**Transfer request**

None.

**Free Cash and Tax Buy Down Discussion**

Mr. Durey reported he had spoken with the Massachusetts Department of Revenue's (DOR) Division of Local Services (DLS). Following the discussion, he prepared spreadsheets to compare the amount of Free Cash available in West Newbury at varying percentages. The amount of Free Cash is a percentage of the annual budget. The budget can be defined in two ways:

1. The state of Massachusetts defines the total budget as the sum of all revenues and specified funds.
2. Values listed in the FinCom Booklet represent the general fund only.

The DOR/DLS confirmed, in most cases, the percentage of Free Cash is based on the general operating fund. West Newbury uses this approach. The state guideline suggests Free Cash range from three to five percent of the operating budget.

Mr. Durey proposed two scenarios with different assumed amounts of Free Cash:

**Scenario #1**

The current estimated amount of Free Cash of \$1,371,300 represents 9.2% of the FY18 operating expenses of \$14,845,100. Using these figures, Mr. Durey calculated both the current estimated Free Cash and Free Cash in excess when Free Cash was determined at 5, 6, and 7% of the operating budget.

**Scenario #2**

Performing the same calculations, Mr. Durey averaged Free Cash values over a four-year period. Mr. Durey noted West Newbury Free Cash amounts ranged between 10 and 11.8%.

The DOR/DLS additionally provided data showing Free Cash amounts for cities and towns in Massachusetts. Mr. Durey extracted information for three small towns with regional schools. The towns of Topsfield, Newbury, and Lynnfield carry Free Cash amounts adhering to the DLS guidelines of three to five percent.

Mr. McGrath stated comparisons with other towns does not determine the needs of West Newbury in the future. Ms. Grammer remarked it is beneficial to have guidelines (1) the 5-7% agreed upon by BOS and FinCom and 2) the 3-5% target guide recommended by DLS) to follow especially until West Newbury has a functional capital improvement fund.

Dr. Beaudoin inquired if there were data available as to the amount of Free Cash that West Newbury has needed in an emergency over a given period. Mr. McGrath stated he has been involved in town government since 1993. He commented that he has never seen a shortage in that time. Mr. McGrath remarked the state guidelines are just that, guidelines not criteria.

Mr. Durey asked what should be the goals of the Finance Committee. Chairman DeLena stated the town does not yet have a functional Capital Improvement Committee thus the Finance Committee should suggest a pragmatic amount of 7%. Once a Town Manager is in place, a workable Capital Improvement Plan should be made a priority. As more funds are placed into the general Stabilization Fund, the amount of Free Cash will decrease.

The Finance Committee agreed to request the BOS bring Free Cash down to 7% while the Capital Improvement Committee ramps up.

As information is processed over time figures may change. Mr. McGrath suggested adding a caveat to Free Cash amounts. Chairman DeLena proposed following Hamilton's lead where the tax buydown article states a range rather than a figure to determine the amount of Free Cash used for this purpose. The Finance Department goal is Free Cash certification by the end of September.

Mr. Ellis asked Chairman DeLena how he would open the Free Cash discussion with the BOS. Chairman DeLena stated he would question where the Free Cash amount is and where should it be. He continued saying over the last few years the town has carried excessive amounts of Free Cash leading to over taxation of its citizens. Mr. McGrath remarked many citizens are comfortable with higher tax rates. Some people view it as a "rainy day fund".

Ms. Grammer stated West Newbury could emulate Hamilton by citing a percentage for Free Cash but contain a disclaimer of not to exceed a pre-determined value. Chairman DeLena and Mr. McGrath both agreed a percentage is the best approach to Free Cash.

Ms. Grammer expressed concern regarding the availability of funds to place into stabilization. Mr. McGrath suggested the division of excessive amounts of Free Cash between the tax buy down and stabilization. He further remarked funds in the School Building Stabilization Fund originated from "raise and appropriate" and Free Cash. Therefore, a portion of the stabilization funds is derived from taxes.

Mr. Durey stated the DOR advises Towns to develop a bylaw or Finance Committee guidelines to pre-determine use of Free Cash when excessive Free Cash occurs.

### **Town Manager Interim Funding Article Request**

Ms. Grammer stated there was some confusion regarding allocated funds for the Town Manager. The amount now stands at \$150,000 to cover salary, benefits, and expenses. *Finance Committee members will request a sunset clause of June 30, 2017 be added to the article.*

Mr. McGrath expressed concern with potential procedural difficulties if the Finance Director's position expires on December 31, 2018 and in all likelihood, the Town Manager will not assume office until the beginning of the calendar year 2018. Mr. McGrath encouraged the Finance Committee to encourage the BOS to author an additional article to cover interim professional expenses with an attached sunset clause.

### **Groundwater Overlay Map and Amendment of the Zoning Bylaw Discussion**

Ms. Grammer encouraged Finance Committee members to consider additional appendices to add to the FinCom Booklet. She mentioned it is beneficial to include a copy of the ground water overlay map.

During the last Planning Board Meeting, the Merrimack Valley Water Commission had not provided the Board with the Water Overlay Map. The Water Department is now in possession of the map. Ms. Grammer stated the Dole Place property is an addition to the Wellfield request. Mr. McGrath remarked it would have an impact on abutting property owners. Instances of impact include where a property owner locates a manure pile or in some cases, septic systems may need reworking. He suggested a discussion might be premature until the purchase of the property at Dole Place. Ms. Grammer suggested the Finance Committee meet with Water Department Superintendent Michael Gootee.

### **Meeting Minutes**

*FinCom members voted to approve amended minutes of September 11, 2017, 6-0-0.*

### **Executive Session Minutes**

*FinCom members voted to approve amended executive session minutes of September 11, 2017, 6-0-0.*

### **Town Updates**

Ms. Grammer stated the Planning Board is meeting on Tuesday, September 12, 2017. On the agenda is the placement of a solar field at 28 Coffin Street. Finance Committee members spoke of cost savings using solar energy. Mr. McGrath stated established companies such as National Grid are required to demonstrate they derive a portion of their energy from renewable sources and would therefore welcome paybacks.

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### **Board of Selectmen Meeting**

At 8:45 p.m., Finance Committee members joined the BOS in the first floor hearing room of the 1910 building. Discussions included Free Cash, FY17 turn backs, and stabilization. In addition, the BOS clarified the amount requested for the Town Manager's position at \$150,000.

At 9:35 p.m., Chairman DeLena, Dr. Beaudoin, Mr. Durey, Mr. Ellis, and Ms. Grammer reconvened at the first floor Finance Department in the 1910 building. Mr. McGrath had needed to leave.

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The Finance Committee will invite Water Department Superintendent Gootee to discuss the ground water protection map and the amendment to the zoning bylaw. *Mr. Ellis will schedule a meeting next week with Mr. Gootee.*

### **Article Requests**

During the meeting with the BOS, the Selectmen informed the Finance Committee that turn backs for FY17 were approximately \$500,000. Additionally, the BOS will introduce an eighth article requesting the placement of the \$500,000 into the school stabilization fund.

Mr. Durey inquired if one article can address both the tax buy down and funds designated for the school stabilization fund. Ms. Grammer replied the articles are the bailiwick of the Selectmen. She added West Newbury is generally in support of the schools.

### **Article #3 To see if the Town will vote to transfer the sum of \$114,000 to reduce the current year tax rate.**

*FinCom vote to approve with the proviso condition of a transfer of \$500,000 Free Cash to the School Stabilization fund, 5-0-0*

Rationale: Chairman DeLena

Chairman DeLena will also author the rationale for the addition to the School Stabilization Fund.

### **Article #4 To see if the Town will vote to raise and appropriate and/or transfer from available funds the sum of \$150,000 for the Town Manager's salary, benefits, and expenses.**

*FinCom voted to approve 5-0-0.*

Rationale: Ms. Grammer

### **Article #7 To see if the Town will adopt a temporary moratorium on the use of land or structures for the operation of any marijuana establishments as defined in G.L.c.94G Section 1. This moratorium shall be in effect through December 31, 2018.**

The town voted in favor of the legalization of marijuana. Therefore, Dr. Beaudoin questioned why the moratorium. Ms. Grammer replied the moratorium is statutory, allowing the town the time to develop necessary procedures.

*FinCom voted to approve the Marijuana Moratorium, 4-1-0, Beaudoin opposing.*

Rationale: Dr. Beaudoin

Finance Committee members informed Dr. Beaudoin he could author both pro and con rationales.

The vote and rationale for **Article #6, the amendment of the Ground Water Protection Map**, will take place after meeting with Mr. Gootee.

Ms. Grammer reminded each rationale author to forward appendix materials to her and next week's meeting will convene at 6:30 p.m.

### **Upcoming Meeting**

**6:30 p.m.:** Monday, September 25, 2017: Discuss articles and present FinCom votes to the BOS

The meeting adjourned at 10:10 p.m.

Respectfully submitted,

Elisa Grammer  
Secretary

*Meeting materials:*

Public minutes from September 11, 2017 with edits  
Executive session minutes from September 11, 2017 with edits  
Draft Fall Town Meeting Warrant for Town Manager  
Q & A Free Cash Calculation  
Free Cash Chart  
Proposed tax rate buy down article  
Proposed Hamilton, MA tax rate buy down article  
Durey comparison of towns' tax rate, free cash, etc.  
Town Manager \$ proposed article  
Town Manager spreadsheet-half year cost  
McGrath-Gould Q & A Finance Director funding  
Explanation re: \$150K vs \$110K for Town Manager Article  
Library Revolving Fund Article  
Marijuana Article Request  
Groundwater overlay article request  
Revised fall 2017 spreadsheet