

**West Newbury Finance Committee
Minutes of the Meeting
Monday, November 13, 2017**

Finance Committee Meeting

Chairman Ellis called the Finance Committee meeting to order at 7:00 p.m. in the second floor hearing room of the 1910 Building with Ms. Grammer, Dr. Beaudoin, Mr. Durey, and Mr. McGrath in attendance.

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

Transfer request

None.

FinCom 2018 Annual Town Meeting (ATM) lead up schedule and policy recommendations

Chairman Ellis noted there are recommended time settings added to agenda items. Chairman Ellis and Ms. Grammer asked for comments regarding the draft listing of matters to discuss with the Board of Selectmen (BOS). Mr. McGrath stated an update on the Free Cash/Stabilization to the BOS is somewhat premature and suggested stating the comment FinCom is actively working on the points. Members offered other changes. Finance Committee members were in consensus with the following document:

1. Appreciate and hope to continue ongoing communication with the BOS
2. FinCom is actively working to develop proposed policies regarding Free Cash and Stabilization/Trust Accounts
3. FinCom appreciates the opportunity to work on DLS collaboration and looks forward to participating actively
4. FinCom hopes to support and collaborate on issues regarding funding of a new school building
5. FinCom appreciates BOS efforts to pass on proposed Articles to FinCom as soon as possible and to work with FinCom throughout the budget process, which we hope can start earlier than in past years when the Finance Directors were new to the job
6. FinCom is developing additional processes to obtain status developments concerning prior money Articles in terms of project completion, amount of funds actually spent, etc.

Additionally FinCom suggests adding a line to the Article Request Form-“When should this Article be sunsetted-how long will the project take?”

Mr. Durey asked for clarification for the difference between ATM and Special Town Meeting (STM). Mr. McGrath explained ATM Articles involve funds needed in the fiscal year beginning on July 1. STM Article Request funds may be distributed immediately. The Spring ATM sets the budget for the upcoming fiscal year and runs consecutively with the Spring STM. In the fall, the budget has been set and therefore only a STM takes place.

Finance Committee members will present the matters of discussion and the proposed schedule to the BOS at meeting later this evening.

FinCom/BOS meeting

At 7:35 p.m., FinCom members joined the BOS in the first floor hearing room. Chairman Ellis presented matters to discuss and the schedule to the BOS. *He will follow up with a written copy of the summary.* Selectman Anderson added, due to new legislation, the BOS would formulate a budget message to all departments. The BOS agreed to more frequent meetings with FinCom.

Finance Committee Meeting resumed

At 8:30 p.m., Finance Director Gould joined FinCom back in the second floor hearing room. He affirmed there were no transfers. He stated he would email FinCom in advance if there were any transfers.

Review of Action Items

Ms. Grammer will amend the Article Request form to include a question regarding length of a project and adding a sunset clause. She will forward the revision to Ms. Winglass, BOS administrative assistant.

Dr. Beaudoin asked Finance Director Gould if he were able to access financial information remotely in order to review information. Ms. Grammer remarked she had forwarded 2015 Articles concerning accounting money. *Finance Director Gould agreed to populate the spreadsheet with updates.*

Dr. Beaudoin questioned when FinCom wants to receive copies of the incoming articles. Mr. McGrath suggested receipt prior to meeting with the Finance Committee. With respect to the spreadsheet to track prior money articles status, he added the town accountant receives bills and codes them. Mr. McGrath asked Finance Director Gould that the prior budget request be placed in the calendar. *Finance Director Gould agreed to look into the possibility.*

Tax Rate and Levy

Mr. McGrath stated he is open to listening to a presentation involving the interactions of overlays, tax rate and levies. Ms. Grammer remarked when the amount of Free Cash is set it affects the tax rate. She added constructing a model, using a spreadsheet, depicting possible tax rates over the next three years would be helpful to explain the relationship of Free Cash and the tax rate.

Dr. Beaudoin stated he has spent some time researching the development of tax rates. *Dr. Beaudoin offered to prepare a presentation, forward it to FinCom members, and present it during the next meeting on November 20, 2017.*

Open Meeting Law

FinCom members discussed what information could be relayed to other members outside of a public meeting via methods such as email. Ms. Grammer remarked forwarding data from third parties is acceptable. However, offering opinions when not in a public forum is unacceptable. Mr. Durey inquired if the use a drop box is acceptable. Dr. Beaudoin answered as long as there is no deliberation involved. Ms. Grammer read aloud the Open Meeting Law guidance concerning deliberation as presented by the Massachusetts Attorney General's office. The Open Meeting Law defines deliberation as "an oral or written communication through any medium, including electronic mail, between or among a quorum of a public body on any public business within its jurisdiction."

Ms. Grammer added the quorum for West Newbury FinCom is 4 members. *Ms. Grammer will follow up with Town Counsel McCarron to obtain a better understanding.*

Finance Committee Budget Philosophy for FY19

Mr. McGrath stated prior to the BOS meeting, they might ask the Selectmen for their goals for the upcoming budget season. He added his approach would restrain the budget line by line. Further discussions continued in the second floor hearing room after the meeting.

Ms. Grammer suggested adding changes in the budget form to “What to Expect Guide”.

Dr. Beaudoin proposed departments develop a five-year plan for capital expenses. Mr. McGrath remarked the Capital Improvement Committee (CIC) document needs some refining. He stressed the importance of funding capital expenses with Stabilization Funds. Mr. McGrath stated if a capital item has been budgeted on the CIC, there is already a payment plan in place through either bonding or by lease payment. Mr. McGrath submitted a document outlining different types of capital expenses including random one-time purchases and reoccurring short-term purchases. FinCom members will review and discuss the document at the next meeting. Mr. McGrath noted Free Cash should be available for snow and ice, random occurring events, and current and past year shortfalls. *It was further generally agreed that the Articles Request Form should contain a second new question that asks if a proposed money Article involves an asset over \$20K with a useful life of 5 years or more, per the definition of an item warranting CIC review.*

Mr. McGrath stated Ms. Grammer’s models as to impacts of implementation of a Free Cash solution would be helpful to citizens to understand how balancing funds going in and out of the budget would minimize effects on the tax rate. Ms. Grammer stated she would like a greater understanding of the tax levy. Dr. Beaudoin hopes to clarify any confusion with his presentation next week.

Dr. Beaudoin summarized the four goals for the upcoming budget season:

1. Free up funds as soon as possible by proposing a sunset clause to each Article Request Form
2. Restrain budget growth line by line by including data showing turn-backs from prior years
 - a. Found in the “What to Expect Guide” on the budget request form
3. Establish a policy regarding Free Cash/Stabilization in preparation of the Department for Local Services (DLS) town evaluation meeting
4. Inform department heads capital items need to be listed on the Stabilization schedule prior to submitting article request
 - a. Definition of capital expenses to be added to the Article Request Form

FinCom, reaching a consensus proposing goals, voted to approve 5, 0, 0.

Agreement/Disagreement of Motions Discussion

Stabilization Draft Motion

FinCom members discussed points of agreement and disagreement on the draft motions. Further discussion will take place at the next meeting. Members were in agreement with the language of the draft Stabilization Motion.

FinCom voted to approve the language of the draft Stabilization Motion 5, 0, 0. The draft is now a document.

Free Cash Draft Motion

Dr. Beaudoin remarked that he was under the impression one of the uses for Free Cash was to buy down the existing debt. Since the taxpayers have previously agreed to pay, there is low interest. Ms. Grammer suggested the Fire Truck as an example. Mr. McGrath stated technically the Fire Truck was not a debt but rather a lease with three years remaining. The savings to buy down the lease were significant enough to warrant it.

Ms. Grammer remarked, debt such as the school building needs further discussion.

Mr. Durey expressed differences regarding the order of priority. In addition, he would like clarification of the definition of Free Cash and explanation of the phrase “as soon as possible” regarding the return of excess Free Cash to the taxpayers.

Regarding point 2, Mr. Durey believes 5% Free Cash should be a minimum amount for the Town. Mr. McGrath added it is extremely important to establish a timeframe as to when the assessment of Free Cash occurs.

FinCom will rewrite the fourth point, describing the mechanism to reduce Free Cash, in order to clarify. Approvals during Fall Meeting will allow return of Free Cash to the taxpayers in the same fiscal year. Mr. Durey is concerned about the sequence of events.

Mr. Durey also wishes further discuss point 5, which states, “funding of Stabilization and Trust Accounts should occur through raise an appropriate (not Free Cash transfer)”.

Meeting Minutes

FinCom members voted to approve amended minutes of November 6, 2017, 5, 0, 0.

Tentative Agenda for Monday, November 20, 2017

- Review transfers
- Review minutes
- Free Cash Discussion
- Dr. Beaudoin Levy report
- Changes to What to Expect Draft
 - Add CIC and sunset clause
- Review timeframe
- Add Mr. McGrath’s PDF How to pay to agenda

Upcoming Meetings

Monday, November 20, 2017: 7:00pm—Develop product regarding Free Cash and Stabilization

The meeting adjourned at 10:10 p.m.

Respectfully submitted,

Elisa Grammer
Secretary

Meeting materials:

Draft-schedule of meetings leading up to Annual Town Meeting

Draft-matters to discuss with BOS

Past Articles Update

Draft Motions Free Cash & Stabilization

Questions & answers regarding necessary amount of Free Cash

2014 FinCom Handbook excerpts-Free Cash

McGrath Free Cash schedules

Draft minutes November 6, 2017