

Town of Lunenburg

or
[Signature] 8/13/11

Finance Committee:

Terri Burchfield, Chairman

John Henshaw, Vice-Chairman

Hannah Anderson, Secretary

Jay Simeone

George Martin

Marc Luescher



**Lunenburg Finance Committee
08-23-18**

17 Main Street, P.O. Box 135

Lunenburg, MA 01462-0135

978.582.4139

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Location: Town Hall

Present: Terri Burchfield, Jay Simeone, John Henshaw, Hannah Anderson, George Martin, Marc Luescher

Absent:

Guest: Karen Brochu, Town Accountant, Heather Lemieux, TM.

1. Open Meeting:

The Chair called the meeting to order at 7:00 pm. This meeting is being recorded and televised for re-broadcast on the Lunenburg Public Access cable channel.

2. Communications:

- a. **Public:** Dave Passios, 56 Whiting St. Like to bring attention to the board a section in this charter, Section 7-8 procedures governing multiple member bodies paragraph F, filling a vacancy. "Whenever a vacancy shall occur in the membership of an appointed multi member body, the remaining members shall forthwith give written notice of such vacancy to its appointing authority. If, at the expiration of 30 days following the delivery of such notice to the appointing authority said officer or multiple body has not appointed some person to fill the vacancy, the remaining member of the multi member body shall fill such vacancy for the remainder of any unexpired term by majority vote of the remaining members." I interpret this as the Finance Committee appointing committee has lost their window of opportunity to appoint the replacement for your board and the charter clearly states that it is now in your hands.

Regarding Mr. Passios public comment, the Chair will have the Town Council check this procedure through the help of the Town Manager.

Mr. Passios followed up to say he will be emailing the Town Manager to let her be aware of his comment and assumes to have something decided by the following Monday.

John suggests that Mr. Passios copies the Chair to the email to keep it consistent.

- b. New Communications: Terri - Special Town Meeting is coming up in November, so our October 11, 2018 will be a public hearing on the warrant articles. The appointment to the finance committee is not occurring tonight, it will be done in a meeting on Monday August 27, 2018.

Hannah asks that all paper handouts are also sent as google docs to add as attachments to minutes to help the public understand topics and see what the Finance Committee sees since not all paper handouts are televised.

- 3. Vote to recommend free cash policy change to the Board of Selectmen:

John made the motion. Marc second. 6-0

- 4. Discussion around 2020 budget related to property Condition Assessment and Capital needs:

John Henshaw lead. General overview of the forecasted revenues and expenditures for the next five years including this current Fiscal Year FY19, as laid out by the Town Manager, Heather Lemieux and then a total for those five years. Underneath that is the very general overview of the property condition assessment that was given to the town by Vertex several months ago. Just to hit the highlights, the property condition assessment dealt with the condition and the mediation required for Town Hall, T. C. Passios, Turkey Hill Elementary, Brooks House, Eagle House, and the Old Primary School. The quick overview totals are that the study suggested or recommended would require about 3.4 million dollars' worth of our remediation to six of the buildings and \$400K to demolish the Old Primary School. Beyond that Capital out lays through the next several years of 8.6 million dollars for the six remaining buildings. Just as a context John put to the right of all these figures the Capital improvement request for the next four years, 2020 – 2023 which is 5.3 million dollars or about average of 1.3 million dollars per year. Just to give you a sub context for FY16 and FY17, the average Capital Expenditures were about \$600K. The whole point is that these are additional expenditures requested or acquired, probably can be managed, but are still almost certain to be claims on town revenue. Presenting this for consideration for discussion at Finance Committee meetings and it may give the Finance Committee some context for when we go into budget season how we as a committee approach the budget season mindful of fact that these are probable requirements for future revenue.

Terri questioned, under the Capital improvement request total over the next four years, is under your other considerations you list increased officers at the police department and the fire department increased to Paramedic, are those numbers factored in those four years?

John replied that those numbers are not factored into those four years except for the fire department ambulance. Which the fire department would need an ambulance to accommodate the additional paramedic or increase in paramedics. Further into that, Chief Marino had given us a schedule some months ago regarding increasing the police force by ten officers, one officer per year for the next ten years. The first officer does not need an additional cruiser because they have a cruiser that they can let that officer use during his or her shift, but with increases of police officers/patrol officers this would require one cruiser for every three increases and that is not factored in the Capital improvement request.

Terri questioned, when you are talking ambulance, you are not talking an additional ambulance due to the paramedic status, but improvements additional to the cost of an ambulance? John replied with correct.

George commented in addition to the buildings that are being air marked as being excess properties, what is missing is a public safety building, library, school, DPW building, and that most of the buildings came on around the same time, at least 10 years old. And is concerned that any of the buildings he mentioned may need services such as a new roof. Hannah asked George is he wanted to look at the whole picture of all town buildings rather than just the ones John mentioned. Terri replied that the buildings that were pulled out where because they were the only buildings with the current property assessment available for, and that all of these were on top of anything that was in the Capital improvement request and what she is not sure of is if there is a capital improvement request that are related to the buildings George mentioned. George replied that his concern is that at some point these other buildings would be on the horizon for needs of repairs. John commented back to George's point that there are very few capital improvement requests within the 5.3 million dollars that are in fact related to the building improvement with respect to the new school. The library, DPW, and Primary school are all around the 15-year mark and they should be in the mix for some care. George commented back that since we are trying to look into the future and understand what the impacts of capital projects are.

John asked Karen Brochu for some information that may be helpful for a broader perspective.

Karen mentioned having a significant increase in free cash certification from the close of FY17 to the close of FY18. We now have \$130k for the asbestos remediation at the Turkey Hill Elementary School that is now being funded by the state and since we voted on that at the last Annual Town Meeting to come out of free cash we can now use that for other things. Then there is the barrowing authorization of \$480k for a portion of the ladder truck, so one of the things she talked to the Town Manager about was to see if we could eliminate the barrowing and pay for the portion of the ladder truck with free cash. And if that happened, she believes that there would be close to a million dollars available for the end of this fiscal year and fiscal year 20. Hannah asked with the million dollars would some of that money be able to be used for the third stage of the asbestos remediation of the Turkey Hill Elementary School? Karen replied that would need to be discussed with the Capital Planning Committee. Karen did mention that reducing the barrowing on the ladder truck would make it so the town does not need to pay the interest of that barrowing.

John reminded everyone that free cash can only be used for non-reoccurring items/expenses which include capital equipment. Karen said that building maintenance is not a capital expense and that the policy for free cash was most likely made specifically for this because we never know if we will have that free cash from year to year. John mentioned that we would not want to rely on free cash for operating expenses maintenance from year to year not knowing if the town will have it. Terri asked if there was no expensive debt that the town would want to pay down that may be more than what the fire truck interest would be? Karen answered that they could definitely speak to the financial advisor to see what he thinks is the most beneficial, but her suggestion would be to avoid the barrowing so what in on the books stays on the books. Terri thinks it would be good to check with the financial advisor. Terri then asked Karen if the million dollars that Karen mentioned about for next year, if Karen was anticipating that there would be an additional million dollars in free cash for next year? Karen replied no, that

the million dollars she is talking about she believes that at this point in time that the town will have free cash certified at the closer June of 2018 effected for 7.1.18 for use for all through this year in the amount of 1.5 million dollars. George asked Karen if she thinks this is sustainable or if this is a one year hit? Karen said she was recently asked about upping the revenue estimates given the fact that the town free cash increased so much since the close of FY17 to FY18. She went on to say this will not happen every year since the local receipts are elastic revenue meaning they tend to flow with the economy and we should be conservative because we do not know if it sustainable or not and that why the town is so conservative on the local receipt estimates because that translates directly to free cash at the end of the year if we have a surplus but on the flip side if the town estimated the revenues and did not collect them the town would be looking at a revenue deficit that the town would have to raise. Terri asked if Karen if she was continuing to see an increase in the excise tax revenue? Karen responded yes over the last two to three years there has been an increase. Terri asked if it was coming in at basically \$50K a year or significantly more? Karen said it was more than that but the town has been increasing their estimates by \$50K plus in order to get that money into the pavement management portion of the General Highway Maintenance Budget so the town could get to the million dollar goal.

John asked with free cash, let's say that the results of expenses not being as high as planned or revenues being higher? Karen gave a quick summary that the local receipt estimate was \$2,940,817.00. The actual collection was \$3,468,170.00 so there was an increase from budget to actual numbers by \$527K, the majority of that increase was made up of two different things, there was an increase in motor vehicle excise from the estimated amount of \$207,000.00 and there was an increase in penalties and interest on taxes which was increased \$135,000.00 which was mostly due to the collectors office which pursued the collection of real estate taxes. Some of the tax liens were sold to that company and there was a mailing to people that were in tax title and there was a very good response because the town was aggressively pursuing those real estate taxes. Those were two of the biggest ones. There was also \$103,000.00 more in departmental revenue schools which is money given from the state for the students that were Medicaid eligible. But you never know what we get from year to year so the estimate was low and it turned out to be much higher than expected. As far as the taxes go, the town collected 99.4% of the tax levy, the town received \$511,000.00 in tax lien revenue in 2018 which was about \$400,000.00 better than the previous year. Tax liens are deferred until collected which is why there was such a jump in free cash so quickly. On the cherry sheet there was \$119K that was budgeted for the 40S reimbursement which is Tri-Town money, but the town has not received that yet and the state said the amount the town will actually get is around \$20k because the amount was prorated because of the amount that actually ended up being funded but that has not come in yet. Karen was going to accrue that in 2018 but since the year closed on such a positive note, she didn't see a reason to do that yet. This was all on the revenue side.

On the Expenditure side, the town had some appropriation closeouts but one of the big things on the expenditure side was the choice and charter tuition assessments for students that go out of district was \$290K less than the amount that was received as an assessment on the cherry sheet. The town does have \$399K in appropriation closeouts so there is almost \$400k and \$290K less in state assessments on the expenditure side. The \$290K from the assessments are not guaranteed from year to year because typically there have been years where they all swung the other way because the state takes the

number of what the town used the prior year for the assessment for the upcoming year on October 1, again in March, and then prior to the close of the fiscal year.

Terri asked how we did on snow and ice. Karen said we spent more than what was budgeted but the town covered it by doing a supplemental appropriation to that account from existing appropriations from town meeting in May. John asked that we are not entering this year with a deficit with snow and ice that we would need to recognize. Terri commented that she wonders if that is why the expenditures came in so well because we usually set aside so much money to cover snow and ice if we can and typically there are a lot of transfers at the end to help with that. Karen said there was no transfers that the finance committee that was needed to sign off on. She knows there was money left over on the police budget due to some personnel issues with officers being out and the town received some reimbursement for them from the insurance company but there were times that there was no full staff for the department so it was back filled with the reserves but Chief Marino did close out some money in that appropriation. There was about \$130K in our health, liability, and workers comp insurance lines that were probably comprised of two different things, one being better rates and the other not needing to budget for some increase for new personnel. The town also lost a few of their retirees so there was a bit of a surplus in that account as well.

John commented that this again was to frame the projected revenues and expenditures relative to additional revenues or additional expenditures that we will come face as well and to also move the scope from behind the current couple of fiscal years to see a five-year window. Incidentally just in the five-year window one of the things the department of revenue cautions against is doing anything more than five years because the accumulative annual changes in revenue and expenses anytime over a five-year window rendered the annual numbers increase to less reliable so this is as far as it can go.

5. 2020 Budget Dashboard discussion.

George Martin lead. George has been working with Karen Brochu and recently received the debt financial forecast and the Town Managers financial forecast. He has been able to analyze and learn about the debt forecast model and he is just starting to understand the financial forecasting. He met with John at the library and John helped George better understand the town debt policies. He can now connect to the data Karen is providing in a better way. He is chasing other data points to get a real holistic view at everything and bring it together to simplify it to a basic picture of what is going on. George has asked Hannah to get the student enrollments of K-12 from last year and what the expecting numbers are for this coming year because part of looking that data point is because the Kindergarten numbers have grown this year more than anticipated so he isn't sure what that means for all the budgets across the town but expects more increases based on higher enrollments. George plans to continue his population study to see how that works and he is working with the town clerk to collect that date and put it into a nice format to take a look at and get an idea of what is going on in town as general. Terri asked if this is all going to come together and then be put into a google doc? George responded that he is putting it into an access data base that will have a user interface on top of it but that will be able to be used to be spun into some google docs that is shareable for everybody. He is going to be asking for some guidance from the committee, town account, town manager and his biggest concern is making sure the data is accurate before putting it out to be shareable.

6. Online budget presentation tools for more transparent public view of budget.

Marc Luescher lead. Marc has all the excel budget numbers from the past 5 years and will be reaching out to Karen Brochu to put together the data. If everyone finds it useful then he would like to go back 15 years like other towns but does not want to get too crazy with it. He is getting help from the Groton IT manager to get his presentation running to show for the next meeting. Terri commented that all districts need to do a October 1 report that day of all enrollments if George wanted to wait for that. She will be leaving George's and Marc's research plans on the agenda, so we can talk about it every meeting with any updates. For the last several years in Terri's reports she kept the data of what the budget was and what percentage of the town budget was. She has offered it to Marc who accepted to have a copy of that for his data research. Terri went on to say debt services is 13% of our towns budget so that's one of the reasons she keeps it due to it coming down again to go back up for other priorities coming forward. Her assumption is that once we go into budget season, what the Town Manger is presenting for the budget represents the priorities of the town as identified through the departments, the department heads, and Board of Selectman. She asked the Town Manager if there was anything specific that we should be paying any close attention too? Or should she just continue to assume what the Town Manager is presenting reflects what the Board of Selectman is identifying through the course of the year as priorities. Heather, Town Manager, said yes. Terri replied if there comes to a point of making a decision of where money should go which sometimes comes up in the budget presentation process she feels much less confident about that.

7. Review Minutes:

7.26.18 minutes for review, John motioned to approve minutes, Marc second. 6-0

8. Town Manager/Financial Officers reports:

No reports

9. Public Comment:

Dave Passios 56 Whiting Street, reported that he heard of a radio station that a financial analyst said the condition of the economy is fairly good but he also warned that the U.S. economy is sick lick and that we should be expecting a down turn in the economy within the next 2-5 years, maybe 8 years and the comment for that was to take advantage of your opportunities, pay down your debt, and be ready for it.

Committee/Department

Update

Public Access Cable—Marc	
Capital Planning—John H.	
Dept. of Public Works—George	
COA – John H	
Library—Terri	
Police Dept – Marc	
Fire Dept - George	Two new EMT Fire Fighters have been hired. He did not get qualified paramedics due to the town's salary scales are not competitive enough for paramedics to want to come to Lunenburg. He has promoted two internal resources from the towns fire department, so they are now the two new full-time firefighter EMTs. The chief authorized some of his department funding to cover the training for one EMT due to budgeting reasons. Including in this training program is required seat time for this person to become a licensed paramedic. The chiefs current staffing of new hires also includes per diem parametric. The fire house for the most time now is being staffed 24/7 with mix of full-timers and per diems. Chief is finalizing his new specs for the towns new fire truck and the purchase will not exceed the towns approved budget. Chief is actually leveraging the acquisition through the states bidding process that will bring those numbers in line. It has not been ordered yet, but he is finalizing the specs. Chief Sullivan also wanted to give the committee a heads up that the town ambulance is going on 11 years old.
Schools - Hannah	Meeting coming up with Superintendent Dr. Burnham on September 5, 2018. She just doesn't want to share any updates with us until the school committee knows about it first.
Monty Tech - Hannah	
Green Comm Task Force—Jay	
Sewer Commission —Jay	
Charter Review Comm – Terri	

10. Next Meeting:

September 13, 2018

11. Adjournment:

John made a motion to adjourn. Hannah seconded the motion. The committee approved the motion 6-0 at 8:00 pm

Submitted by: Hannah Anderson

Attachments: (0)

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SEP 25 2018

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CLERK OFFICE**