

Town of Lunenburg

Finance Committee:
Terri Burchfield, Chairman
Mark Erickson, Vice-Chairman
Jay Simeone, Secretary
Hannah Anderson, Member
John Henshaw, Member



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Lunenburg Finance Committee **Minutes July 14, 2016**

Location: Town Hall
Present: Mark Erickson, Terri Burchfield, Hannah Anderson, Jay Simeone, John Henshaw
Absent: None
Also Present: Kerry Lafleur, Town Manager, Karen Brochu, Director of Municipal Finance.
George Martin, a citizen of Lunenburg.

1. Mark called the Finance Committee meeting to order at 7:00 pm
2. Comments:
 - a. Public: None.
 - b. New Communications:
 - Mark paid the committee's membership to the Association of Town Finance Committees [AFTC]
 - Lunenburg Planning Board meets on 7/25 6:35 PM to discuss amending a protective by-law.
 - The Volunteer Appreciation evening will be at the Eagle House on Tuesday, July 26 at 7:00 pm.
 - There are now tours of the new school building on Thursdays and Saturdays.
 - Mark circulated the latest issue of *The Advocate*.
3. Organization of the committee for FY17:
 - a. Chairman: John moved and Jay seconded the motion to nominate Terri to chair the committee. There were no other nominations; the committee voted 5-0 in favor.
 - b. Vice-Chairman: John moved and Terri seconded the motion to nominate Mark as vice-chairman. There were no other nominations; the committee voted 5-0 in favor.
 - c. Secretary: John moved and Terri seconded the motion to nominate Jay as secretary. After brief observations from Terri and John that there are many ways to record meeting minutes, Jay accepted the nomination. There were no other nominations; the committee voted 5-0 in favor.
2. Department and Committee Liaison assignments: The committee deferred liaison assignments until the July 28th meeting to give members more time to consider which liaison assignments they would like to take on.
3. Finance Committee Representative to Town Manager Search Committee: John H. moved and Jay S. seconded a motion that Mark E. be the Finance Committee representative; the motion was approved 5-0.
4. Town Manager's Report:
 - a. There will be a Special Town Meeting on Monday, August 22.
 - Committee members will receive the warrant review prior to the August 11 meeting, when the Finance Committee will discuss the articles and make recommendations for the Special Town Meeting.
 - The brief time between our August 11 meeting and the Special Town Meeting, means the finance committee recommendations will not be in the printed warrant.
 - b. Projected FY16 expenditures are under budget and revenues are over budget.
 - This would result in more free cash, which would be used to help fund the capital budget.
 - Further, the Town could also use some of the projected surplus to buy back some unused sick leave that Town employees have accrued, thus reducing future liabilities as these employees retire.

5. Revision of the Town's Policy on Debt Service Costs:
 - a. The Town's current policy sets limits on the amount of regular debt service costs the Town may incur, but does not address the limits on debt service costs on excluded debt the Town may incur.
 - b. Our bond rating agency interpreted the policy to cover not only debt service from regular debt, but also debt service costs from debt as a result of debt exclusion overrides.
 - When debt service costs increased because the Town financed excludable debt to construct the new Jr.-Sr. High School, the bond rating agency concluded that the Town exceeded the debt service cost limits set in the Town's financial policy.
 - However, this resulted from a mistaken application of the debt-service policy.
 - c. In response, the committee discussed guidelines on modifying the Debt Service Policy:
 - The revision to the debt policy will include a policy on excluded debt as well as, but separate from, the policy on regular debt:
 - The aim is to set separate limits on when and how much regular and excluded debt service costs the Town may incur in the future.
 - Establish separate metrics and limits on regular debt and on excluded debt. These limits will be clearly stated, and easy to measure and apply.
Please note: The Town's Financial Advisor has yet to give his opinions on the debt service policy including excluded debt.
 - d. Next steps: John will revise the spreadsheet he is working on to show historical and projected debt service costs from regular borrowing, debt exclusion overrides through FY21—the period of the Town manager's forecast.
 - This exercise would exclude all Capital Improvement Projects under \$300,000 in the capital improvement plan.
 - It would include projected debt service costs resulting from the Pavement Management debt exclusion plan approved by the Town in May, 2016.
 - It would also include—if possible—projected debt service costs arising from renovation/maintenance of Turkey Hill School.
6. Review of minutes, June 9, 2016 meeting.
 - a. Mark pointed out two errors in these minutes: The letter that Mark wrote was to the *Lunenburg Ledger* not to the *Sentinel and Enterprise* and second, in Mark's report on the school building committee, the words "has begun" should be included in the second sentence.
 - b. John will make both corrections and submit the corrected minutes at the next meeting.

7. Committee and Department Updates:

<u>Committee/Department</u>	<u>Update</u>
Public Access Cable—John H.	Revenues are nearly level with FY2015 and the reserve balance is about \$320,000. PACC has upgraded old equipment and is making investments to transition to high definition broadcasting capabilities.
Capital Planning—John H.	No Report.
Dept. of Public Works—John H.	No Report.
Library—Terri B.	The library has hired a new digital librarian.
Public Safety—Terri B.	No Report.
Schools, Monty Tech, COA—Karin M.	No Report.
Green Task Force—Jay S.	No Report.
Sewer Commission Task Force—Jay S.	No Report.
Building Re-use – Mark E.	No Report.

School Bldg. Comm., Building Re-use--Mark E.

The committee approved change order #15 for \$24,732. This change order covers costs for 1) Capping a space near the auditorium railings so maintenance is easier, 2) Adding covers to fin tube radiators, 3) As the elevator could not be inspected during the Verizon strike, the Town had to pay for an elevator operator to operate the elevator until it could be inspected, 4) Additional excavation and foundation drainage of the new maintenance garage. Note: The maintenance garage is complete except for the floor pad, which is being poured next week. Change order #15 brings total costs of all change orders to date to \$1,058,736. This is well within the approximately \$4,000,000 amount for contingency in the budget. The gym was fully abated and the demolition of the gym has taken place. The rest of the abatement continues and there are no issues with abatements thus far.

8. On-Going Business:

- a. Kerry reported that the pavement management process is finishing its Spring/Summer paving and plans to begin the new round of pavement work this Autumn.
- b. Stormwater maintenance: The Town has included generic maintenance in the plan, and it is mostly just country road drainage. There is little risk of cost overruns due to the nature of the work and the 20% contingency built into each project
- c. Marketing Plan for surplus property: Kerry stated that the due date for receipt of bids is Monday, July 18.

9. Next meeting: Thursday, July 28th, at 7:00 PM in the Bilotta meeting room at Town Hall.

10. Adjournment: Jay made and Mark seconded a motion to adjourn. The committee approved the motion 5-0 and the meeting adjourned at 8:35.

Respectfully submitted by John Henshaw August 7, 2016