

# Town of Lunenburg



*Mark Erickson*  
2/24/15

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Finance Committee:  
Mark Erickson, Chairman  
Terri Burchfield, Vice-Chairman  
John Henshaw, Secretary  
Karin Menard  
Caroline Griffis  
Jay Simeone

## Lunenburg Finance Committee Minutes: January 22, 2015 Meeting

Location: Town Hall  
Present: Mark Erickson, Terri Burchfield, Karin Menard, Jay Simeone, John Henshaw  
Also Present: Jamie Toale--BOS Liaison, Kerry Speidel  
Absent: Caroline Griffis

1. Mark called the meeting to order at 7:00 pm.
2. Communications:
  - A. Public: Dave Rodgers suggested that one of the school's two modular buildings they no longer need could be used by the Cemetery Dept. to augment their building on Holman Street, and the other may be useful at the sanitary landfill. He also said the HVAC system at the library does not work very well and thought that may be a factor in the library energy use.
  - B. Committee:
    - i. The Massachusetts Foundation Budget Review Commission will have a public hearing Saturday, January 24<sup>th</sup> at Nashoba Regional High School to solicit public comment on the formula for the Foundation budget for Education, which they are reviewing.
    - ii. Mark circulated to the committee a hard copy of The Municipal Financial Data 44<sup>th</sup> edition updated for 2014, put out by the [Massachusetts Taxpayers Foundation](#).
    - iii. The Board of Assessors put out a flyer summarizing the Town of Lunenburg valuation and Tax Summary, and Mark circulated this to the committee.
    - iv. The Mass Municipal Association meeting is on January 23 and 24 in Boston.
3. Town Manager Updates:
  - A. Reserve Fund Transfer Requests:
    - i. The Fire and Police Departments project vehicle maintenance costs for each are projected to be over budget by \$8,000 - \$10,000. However, vehicle maintenance costs as a whole for the Town are not projected to be over budget.
    - ii. Interim Director Teresa Hathaway and Dick Mailloux, Vice-Chair of the Library Board of Trustees, requested \$15,000 from the reserve fund to cover increases in electricity and natural gas costs as a result of increased electric and gas rates.
      - YTD energy costs are over budget and the increased unit costs for electricity and gas are in addition to that. Kerry said the rate increase is due to a requirement for utilities to stockpile oil in the winter and should come down in a few months.
      - The library has initiatives with the Green Community and considering changing their schedule to reduce energy usage, but both are prospective.
      - Increased energy costs may affect whether the library qualifies for state grants tied to the total library budget and the amount the library spends on circulation materials.
      - Mark said it has been the Finance Committee's practice to approve reserve fund transfers toward the end of the year when the exact amount and need is clearer.
      - The library's concern is having meeting operating costs between now and then.
      - Kerry said that previous Finance Committees had approved reserve transfers in the middle of fiscal years, but her concern is that any transfer to the library to meet their higher energy costs would increase the minimum required library budget to qualify

for the state grants in future fiscal years (e.g. in Fy16 the estimated increase in the minimum required would be \$4,000.) So Kerry would like more time to work out a plan to deal with this issue.

- Mark reassured the library that the Town would not let any of their bills go unpaid, while the Town works on the best approach to managing the effects of the increased energy costs.

B. Unanticipated Overages:

- Projected costs of Veterans' Benefits in FY15 is \$20,000 over budget. The State reimburses the Town 75% of the cost of these benefits but only in the next fiscal year, so the Town will have an outlay over budget for these benefits until then.
- There is a potential overage in health care insurance costs of \$12,000. The Town will try to mitigate this within the overall budget.
- Because of an increase of about 30 school choice students, and some other overages, there is the potential for an over spend of about \$100,000. (See Karin's committee report below for more details on this.)
- The Town has free cash that will help meet potential overages in FY15, but free cash may be lower going into FY16, which would affect line items in the FY16 budget, like funding capital purchases.

4. Capital Planning Committee Recommendations presented by Jamie Toale, Chairman of the CPC

- The budget for new capital projects-including pavement management-is \$850,000: Total budget is \$1,000,000 less \$150,000 in debt service costs from borrowing for capital projects. This may change during the budget process.
- Of 25 capital project requests from Town Departments for FY15, the top nine priority projects cost nearly \$850,000 in total. The street sweeper is the tenth priority item and costs \$180,000.
- Borrowing to pay for the projects that cost over \$100,000 would allow funding of some lower priority projects, and/or invest more in the pavement management program, or spend less money on capital projects in FY15.
- But borrowing would also reduce capital budgets in future years.
- The CPC recommends borrowing to finance the backhoe (\$120,000) and dump truck (\$190,000) requested by the DPW. If the Town projects sufficient funds both in FY15 and beyond, the CPC also recommends purchasing the street sweeper through borrowing.
- The CPC recommends that the horizon for capital projects be extended from the current five years to ten years. This would give the CPC more visibility of anticipated future high cost projects.
- Discussion Items:

| Item  | Issues/Questions   |
|---|--|
| Borrowing for Capital Projects  | - \$100,000 is the minimum the Town would use borrowing to fund, but the goal was to fund much more expensive projects. One option may be to fund two less expensive projects together (for instance the backhoe and dump truck) but Mark said this should be an exceptional case.<br>- Concern that the out year costs of this year's borrowing would constrain the Town's ability to replace the ladder truck for \$850,000 or other expensive projects. |
| Previously appropriated capital requests that remain unspent.   | Unspent capital funds should be returned to the capital budget and re-appropriated at Town meeting.  |
| Funding expensive, multi-year projects that could crowd out funding for other capital projects. (E.g. THMS asbestos abatement request.) | - How should these projects be funded?<br>- Should they be part of the capital project process or handled another way?   |
| Multi-year capital planning be extend to ten years.   | This would provide longer term visibility to capital needs and guide borrowing decisions. There was general approval for the extended horizon.   |

- Minutes of the January 8, 2015 Meeting: Terry made a motion to accept the minutes and Karin seconded her motion. The committee voted 5-0 to accept the minutes as submitted.

6. Committee/Department Liaison Updates:

| Committee/Department—<br>Reported By: | Update:  |
|---------------------------------------|--|
| Capital Planning--John H.             | There is nothing further to report.  |
| Public Works--John H.                 | There is nothing to report.  |
| PACC--John H.                         | The PACC's next meeting will take up the budget and expenditures.  |
| Library—Caroline G.                   | Nothing further to report.   |
| Public Safety-Terry                   | Both Chief Marino and Chief Sullivan were interested in how the committee feels about making any personnel increases in the Police and Fire Departments in FY16.   |
| Building Re-Use--Mark E.              | There is nothing to report.  |
| School Building--Mark E.              | <ul style="list-style-type: none"> <li>• Structural steel is 30% complete, concrete work is complete, site work has been demobilized until the rest of the building is complete. There will be temporary lighting installed in building A once the roof is on.</li> <li>• The Town needs to sign a temporary agreement with Unitil for a transformer to be delivered at the end of January and the permanent easement for that transformed will be voted on at Annual Town Meeting.</li> <li>• The project remains on schedule and on budget.</li> </ul> |
| Schools--Karin M.                     | <ul style="list-style-type: none"> <li>• At the request of the school committee Superintendent Calmes has added paraprofessionals into the FY15 budget. This means that the FY16 budget for the schools as of that meeting is a 9% increase over FY14.</li> <li>• Supt. Calmes is working on understanding the reported increase in the school choice out numbers. It looks like the numbers reported by the state are in error.</li> </ul>  |
| Monty Tech--Karin M.                  | There is nothing to report.  |
| Council on Aging, Caroline            | No report.   |
| Sewer Commission—Jay S.               | The Sewer Commission is primarily working on their budget.   |
| Green Community—Jay S.                | <ul style="list-style-type: none"> <li>• The Green Community has bids for the LED lights for the parking lot in the Library and parking lot in the Public Safety Building. They have a significant amount of money and are looking for more projects to do.</li> </ul>   |

7. Next Meetings: Thursday, February 12—Town Manager Presents the FY2015 budget, and February 19<sup>th</sup> and 26<sup>th</sup> -- departments make their budget review presentations.

8. Adjournment: Karin moved to adjourn the meeting, her motion was seconded by Jay and approved 5-0. The meeting adjourned at 8:42 PM.

Respectfully submitted by John Henshaw February 9, 2015