

Town of Lunenburg

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



*Mark Erickson
9/24/15*

17 Main Street, P.O. Box 135
Lunenburg, MA 01462-0135
978.582.4139
FAX 978.582.4148

Lunenburg Finance Committee Minutes August 27, 2015 Meeting

Location: Town Hall
Present: Mark. Erickson, Terri Burchfield, Jay Simeone, Karin Menard, John Henshaw
Also Present: Kerry Lafleur
Not Present: Tom Alonzo, BOS Liaison

1. Meeting called to order by Mark E. at 7:02 pm.
2. Comments:
 - a. Public--None.
 - b. Committee:
 - i. Public Hearing, September 13th, to consider an applications for a Pet Service Facility on Electric Ave. and an application for cluster development to develop 66 dwelling units on Northfield Road.
 - ii. Terri B. asked John H. for Dick Mailloux' email address so she can get in touch with him prior to Trustees meeting. John will get it for her.
3. Town Manager's Report:
 - a. Kerry directed our attention to Karen Brochu's spreadsheet on personnel costs as a percentage of total Town budget:
 - i. Direct wages and salaries were just under 50% of the actual expenditures in 2015, and are planned to be slightly lower in the 2016 budget.
 - ii. Adding health insurance costs and other benefits linked to salaries and wages increases the total personnel costs to a bit over 60% of overall expenditures and budget.
 - iii. Mark E. asked for the FTE count in total as well to get a handle on the total cost of employees—salaries and associated costs—health insurance, etc.
 - Associated costs to employment increase costs to the Town by some 18 percent.
 - iv. John H. has roughly approximated the annual growth in personnel costs—excluding the school department- between 2013 and 2015 of about two percent.
 - It does not include the school department and personnel costs vary somewhat because of new hires and open reqs.
 - However, as Mark observed, to be of use in planning, it just needs to be directionally indicative.

- Wages and salaries appear to have grown by about 2% per year from FY2013-2015 which means that those costs have declined relative to total Town revenue over that time.
4. The FY2017 budget process: Projecting revenues and expenditures and setting priorities.
- a. Expenditures:
 - i. The building re-use project and the potential renovation to repurpose Turkey Hill--both long term capital projects which, along with current capital requests in the pipeline, could divert revenues that would otherwise fund future operating expenses. Note: The Town has in the past approved
 - ii. Ongoing projects: Pavement management plan, capital projects (e.g. fire trucks, ambulances), OPEB.
 - iii. Ways to manage expenditures or their timing:
 - Number of employees.
 - Material costs?
 - Applying the regional dispatch model to other Town functions.
 - b. Revenues:
 - i. Structural limits constrain revenue growth (e.g. proposition 2 ½ and projected growth in the Town).
 - There may be the potential to put an override before the Town voters to consider.
 - a. In contrast to debt exclusion overrides, the additional revenues that result from Proposition 2 ½ overrides go in the general funds--they are not earmarked for any specific use(s).
 - Use fees for some services to generate revenues.
 - c. Establishing a process going into the budget:
 - i. Is the process to divvy up growth among the various departments as the Town has done in the past?
 - ii. Or by re-assessing priorities of the Town, should there be a reallocation of resources based on need?
 - This would involve determining which expenditures are non-discretionary, which are partly discretionary, and which are discretionary.
 - Non-discretionary costs establish a baseline, and partially discretionary costs add to it.
 - Fully discretionary costs are a small part of the budget.
 - iii. Or by restructuring the Town's budget to achieve a different balance between the operating and capital budgets.
 - iv. Kerry framed the issue as whether any extra revenues should go into maintaining roads (e.g. further funding the PMP) or public safety (e.g. advanced life support (ALS)).
 - v. For context over the past several years the Town has lowered operating costs by:
 - Reducing the hours and number of Town employees.
 - Implemented the solar project.
 - Regionalized some services like the dispatch center.
 - Minimized repairs of Town buildings.

- Suggestion to list what the Town has done to contain costs and increase revenues.
- d. Action item for our next meeting:
- Think about the budget process:
Priorities, actions.
Note: Karin departed now.
5. Minutes:
- a. Jay made a motion to approve the minutes and Terri seconded the motion. The committee approved the minutes 4-0. (Karin, who was not present at the August 11 meeting, did not vote.

6. Committee Updates:

<u>Committee/Department</u>	<u>Update</u>
DPW—John H.	No report.
Capital Planning—John H.	The committee will meet on Tuesday, September 8 to begin planning for FY16 and beyond.
Public Access Cable—John H.	Rhonda Lisio has circulated a document on how other towns use their Public Access funds.
Library—Terri B.	No report.
Public Safety—Terri B.	Chief Marino and Chief Sullivan have looked into a hybrid model where employees are cross-trained to perform duties for both the Fire and Police Departments. But the chiefs do not think it would result in cost savings, and do not believe it would meet the needs of the town.
Schools—Karin M.	No report.
Monty Tech—Karin M.	No report.
Sewer Commission—Jay S.	The Commission met to review the pump issue.
Green Task Force—Jay S.	No report.
School Building Comm--Mark E.	Mark is arranging a time when the committee can visit the Junior-Senior High School project site to see progress to date.
Building Re-Use—Mark E.	The committee arrived at a consensus to recommend that the Board of Selectmen approve one of the vendors who bid on the project to provide plans for building re-use to best meet the needs of the Town. The RFQ documents are available for public review at Town Hall.

7. Future Agenda item: Mark has added sale of surplus property to our future agenda. The next meetings will be Thursday September 10 and Thursday September 24.
8. Meeting Adjourned: Terri B. moved to adjourn the meeting and Jay S. seconded the motion. The board voted 4-0 in favor; the meeting adjourned at 8:49.

Respectfully submitted by John Henshaw September 8, 2015

Copy: Karen Brochu, Tom Alonzo