

Town of Lunenburg



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

Mark Erickson
1/14/16

Lunenburg Finance Committee
Minutes December 10, 2015

Location: Town Hall
Present: Mark Erickson, Terri Burchfield, Karin Menard, Jay Simeone, John Henshaw
Absent: None
Also Present: Kerry Lafleur, Town Manager, Tom Alonzo, BOS liaison

1. Mark called the meeting to order at 7:00 pm.
2. The school committee has a quorum and Greg Berthiaume called the School Committee to order at 7:00.
3. Comments:
 - a. Public:
 - b. Committee: The audited reports for FY15 will be presented to the Finance Committee, probably at our January 14 meeting.
 - c. Mark briefly described the State House notes program as a vehicle to finance relatively small (less than \$5,000,000) loans for terms of three years or less. This is the way the Town financed the back hoe, dump truck, and sweeper.
4. Workshop with Superintendent Calmes and Members of the School Committee
 - a. Mark began by saying that John's recent analysis of annual school expenditures net of Chapter 70 state aid and Monty Tech have remained nearly the same percent of total annual Town expenditures over the five-year period from FY2011 to FY2015: Annual School Department expenditures ranged from 38.5% of total Town expenditures for the same fiscal year to 40.8% of total Town expenditures. Tom Alonzo said he had done a similar analysis a few years ago and he found the same thing—that annual school expenditures were
 - b. Both Greg G. and Loxi C. spoke about the need for more specialists to provide special services:
 - The school provides a needs based program. But the costs are unpredictable because it depends on the needs of a shifting student population from year to year.
 - c. The Finance Committee has been looking into a priority based budget process based on the costs of providing the current level of services in the following year. Mark explained that level services means starting with the same people and the question is how to deploy them.

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- d. Both Loxi said the School Department budget is needs based—how much funding the schools would need to maintain services they provided in the prior year.
- Greg stated that the student population changes from year to year, and that more students need special services. This has meant having to provide more services each year. Further the school department dynamics can limit the changes the schools can make in utilizing their personnel.
 - Loxi explained that the school department has a process they go through to decide how to best utilize the funds they have each year. Greg added that the process helps the school department evaluate and articulate what services they need to provide and how to provide them.
 - During the budget process Greg said that they don't know what the revenues from the state and the federal government will be.
- e. Revenues:
- Chapter 70:
 - Greg said there recently had been an increase in Chapter 70 state aid, but also that Chapter 70 state aid was aid to the Town, and that it was not earmarked for the schools. There is a foundation budget for the schools—a minimum level of the school budget—calculated from a formula. As long as the school budget equals or exceeds the minimum level, Chapter 70 funds are not required to be spent on the schools.
 - Mark said that it is, however, the practice of the town to earmark any increases in Chapter 70 aid to the schools.
 - Loxi said that a couple of years ago the Town had someone give a presentation on Chapter 70 that was a very helpful explanation of this complicated topic.
 - a. Both committees were interested in seeing the presentation.
 - b. There may be an open School Committee meeting when the School Committee could schedule this presentation and both committees could attend.
 - Increased fees:
 - Loxi stated that the fee burden was pretty high, though Karin said that Lunenburg is less expensive than other towns in the area.
- f. The budget process:
- There was a general understanding that the School Committee and the Finance Committee would have areas of disagreement.
 - Loxi said that the perception that schools are pitting groups against each other is very concerning to her. She has seen what happens when people are pitted against each other. But Mark said we can respectfully disagree without being disagreeable.
- g. Public Comments:
- Selectman Tom Alonzo observed that by their nature budgets are controversial and the process can be contentious. Town departments have to craft a budget that reflects needs, not limited by revenue constraints. But having data and a supporting narrative to go with the data can help clarify a decision.
 - Selectman Bob Ebersole noted that the management of Town departments is a challenge when the ability to meet real public needs is constrained by lack of revenues. Then the Town Manager can act as an intermediary between competing department requirements.

- Carl Luck stated that it is up to the individual department whether to build in a wish list of requirements, but the resulting budget can become so unrealistically high may be construed as unrealistic.
- h. The school committee adjourned their meeting at 8:32 pm.

5. Minutes:

- a. Terri made a motion to approve the minutes of the December 3, 2015 meeting. Jay seconded the motion. The motion carried 5-0.

6. Budget Goals and Opportunities:

- a. Budget Priorities and the Priority Setting Process:
- Emphasis on facts and narratives.
 - Budget working committee was in Tom's and Mark's estimation a useful committee to address how to fund service levels that served as a discussion group. It explored the tensions that existed between departments and boards. But it was disbanded three or four years ago.

7. Committee Updates:

<u>Committee/Department</u>	<u>Update</u>
DPW—John H.	No report.
Capital Planning—John H.	Jamie Toale and I have been in touch regarding setting up meetings now that Kerry has issued the five-year financial forecast.
Public Access Cable—John H.	No report.
Library—Terri B.	No report.
Public Safety—Terri B.	No report.
Schools—Karin M.	No report.
Monty Tech—Karin M.	No report.
Council on Aging—Karin M.	No report.
Sewer Commission—Jay S.	No report.
Green Task Force—Jay S.	No report.
School Bldg. Comm.--Mark E.	Mark was unable to attend the December 9 meeting. But with 70% of the building project completed, total contingency expenditures are under \$200,000.
Building Re-Use—Mark E.	No report.

8. The next two meetings:

- a. January 14—hearing a presentation of the audited report on FY2015.
 b. January 28—tentatively receive the capital plans recommendation.

9. Meeting Adjourned: Terri moved to adjourn the meeting and Jay seconded the motion. The board voted 5-0 in favor; the meeting adjourned at 9:16.

Respectfully submitted by John Henshaw January 13, 2016