Meeting Date: October 21, 2009

Called to Order: 6:01 PM

Finance Committee Members Present: John Hanold, Lynn Reynolds, Michael Naughton. Marge Levenson and Rob Allen were absent

Montague Selectmen Present: Patricia Pruitt, Mark Fairbrother, Patricia Allen (arrived at 6:25)

Others Present: Frank Abbondanzio (Town Administrator)

1) Reserve Fund Transfer
   a) For contract with Siemens for investment grade audit. Covers the cost of the audit in the event that we don’t go forward; (unlikely – projects usually go forward, and audit cost is folded in, but MGL requires that this be funded from an actual account).
   b) Existing accounts are too specific to allow use for this purpose -- hence need for reserve fund transfer.
   c) Will be used to apply for grant to write down the payback period (or to do more work)
   d) Will be going to town meeting to apply for borrowing
      i) Borrow the money
      ii) Do the work
      iii) Pay for the work with energy savings $$
   e) Energy task force has had at least ½ dozen meetings
      i) Will have scoping session to identify appropriate uses (not buildings that we don't plan to keep using for a while, as these would not be good candidates to realize savings over time)
   f) Town's cost for the audit is 6.5 cents per square foot; Siemens cost is 50 cents per square foot. This is a loss leader for Siemens because they are sure they can save the town money.
   g) Siemens charts current energy use – then $$ are put aside based on energy savings
      i) Town is required to do regular maintenance
      ii) Motion: to recommend a reserve fund transfer to the Investment Grade Audit account for the sum of $3,847.80
         (1) Selectmen : 2 – 0 – 0
      iii) Motion: to approve a reserve fund transfer to the Investment Grade Audit account for the sum of $3,847.80
         (1) Finance Committee: 3 – 0 – 0

2) 6:20 New items for the Agenda:
   a) Ms. Reynolds would like in the future to have a discussion around the articles she offered for the committee’s review some weeks ago.
      i) Would like to focus on potential sources of revenue
         (1) Volatility of many revenue sources is an issue
      ii) Mr. Hanold suggested Ms. Reynolds put together some questions, to be addressed at 11/4 meeting

3) Minutes from 10/7
a) Ms. Reynolds emailed the final draft late this afternoon
b) Tabled until next meeting

4) **6:25 Organization Chart Discussion**
   a) Mr. Naughton: felt that the stated hours per week is unrealistic in some cases
      i) 35 hours per week does not seem like enough time to get the job done
      ii) Mr. Abbondanzio noted that he turned back 200 hours of comp time to the town that he wasn't able to use in FY 2009
         (1) The comp time policy sets a limit of 75 hours per year
      iii) Mr. Naughton suggested that the personnel committee consider adjusting the standard work week to a more realistic figure.

5) **6:35 Discussion of Use of Reserves for FY 2011 Budget**
   a) Mr. Naughton stated that there were factors in the FY 2010 budget that helped keep the use of reserves down:
      i) Employee contribution to health care went from 85% to 80%
      ii) Fuel costs were estimated considerably below their FY 2009 levels
   b) Mr. Abbondanzio noted that other factors also played a role
      i) Reduced pension cost
      ii) Savings on solid waste handling
   c) Mr. Naughton stated that these are all reasons that FY 2011 will be harder than FY 2010
   d) Mr. Abbondanzio expects health insurance costs to go up

6) **Gill-Montague Regional School District (GMRSD)**
   a) Recent letter to the school committee stated that we would contact them to schedule a meeting
      i) Mr. Hanold has contacted the school committee chair and invited the district to our next meeting.
         (1) Wanted the district superintendent and and DESE Associate Commissioner Wulfson to have a chance to talk in advance
   b) Mr. Hanold noted that the school committee may want to consider its next step
      i) Mr. Wulfson told Mr. Hanold in a recent telephone conversation that the budget set by the Commissioner back in July is not certain to be the final budget
      ii) Mr. Wulfson said he would call the district superintendent by the end of last week; as of this meeting, this has not happened.
         (1) The superintendent has tried to call Mr. Wulfson, but so far no luck
         (2) Mr. Hanold expects the call to happen this week; school committee to be apprised at next week’s meeting
   c) Discussion of possible agenda items for 10/28 meeting
      i) Will be our meeting; school committee may offer agenda items
         (1) Including their recently-adopted FY 2011 budget process
      ii) Ms. Allen suggested we may want to talk about charter school that is being proposed for Montague
(1) She saw Ken Rocke recently, who told her that process is moving quickly
(a) If towns and district don’t want it; may need to get together
(2) We should let GMRSD know that we are interested in working with the
district in examining the impact
iii) Ms. Allen would like to have a handout that shows what reserves have been
used over the past few years, both GMRSD and town

7) 6:55 Mr. Abbondanzio: Very Preliminary Financial Report:
   a) FY 2010 cuts:
      i) Massachusetts Municipal Association (MMA) thinks local aid likely to be on
         the table – the governor has no choice
      ii) To do so, the governor needs to ask for so-called "9C special authority"; so
         far, he hasn’t done so
      iii) Chapter 70 & lottery aid are outside of governor’s normal powers
         (1) John Robinson (MMA financial expert): Chapter 70 might be shored up
             with FY 2011 stimulus funds
         (2) Lottery: state is projecting a $34M shortfall: $935M to $901M (3%)
      iv) Things which are currently under the governor's control:
         (1) Payments In Lieu Of Taxes (PILOT)
         (2) Regional school transportation
         (3) Circuit breaker (special education funds)
     v) MMA Expects governor's plan shortly
     vi) State aid to towns and schools took $750M hit this year – biggest ever
         (1) Chapter 70 & lottery are biggest part of that
     vii) Ms. Reynolds said that all 1200 employees of the Department of Revenue
         have been asked to take one day per week furlough
         (1) This was in exchange for a promise of no layoffs

8) 7:10 Discussion: Are FY 2010 Budget Discussions Regarding GMRSD
    Assessment Over?
   a) Mr. Naughton asked if the committees should pursue the possibility that the
      DESE commissioner’s budget set last July may not be the final budget?
   i) Ms. Allen and Mr. Abbondanzio said yes – maybe short letter to DESE
      commissioner mentioning possibility of 9C cuts
   ii) It was suggested that Mr. Abbondanzio draft a letter to the commissioner from
       the selectboard and finance committee
   iii) Points to emphasize:
       (1) 9C cuts; state aid to towns has already been cut by 350K (20%); town’s
           budget based on then-figures of state aid – if more cuts come, then we’re
           in even a worse position
   iv) Motion: authorize Mr. Abbondanzio to compose a letter; chairs of the
       selectboard and finance committees to sign on committees' behalf
       (1) Selectboard: 3 – 0 – 0
       (2) Finance Committee: 3 – 0 – 0
b) Ms. Allen suggested that it might be good to have a budget schedule for GMRSD for towns
   i) GMRSD's 2/1/10 deadline for a preliminary budget sounds kind of late
      (1) Doesn’t give us much time to consider it
   ii) Mr. Naughton asked when might we have a guess for what we can offer them?
   iii) Mr. Abbondanzio has been meeting with Gill's administrative assistant and the GMRSD superintendent every month during the 3rd week of the month
      (1) Mr. Hanold stated that it would be helpful to get a report of these meetings
   iv) Mr. Abbondanzio plans to produce some financial projections for FY 2011 in November
      (1) Has some non-budget challenges (grants, town planner) that may delay his working on this
      (2) He would also like to know more about FY 2010 9C cuts
   v) For next week's meeting with GMRSD:
      (1) Say report is coming
      (2) Expect 10%-15% cut in state aid
      (3) Local receipts unclear

9) MMA bulletins

10) ATFC conference
   a) No one likely to go this year from the finance committee

11) 7:50 Adjourned

Respectfully submitted:
Mike Naughton