

GREAT BARRINGTON FINANCE COMMITTEE
SELECTMEN'S MEETING ROOM
TOWN HALL
334 MAIN STREET, GREAT BARRINGTON, MA
NOVEMBER 13, 2012
5:30 P.M.

FINANCE COMMITTEE:
THOMAS BLAUVELT, CHAIRMAN
MARK LEFENFELD
SHARON GREGORY
WALTER ATWOOD
ANDREW MORO

1. **CALL TO ORDER**

The meeting was called to order at 5:30 P.M.

2. **APPROVAL OF MINUTES:**

A. October 18, 2012 Minutes

MOTION: Mr. Lefenfeld to approve.

SECOND: Mr. Moro

VOTE: 5-0

3. **NEW BUSINESS:**

A. Consideration to draw down the Reserve Fund to pay for communications improvements at Butternut Tower. Tom asked if everyone received the executive summary from Kevin O'Donnell. Chief Walsh and Jonathan Finnerty were present to explain the request. Chief Walsh said the problem has been going on well over a year which involves a fire department telephone line that runs up to Butternut Basin. The sheriff's department also has a lot of equipment there. He advised that when there is a lot of rain the line shorts out and causes a 90 second delay. It was noted that they have to be off the mountain by the 15th of November and it will take about 3 days of good weather to resolve the problem. The Town's cost for Wilkinson's to dig the trench for the conduit is \$4,300.00. Verizon said they will not touch private property. The sheriff's department is putting a new pad and shelter up there. Jonathan said that anytime that line goes out it blocks all fire communications in South County for 90 seconds.

Sharon asked about the possibility of using a wireless system. Buddy said this is the wave of the future. Jonathan said it is about a \$50,000 upgrade to do a microwave system. However, this is something we should keep in mind in the future as technology evolves; otherwise, we will have this as a continuous problem, especially the maintenance of the line.

Lauren said one of the problems with this project is that it would normally be done by Verizon because it would be their line. She said she is going to ask Town Counsel's advice because this work will not be on town property; we would not have a right of way.

She noted we can only legally spend money on town purposes. The question is can we spend money on a line that is going to be owned by Verizon. Verizon would be responsible for maintenance.

MOTION: Sharon to approve the expenditure that is related to installing the line needed to ensure reliable service pending Town Counsel's approval and any additional paperwork needed to get Verizon to agree to maintenance and other administrative issues.

SECOND: Andy Moro

VOTE: 5-0

Buddy Atwood said the Town should look into microwave in the future.

B. Contamination Cost Issues with Searles/Bryant. Sharon recused herself. Kevin said that the Select Board did not want to go with a special town meeting so we are looking at an option to take \$10,000 from the Reserve Fund to cover the consultant that is working on the contamination of the Searles part of the building. Earlier they had found some oil and had to do some additional reporting. The best estimate from the consultant is that it will cost around \$20,000 to bring that to closure. Between now and Town Meeting we are anticipating spending \$10,000. Mr. Rabinovitch has hired a consultant to do the monitoring so he is working directly for him. Our system would have us reimburse Mr. Rabinovitch. Kevin said he has been looking at some other expenses that may need to come out of the Reserve Fund. He noted that we eliminated the \$18,000 in utility costs for the old fire station anticipating that the building would be sold. The tanks were just filled up because we still own the building. He said he is also looking at some overtime connected with the fire department and waiting on the the determination of the former fire chief's pension disability because of his termination. We may be responsible for plus or minus \$24,000. Kevin said he thought we could safely do the \$10,000 and not much more even if we spent the \$4,300 for the tower, the \$5,000 for police overtime and details and the \$24,000. There is no anticipation of any litigation this year. The consultant and Mr. Rabinovitch have asked that we appropriate at least \$10,000 to reimburse them for the monitoring that would go on between now and town meeting. He noted if the Finance Committee does not agree to do that there is a proposal before the Select Board to extend the closing of the sale for approximately 8 months. The \$73,000 reimbursement to Jane Iredale will have to wait until town meeting. They are accepting that with the proviso that the mortgage be extended 8 months. Lauren said there is a note due on August 31, 2013 for \$640,000. One option is to push it out 8 months and they won't pay the note of \$640,000 for 8 months. Lauren said she is hoping the Selectmen will consider another option which would be instead of postponing things for 8 months that they would take off \$10,000 and the \$73,000 from the sale price of \$640,000 and they would make the payment on time. She said when they sold it to begin with there was an escrow account set aside of \$75,000 and they have already paid for that. Kevin said that proposal was turned down by Rabinovitch and Iredale. Lauren said 74% of the

DPW Police Vehicle Supplies Account has been spent. The tree service is out of money and if Berkshire County doesn't get approved for the hurricane funds then we will need money for that. Because we did not get too much damage, we may not qualify for reimbursement by FEMA which would be 75%. Lauren said she paid \$11,000 out of the tree budget so now it is down to \$3,000.

MOTION: Buddy Atwood not to approve the \$10,000.

SECOND: Andy Moro

VOTE: 3-1

Buddy said that the Board of Selectmen could have a Special Town Meeting and appropriate all the money out of Free Cash and it wouldn't affect the tax rate at all. Lauren said that Kevin presented this to the Board of Selectmen but they did not want to have a Special Town Meeting.

C. Historical Personnel and Benefits Costs/total costs for each year. Mark said last year we spent a lot of time talking about compensation in our budget conversations and budget hearings. We need to get an overview and look at some trend lines rather than spending time on \$2,000 and \$5,000 items. We need to get a broader look at our future. If you take 2% and keep compounding it, that can be dramatic at the end. Just like we have a 5 year CIP plan on expense categories, we can trend it out and see what happens. Lauren said that there have been so many changes in health insurance that five years is probably going to be distorted. Sharon said that as we hire people, we need to be aware of the cost per person so our long term liabilities don't build up. Mark said he is talking about going back five years and going ahead five years. Lauren said that is part of the budget policy. Lauren said that the only thing she doesn't have is the retirees by department but the regular employees are by department. The town really doesn't have contractors and people who work 19 hours or less are not benefit eligible. Kevin said all three unions were responsive to the health care plan design that we did. The law said you have to share 25% of the savings, we did it in a premium holiday but employees will be taxed on it. When you retire you can chose how to receive your pension funds. If you decide to let a spouse have part of the retirement after you pass away, you will receive less money when you retire. When we are assessed it is based on payroll. Lauren said the way the retirement system is now; they take a look on an actuarial basis. There are 10-12 towns together. They take the whole pool and they look at the age and the dollars, etc. and figure out someone living and staying to retirement and come up with an assessment for each one of us. They do a calculation by town so we cannot get what our unfunded liability is. Our pension plan is ranked 9th in the state, we are 86% funded. We pay in now and that is what today's costs are. Once somebody retires, the Town doesn't have any liability for pension, it is only for the insurance. We have to pay at least 50% by law of the retiree's premiums. We currently pay 80% of the health insurance. It was noted that the Finance Committee should authorize a letter be sent to the retirement board requesting them to give us an unfunded liability figure. Lauren said we have about a million dollars in a pension which can be used towards these benefits. She said they are going to request to the Finance Committee on adopting a trust fund and funding the

Unfunded Liability. We now can legally do it because prior the state said you could put money in but they couldn't figure how you could take it out. Now you can put money in and take it out with a plan. It has to go to Town Meeting.

D. Listing Unfunded Contingency Items During the Budget Process

Sharon asked at the beginning of every budget cycle before the town meeting that if we have anything outstanding that money may be needed that we make a list of contingency items that we might not want to put in the budget but the Finance Committee can know what reserves we may want to make that would help for all departments. Buddy Atwood said we have always done that. Lauren said we have had meetings prior to Town Meeting to make changes.

D. Sharon Gregory re: Association of Town Finance Committee Meeting. She presented an overview of her meeting of October 20, 2012 and recommendations for discussion. (The outline is attached to these minutes).

The meeting adjourned at 6:30 p.m.

Respectfully submitted,



Carolyn Wichmann

Secretary

**REVIEW OF ASSOCIATION OF TOWN FINANCE COMMITTEES Oct. 20, 2012 and
RECOMMENDATIONS FOR DISCUSSION**

1. **CONSOLIDATION AND REGIONALIZATION OF SERVICES:** Two panels shared experiences:
 - a. Combination of **finance & human resources, facilities management, budget preparation, accounting, etc. between town and schools.** Other towns discussed combining regional public health partnership
 - b. **Factors precipitating change** in spending
 - i. Financial/economic pressures
 - ii. School expenditures
 - iii. New management and leadership
 - c. **Implementation factors:**
 - i. Gauge political will
 - ii. Assess capacity to change (including different cultures, environment)
 - iii. Talent pool
 - iv. Collective bargaining considerations
 - v. Training

2. **REVENUE ANALYSIS AND FORECASTING.** Planning revenues, operating expenses and capital expenditures were discussed in **a 5 year scenario**

3. **LONG RANGE FINANCIAL PLAN and PROCESS (10-20 years)**
 - a. We need to define the **assumptions that drive the plan.** This is different than the current Strategic Planning Initiatives. These might include setting targets for tax rates (based on assumptions) and communicating it to various parties, e.g., School Committee
 - b. Include a **“visioning”** process (maybe tie into Master Planning process)
 - c. Zero based budgeting
 - d. **Health and pension costs;** what are the hidden costs?
 - e. Budget hearings on Saturday: 8:30-2 pm
 - f. CIP plan for everything over \$10K
 - g. **Tax recapitulation process. We can work it backwards.**

4. **OTHER IMPORTANT NOTES AND RECOMMENDATIONS.**
 - a. **Financial Policy document is a “Work In Progress”.** Agree.
 - b. **Revenue Task Force** (Treas, Controller, Assessor, etc.). We might expand.
 - c. Discuss **Regional business issues.** Suggest Finance and Economic Development discussion
 - d. **Public Communication.**
 - i. 4 page **“Public Financial Information Document”** is sent mass mail. Good idea.
 - ii. Public review sessions in January or February with **guest speakers** from other towns

Sharon Gregory, Nov. 13, 2012