

Finance Committee Meeting Minutes
March 31, 2016
Town Hall – Sturbridge, MA

Call to Order:

The chair called the meeting to order at 7:00pm with the following Finance Committee members present: Chair, Kathleen Neal (KN), Kevin Smith (KS), Joni Light (JL), James Waddick (JW), Suzanne Smiley (SS).

Absent: Laurance Morrison (LM) and Michael Serio (MS)

Guests: Finance Director, Barbara Barry (BB), Town Administrator, Leon Gaumond (LG).

KN notified the committee that there are no meeting minutes to review at the time.

Town Administrator Budget – Kevin Smith

BB stated that she is present to clarify questions from the Finance Committee meeting on March 29. Matching grant funds are \$20,000.00 to be proactive, in such cases as we need it. For instance the Fire Department has a grant application in for a ladder truck and she will not know what the 5% match will be until she receives approval for the grant. BB doesn't think the grant will be awarded until after July 1. Invoicing for the ladder truck will take up to a year from when the vehicle is ordered. BB does not know what will come up during the year and she wants to have enough there for necessities. The only other way to get funds for a grant match would be through a Reserve Fund Transfer or an article at the Special Town Meeting. \$20,000.00 is a small amount. Historically this line item has been all over the board, but she doesn't want to cut it down too much. This is a reasonable amount should the need arise. LG stated that it can only be spent on grant money matching. KS asked why BB wouldn't budget for \$50,000.00 if \$20,000.00 could potentially not be enough. BB stated that the Fire Chief notified her that the town wouldn't need to pay out funds until the physical delivery of the ladder truck. The rationale for keeping Matching Grant Funds at \$20,000.00 is she wouldn't want to lose out on a grant because the budget doesn't have a matching amount of funds.

KS moved the motion to approve Matching Grant Funds, Account # 11232 – 58000 in the amount of \$20,000.00; SS seconds, motion passes 5-0-0.

Town Accountant Salary – Suzanne Smiley

BB explained the purpose of the Town Accountant salary increase: \$64,925.00 is a result of a 6% increase which is 3% more than the Cost of Living Adjustment (COLA) increase. Chris Geraghty, Town Accountant, has proven to be an asset to the community. He passed his test for his certification this year; the test to become a certified accountant is considerably difficult. BB is confident in him, as a lot of people don't pass the test on the first try. BB deferred to LG and the salary put forward is the amount LG chose. BB recognized that this is a positive step to show Chris that the town values his service. BB further explained that it took 8 months to find him as Town Accountant is a difficult position to fill. Neither LG nor BB want him to leave Sturbridge to work for another community. He was brought in below the market salary. KN asked BB if this is his first municipal accountant position. BB answered yes, and that he was previously doing audits. She went on to explain that he is an asset to her, and he has made her job much easier. LG assigned him to go to procurement training because it is important for him to go through the review process, he needs to review expenditures and make sure

they are legal and that our process is compliant.

JL asked where he fits within the median and if it is comparative to the previous employee that filled the position. BB answered that even with the 6% increase, he is lower than the previous employee would have been. LG believes the current salary system is broken and needs to be fixed. There are department heads who are below the normative salary range. LG stated he is trying to be fair to Chris, as well as the other department heads. LG stated that he knows he can't fix everyone all at once, and that BB and he are taking a piece meal approach. LG plans to propose a reasonable solution and mechanism to prevent this problem in the future working alongside Personnel Classification Committee (PCC) and Board of Selectman (BOS).

JL asked if Chris received the full amount of his merit increase. LG replied that in FY15, merit increases were granted in February of 2016, and that he did receive the full merit increase for his outstanding work.

Board of Assessors Budget – Suzanne Smiley

BB stated that Vision is the software that the Town Assessor's office uses for data records. Vision is also doing our web hosting. The previous Town Assessor had requested to switch to vision for Geographic Information Service (GIS), after a trial period of three years the website doesn't meet the needs for GIS data, and the updates are a struggle so they are looking to switch companies. The new Town Assessor has experience with both companies for GIS hosting, and has agreed to switch to Tighe & Bond. The Town Planner is going to take the lead on this process. Jean Bubon (JB) has always been the lead with GIS in practice. Re-evaluation happens every three year to negotiate the contract, there are two interim adjustments as FY16 is a re-evaluation year. ESRI is mapping software. Roy Bishop and Associate's will be doing this contractually for three years. Vision upgrades are useful with property record cards and data for billing. JL asked if the funds for the upgrade were encumbered. BB affirms they were encumbered. BB explains that permitting software pertains to the article on the Special Town Meeting FY16 Warrant that was pulled and that it is coming forward again this year. The town is going out to bid for the permitting software. The town needs funds for this because their previous permitting software company was bought out and this company had their data. KS stated that the town puts together a Request for Proposal (RFP) for of all of the requirements so it is accessible to all municipal departments.

Finance Department Budget – Suzanne Smiley

BB stated that the major increase is due to LG requesting that she attend a course at Suffolk University. It is not one hundred percent that it will happen but the funds need to be available. It is a 25 week course, the department needs funds for travel and \$2,500.00 for the class. The Finance Department had MUNIS (payroll) software upgraded and she found that there have been so many enhancements, we don't know how to take advantage. The department hasn't had training on payroll for over 15 years. We can provide information and do our job faster if we are allowed to attend; it would be myself and my staff. The price is dependent on the need, it's per phone conference instead of traveling on site. She concludes that payroll is getting more complicated additionally due to the Affordable Care Act.

Town Counsel Budget – Kevin Smith

BB stated that LG is not utilizing Town Counsel only expended 30 % of budget. \$7,500.00 offsets the amount requested for energy consulting. LG stated that while spending a lot of money on solar projects etc. energy consulting will help the cost of the consultation to be an income building exercise. He wants to find places where the town can be frugal. Next year LG is negotiating the labor contract.

Town Counsel			
11512-52000	Purchase of Services	\$72,500.00	KS; SS seconds; motion accepted 5-0-0
	Total Expense	\$72,500.00	

Information Technology Budget – Suzanne Smiley

JL asked about the warranty for a server (lines 33-35) stands out the most, and asked if it was due to increase in firewall maintenance. BB stated that the warranty is expiring, and because Public Safety uses this 24/7 she doesn't want to risk the chance of it going down and the town not being able to get parts in time to fix the server; with warranty the parts need to come in the next day. As these servers age some parts become more difficult to find, and with a warranty they agree to have parts on hand. Firewall the town has been adding to different buildings, now all municipal buildings have it. It increased because each building has a firewall now, so it costs more. This line should stay consistent now with the exception of minor increases.

JL asked LG about town website redesign and if they intend to link the Sturbridge Tourist Association (STA) website. LG answered that they will definitely. He stated that a big project this year is to improve the website and make it functional. It's an antiquated model. Virtual town hall is a program that schools and around 75% of communities in New England use, it's a great service and he intends to use it. BB agreed that it has never been updated since it started. KN and KS have heard criticism about, and experienced themselves, the lack of functionality. KS stated that LG should talk to STA about branding effort on color coordination and signage policy to keep all consistent. LG said the website improvement committee will be chaired by Chris Geraghty, Town Accountant.

KN asked how many new computers were bought out of this budget. BB stated that the line she is referring to could be printers and scanners as well as computers. There are times when we utilize screen devices, and tailor technology to the need of the municipal department and employees. GIS is more robust.

KS asked if there will be more practice of using a high speed printer in one location. BB stated yes. The town is trying to get away from home quality devices and three in one printers. Tantasqua IT has a list of all computers and BB keeps track of replacement usually every 5 years they are replaced. BB is replacing 14 now in multiple municipal buildings. Public Safety and the library keeps track of theirs. BB keeps track of all other departments and she budgets so that there are emergency funds for replacement.

BB noted that the Public Safety needs an infrastructure upgrade. The Public Safety Complex is experiencing 30 minutes of downtime when server back-ups are occurring.

KS asked if the back-up for financial information is in the Cloud. He is concerned about hacking and wants to know where the data is physically stored. LG and BB agree that they will check. JW asked BB where the three wireless access points were added. BB answered 2 at The Senior Center, and 1 at the Department of Public Works. The town bought Wi-Fi last year for the Town Hall and Center Office Building.

11552-52000	Purchase of Services	\$91,280.00	JW seconds; motion accepted 5-0-0
11552-54000	Supplies	\$6,500.00	JW seconds; motion accepted 5-0-0
11552-58050	Capital Outlay	\$35,500.00	JW seconds; motion accepted 5-0-0

SS moves the motion to recommend the total Information Technology budget at \$133,280.00; JW seconds, motion passes 5-0-0.

Debt Service Interest – Suzanne Smiley

BB stated that the debt to rebuild Burgess Elementary is 100% bonded, and the project is closed out.

Unclassified Budget – Group Insurance – Suzanne Smiley

BB explained that this is the third year that the town has come forward with changes, and Myers Trust accepted it. LG reviewed with health insurer to see how the town can reduce the amount for group insurance, which they were able to reduce half a percent by asking and demonstrating to the IAC (Insurance Advisory Committee, town employees). He stated that they reduced an 8% increase to a 7.5% increase. The IAC met on March 30, 2016 and brought forward three proposals to reduce the increase for next year by an increase in copay for ER visits, specialized doctor visits, and prescription drugs. Prescription drugs were the biggest reason for the increase. They voted to approve all three changes. LG and BB serve as advisers for the IAC; they work with employees of the town to change the plan to make it less expensive for everyone. Currently it is a 60:40 split (town: employee). They utilized changing plan design (buying from Myer Health Trust), and noticed a benefit of group purchasing through sharing high claims among a larger pool of communities. BB stated that she budgets for 4 additional individual and 4 additional family plans, as employees are given the opportunity to sign on after initial sign on date for the town. LG goes further to explain that the Blue Cross plan is around \$2,026.00 monthly total for a family plan. BB stated that there was a 3.9% increase in individual plans resulting in a premium of \$756.00.

19102-51700	Group Insurance	1,306,947	1,431,000	1,505,000	1,505,000	1,505,000	74,000	5.2%	Accepted	177
19102-51750	Unemployment	13,863	25,000	25,000	25,000	25,000	0	0.0%	Accepted	178
19102-51800	Worcester Retirement System	873,386	985,166	1,059,573	1,059,573	1,059,573	74,407	7.6%	Accepted	179
19102-51950	Medicare Tax	178,668	205,000	210,000	210,000	210,000	5,000	2.4%	Accepted	180
19102-52110	Street Lights	54,935	55,000	60,000	60,000	60,000	5,000	9.1%	Accepted	181
19102-52119	Energy Consulting	0	0	7,500	7,500	7,500	7,500	NEW	Accepted	182
19102-52630	Town Audit	22,500	25,000	25,000	25,000	25,000	0	0.0%	Accepted	183
19102-52640	School Audit	4,000	0	0	0	0	0	0.0%	Accepted	184
19102-52650	OPEB Study	0	7,500	0	0	0	-7,500	100.0%	Accepted	185
19102-53030	Legal Fees	22,799	30,000	25,000	25,000	25,000	-5,000	-16.7%	Accepted	186
19102-53070	Tax Title	4,802	15,000	10,000	10,000	10,000	-5,000	-33.3%	Accepted	187
19102-53090	Town Report	2,485	3,500	3,000	3,000	3,000	-500	-14.3%	Accepted	188
19102-57410	Insurance Blanket	301,679	310,000	315,000	315,000	315,000	5,000	1.6%	Accepted	189
19102-57800	Reserve Fund	101,363	133,000	139,000	139,000	139,000	6,000	4.5%	Accepted	190

KS moves the motion to reconsider Group Insurance, account # 19102-51700 to adjust the amount to \$1,505,000.00, JL seconds, and motion passes 5-0-0.

KS moves the motion to recommend Group Insurance, account # 19102-51700 at the new figure of \$1,505,000.00, JW seconds, and motion passes 5-0-0.

Facilities Budget – Joni Light

BB explained that the new position will include cleaning of 5 buildings (town hall, center office building, library, DPW, and public safety complex). There will be a facilities manager and two custodians hired under him. The senior center is not a part of his responsibility. BB stated that the town has to be better stewards of the fleet vehicles, and this position will manage the Town's fleet going forward. Right now the DPW does the maintenance and minor repairs. LG stated that in the future, he will migrate town hall/center office building costs and repair line costs into the Facilities line as it makes sense to have it all in one place. They didn't do this in the FY17 budget, but will transition funds if necessary in FY18. This position is currently budgeted at \$30,000 annually. It could expand but LG wants to try this as a starting point. KS stated that having a facilities manager is a positive move. The committee has talked about this position being needed for years. No vote was made by the Finance Committee at this time.

8 Brookfield Rd. Budget – Zoning Board of Appeals Budget – Joni Light

JL stated that HazMat testing is currently ongoing, and that the feasibility study for 8 Brookfield Road is quoted at approximately \$435,000.00. LG explained the context of the amount for the feasibility study. Greg Morse (DPW), LG, and the building inspector acknowledge that they can do much more with much less money to make the building functional. The aim is to provide handicap accessibility and bathrooms etc. to bring the building up to code. The BOS would not bring forth a warrant article to renovate the building. Greg Morse stated to LG that he believes the town can re-purpose it for a little more than half of the feasibility study estimate. KN sees the Zoning Board of Appeals amount as a simple. BB stated that ZBA budget is level funded. Each year Jean Bubon (Town Planner) asks that all zoning/planning employees to go to the CPCT conference, and has budgeted for ten people in FY17. However, historically they don't all go. One staff person has historically attended this conference.

JL moves the motion to recommend 8 Brookfield Rd budget at \$1500.00 into account 11985-52000, KS seconds, motion passes, 5-0-0.

JL moves the motion to recommend the total Zoning Board of Appeals budget at \$940.00, KS seconds, and motion passes 5-0-0.

11762-52000	Purchase of Services	0	500	500	500	500
11762-54000	Supplies	120	350	350	350	350
11762-57000	Other Charges	0	90	90	90	90
	Total Expenses	120	940	940	940	940

Department Head Salaries

KN opened the floor to salary questions for BB and LG with regard to the COLA discussion. KN stated that the discussion is ongoing, and the committee has not voted any salaries. KS stated that the discussion is if the committee will support the COLA number and the adjustments. KS stressed the importance of going through the process to add positions or hours, as meeting with the Personnel Classification Committee (PCC) and BOS and then the Finance Committee. BB stated that the PCC

reclassified the Board of Health (BOH) position and re-categorized the position; BOS supported this. LG stated that the BOH position did not previously have a job description, and that it was newly written for an established position. He is planning to engage with the PCC in a regular schedule to regrade each position and definition compared with benchmark communities to prevent municipal employees from being treated unfairly. KN asked if this was the issue with the Town Accountant and Conservation Commission director. LG stated that two egregious examples are the Tree Warden and the Town Accountant; their pay scale for long term employees is at the bare minimum. This needs to be fixed to reflect service longevity. He is trying to correct what he can. KS stated that the town has always supported that non-union should be treated the same as union. He asked what the average increase is and stated that he is weary of a “wage spiral” between union and non-union raising each other if we round off 2.7% increase to 3%. LG stated that positions differ on types of work completed. For example if one department says they are underpaid, it doesn't mean that the fire fighters are underpaid as well. The increase needs to be due to a careful evaluation on a case by case basis. There is a history of many years of poor increases for some positions, but he maintains that not everyone should be treated exactly the same. KS stated that the town always seems to be giving increases and that he is glad to hear that LG is willing to negotiate contracts to maintain their rates if they are fair. LG the same percentage of COLA can mean very different things, and the committee needs to look at whole picture. 6% means something very different to a low paying position than to a department head.

KN asked how LG arrived at 3% COLA. LG stated that he looked at historical trends. Over last decade it was under 2%: there were many years that COLA increases were poor. The goal is to mirror increases we give to union employees but this is only one factor. BB stated that the committee can't just look at increases on the line as there are steps and grades and these skew the percentage. The amount of weeks in the year affects it as well. She told the committee to address her individually with questions and not to rely on the percentage. Once the BOS approves the percentage increase (step and grade), she will release it. LG stated that the BOS will meet on April 19.

JL asked where the CPI is currently; 3% is steep, last fiscal year it was 1.9%. KS stated that figures come from the Department of Labor and explained to the committee that salaries and wages can only be voted to be changed in the first year of contract negotiation.

Joshua Hyde Library Building Budget – Kevin Smith

KS received an email from the Library Director and he has no issues with the budget.

11962-52000	Purchase of Services	\$31,584.00	JL seconds; motion accepted 5-0-0
11962-54000	Supplies	\$1,000.00	JL seconds; motion accepted 5-0-0

KS moves the motion to recommend Joshua Hyde Library Building Budget total in the amount of \$32,584.00 JL seconds motion passes 5-0-0.

Joshua Hyde Library Operations – Kevin Smith

KS stated that in the Supplies account, 19.5% of budget needs to go towards materials and keeps us eligible for funding and grants from the state.

16102-52000	Purchase of Services	\$16,937.00	JL seconds; motion accepted 5-0-0
16102-54000	Supplies	\$3,500.00	JL seconds; motion accepted 5-0-0
16102-55820	Library Materials	\$92,260.00	JL seconds; motion accepted 5-0-0
16102-57000	Other Charges	\$2,165.00	JL seconds; motion accepted 5-0-0

KS moves the motion to recommend Joshua Hyde Library Building Budget total in the amount of \$114,862.00, JL seconds, and motion passes 5-0-0.

Town Planner Budget – James Waddick

11752-52000	Purchase of Services	\$39,702.00	KS seconds; motion accepted 5-0-0
11752-54000	Supplies/Expenses	\$3,400.00	KS seconds; motion accepted 5-0-0
11752-56000	Intergovernmental	\$2,465.00	KS seconds; motion accepted 5-0-0
11752-57000	Other Charges	\$938.00	KS seconds; motion accepted 5-0-0

JW moves the motion to recommend Town Planner budget at \$46,505.00, KS seconds, and motion passes 5-0-0.

Old Business

KS stated that a large scale warrant article for \$6,300,000.00 for the Town Barn Fields vs other needs that the town has is going to be a popular item for discussion on town floor. He went on to explain that the town has had a long term need for a new DPW building and with town taking on sewer rate payers foreseeable in three fiscal years, this may be too much for the town to take on at once. He is concerned about taking Prop 2 ½ overrides for the Town Barn Fields project when we need other projects that are large capital costs and overdue for funding. KS asked what's more important for the future of the community. He held that it comes down to aesthetics and functionality and goes further to ask what the taxpayers want to take on. Historically people don't recognize costs until they are paying for them and they get surprised even though they voted on them.

LG stated that the Capital Planning Committee did consider the Town Barn Fields project, and didn't recommend it as they didn't feel we have the financial means to cover those costs, but left to others the decision. The Senior Center and the Public Safety buildings are another example of large sum projects. LG felt that the Town Barn Fields Project is not going to be an easy sell, and the deciding factor will be on the average tax bill outcome. He offered that maybe there should be a subcommittee between the Finance Committee, the Town Administrator, and the BOS to talk about capital projects going forward.

KS stated that he wants to inform the townspeople of capital expenses and pressing needs to be true to the depth of needs. Capital expenses needs to be weighed against one another; what is more important and what is coming up and when. LG answered that pressing is subjective, and they he is relying on citizens of town to make educated decisions without all the information. Another practice to consider is replacing debt with like size debt to avoid spiking of taxation and push back of the people. BB stated that she looks at sustainability when funding items, similar to funding new positions and salaries. She agrees that she needs to prioritize funding requests.

No Old Business, No Public Access

KS moves the motion to adjourn, SS seconds, motion passes at 9:20 PM.