



Town of Amherst
Special Town Council Meeting – Financial Indicators
Thursday, November 7, 2019
6:00 p.m.
Town Room, Town Hall
4 Boltwood Avenue

Minutes

Complete video is available online: <https://amherstmedia.org/content/amherst-four-boards-meeting-november-7-2019>

1. Call to order and declaration of a quorum

Town Council: President Griesemer declared the presence of a quorum and called the meeting to order at 6:05 p.m.

Town Council Members present: Councilors Bahl-Milne, Brewer, De Angelis, Griesemer, Hanneke, Pam, Ross, Ryan, Schoen, Schreiber, Steinberg, Swartz.

Councilors absent: Councilor DuMont.

Amherst School Committee: Anastasia Ordonez, Chair of the Amherst School Committee, declared the presence of a quorum and called the meeting to order at 6:05 p.m.

Amherst School Committee Members present: Eric Nakajima, Allison McDonald, Anastasia Ordonez, and Peter Demling.

Amherst School Committee Members absent: Kerry Spitzer.

Jones Library Board of Trustees: Austin Sarat, Chair of the Jones Library Board of Trustees, declared the presence of a quorum and called the meeting to order at 6:05 p.m.

Jones Library Board of Trustees present: Tamson Ely, Alex Lefebvre, Christopher Hoffman, Austin Sarat, and Robert Pam.

Jones Library Board of Trustees absent: Lee Edwards

Amherst-Pelham Regional School Committee: Eric Nakajima, Chair of the Amherst-Pelham Regional School Committee, declared the absence of a quorum.

ARPS Committee Members present: Eric Nakajima, Allison McDonald, Anastasia Ordonez, and Peter Demling.

ARPS Committee Members absent: Kerry Spitzer, Kip Fonsh, Ron Mannino, Margaret Stancer and Stephen Sullivan.

Members participating remotely: None

Others present: Town Manager Paul Bockelman; Comptroller Sonia Aldrich; Holly Bowser, Assistant to Comptroller; Cheryl Boucher, Treasurer; and Sean Mangano, ARPS Director of Finance.

President Griesemer announced audio and video recording by Amherst Media.

2. **Presentations and Discussion** - Amherst Financial Indicators

P. Bockelman presented the PowerPoint entitled Preliminary Financial Projections for FY21 Budget Planning. In addition to thanking Town staff, Bockelman gave appreciation to Sean Mangano, ARPS Director of Finance, for his cooperation and dedication.

Reviewing the presentation, Bockelman reviewed the agenda and the take-aways, including the Town working from a solid economic base, important accomplishments over the past year, and the major challenges the town is successfully managing.

S. Aldrich reviewed the slides on the general fund revenues, the largest of which being the property tax, followed by state aid, local receipts and other funds. On the expense side, the town and elementary schools are matched at 29%, followed by APRD school, miscellaneous, capital and other.

C. Boucher reviewed the property tax revenue in both actual and constant dollars (adjusted by inflation.) Uncollected taxes over the past 10 years are considered well below the warning indicator.

Aldrich continued with a brief discussion State aid, noting that state aid is lower than 40 years ago. Net state aid has remained level for the past 7 years, which is not keeping up with inflation.

H. Bowser overviewed the chart on economic growth revenues and a percentage of operating revenues. This reflects residents registering new cars or dining locally, and new construction in town. Property taxes remain the largest source of revenue. Other than local receipts, none of the revenue sources are keeping up with inflation.

Bowser noted that operating expenditures have been under 2% per year, below the rate of inflation. In comparison with comparable towns and area towns, Amherst's operating expenditures are below state averages.

Bowser continued with municipal staffing levels (full time equivalent employees.) Staffing levels have been reined in; salaried and benefits as a percentage of total budget has remained fairly flat. Health insurance costs were a major factor. In FY19, the town moved from its self-insured plan, which has already rebounded completely.

Regarding debt service, Aldrich noted that the town is deemed favorable to take on more or new debt. Reserves as a percentage of the general fund budget is now 19.7%, which is above the target goal of 15%. This was done intentionally with the four pending projects. This in turn will help with obtaining better interest rates.

Bockelman overviewed the current situation and FY19 final results, both of which are positive. This was explained as the repayment of the health insurance borrowing from the general fund, among other factors. The Town maintains a strong bond rating of AA+.

The FY20 budget maintained current services. Moving staff to a fully insured health insurance was a significant financial stabilizing factor.

In preparing the FY21 budget, working assumptions for the revenue remain conservative, including state aid at 0%. In terms of expenditures, health insurance costs and contractual salary increases will need to be absorbed by the individual budgets for town, School and library. Operating budgets are currently assuming 2.5% increases across the board. With all these assumptions, Bockelman noted it will be a challenge to maintain current services. There are major challenges for the Town (including the Fire Department,) Schools and Library.

Moving on to the non-financial indicators section of the budget, Bockelman moved onto the large capital projects anticipated over the next 2 to 10 years, include Department of Public Works; Library; Fire; School(s); and Roads, Bridges and Sidewalks. None of these can be avoided.

Bockelman stated the Town has a strong base with existing debt is being repaid, reserves increasing, capital expenditures have increased to 10% of tax revenue and state funding is available for schools and library.

President Griesemer opened the floor to questions from the Council, Library Trustees and School Committee.

Councilor Brewer questioned why the Library and school must stay within the stated percentage while having to increase minimum wages. Bockelman responded that discussions are in the works on this wage issue, noting that it is likely that additional costs will need to be included in those budgets. Further, it is not only the issue of bringing wages to \$15, but also adjusting other wages to keep salaries fair.

Councilor De Angelis asked about the cap of 19 hours for part-time staff in order to avoid other benefits. Bockelman clarified that the part-time staff do receive some benefits, but not health insurance.

President Griesemer invited Library Director Sharon Sharry to join the discussion. Sharry confirmed that her budget would need a larger appropriation in order to accommodate the wage increases. Additionally, two part-timers are not the equivalent of one full timer due to the cost of health insurance and other benefits.

Councilor Schoen pointed out that health insurance premiums are projected to increase by 5-6% while budgets are only targeted for 2.5% increase. Bockelman responded that the budget at this point is significantly underfunded based on the conservative revenue projections.

In response to a question about the per capita expenditures being so much less than other towns and state averages, Bockelman noted that the Town can only increase taxes by 2.5%, which limits the available revenue, which directly ties to the per capita expenditures.

A. Ordonez asked for more details on sustainable developments as noted on one of the slides. Bockelman responded that he does not want to see extreme growth in development, which would overwhelm town departments to process permits, among other issues. Rapid growth in residential units creates shifts in unit costs.

E. Nakajima asked for more details on the regional assessment. Bockelman noted that this is rather a wild card as it is such an unknown. The four-towns meeting is scheduled for December 7, which will begin this discussion.

Councilor Pam asked how the option of charter schools and student choice. S. Mangano stepped in to respond that a greater number of students opt to choice in rather than choice out, resulting in an inflow of funding.

Councilor De Angelis asked about Firehouse staffing; Bockelman referred to a study done two years ago, which pointed to greater coverage needed during weekday hours (primarily EMT.) Hadley's usage of the ambulance service was roughly 20%, which provides some time to decide on the staffing needed.

Councilor Steinberg questioned the projected deficit, especially in light of the pending recession so often mentioned. Bockelman noted that this is exactly the need for the reserves, especially in case State aid flounders.

Councilor Brewer presumed that the Town Council would be drafting budget guidelines, and how does that play into the drafting of the budgets. Griesemer noted that the Finance Committee will draft a preliminary guideline, which is targeted to be brought to the full Town Council in December.

In closing, Griesemer thanked Ordonez for her years of service.

3. Adjourn

MOTION: Town Council, Amherst School Committee, Jones Library Board of Trustees, each moved and **VOTED** unanimously to adjourn at 7:10 p.m.

Prepared by Martha Marteney, Minute taker

Record of Agenda Packet Materials and Documents Presented
Preliminary Financial Projections for FY21 Budget Planning