



**TOWN OF AMHERST, MASSACHUSETTS
FINANCE COMMITTEE REPORT**

and

**RECOMMENDATIONS TO THE
249th ANNUAL TOWN MEETING**

SUPPLEMENTAL REPORT

APRIL 28, 2008

7:30 O'Clock p.m.

Amherst Regional Middle School Auditorium

FINANCE COMMITTEE REPORT - FY 09

**ARTICLE 18. Community Preservation Act – Affordable Housing
(Community Preservation Act Committee)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

This article and Articles 19, 20, 21, 22 and 23 all propose appropriation of money derived from a 1.5% surcharge on the property tax, modified by exclusion from the surcharge of the first \$100,000 of the value of each home. The voters approved an increase in the surcharge from 1% to 1.5% at the November 2006 election. Previously, the state has provided a 100% match of the amount collected locally. The percentage match has dropped, due to a decrease in real estate transfer taxes that provide the state money, and to an increase in the number of municipalities joining the system.

All of the individual items in these articles are described in the Community Preservation Act Committee's written reports to Town Meeting members. Projects for CPA funding are selected and recommended by the Community Preservation Act Committee for open space, historical preservation, community housing, and recreation purposes. Town Meeting may appropriate CPA funds only for projects that are recommended by the CPA Committee. While Town Meeting may choose not to fund items that the CPA Committee proposes, it may not increase the funding without prior recommendation by that committee.

Article 18 amends action taken under Article 24 of the 2007 Annual Town meeting to ensure that the appropriation of \$150,000 to assist first-time homebuyers complies with state requirements for use of Community Preservation Act money. The Finance Committee recommends this article as an appropriate expenditure of CPA funds.

**ARTICLE 19. Community Preservation Act – Affordable Housing
(Community Preservation Act Committee)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

Part A would appropriate \$150,000 in Community Preservation Act funds to facilitate development of affordable housing on 13.5 acres of Town-owned land on Olympia Drive that has been intended for this purpose for 20 years. Part B would appropriate \$30,000 in CPA funds to add to \$30,000 appropriated in June 2006 as contributions towards construction of four houses by the Pioneer Valley Habitat for Humanity, in partnership with Amherst College. The Finance Committee recommends this article as an appropriate expenditure of CPA funds.

**ARTICLE 20. Community Preservation Act – Preservation
(Community Preservation Act Committee)**

Part A RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

Appropriates \$54,500 from CPA funds for:

Woman's Club Carriage House (\$8,800). Funding for repainting of the carriage house and removal of adjacent trees to protect the carriage house. The Woman's Club has agreed to the conveyance of an historic preservation restriction in exchange for CPA funding.

Archival Documents Preservation (\$20,000). This is part of a multi-year program to conserve and restore important historic Amherst documents from the Town Clerk's Office and Special Collections of the Jones Library.

575 North East Street (Kimball farmhouse) (\$25,600). This represents the second of five payments to the Mass. Department of Agricultural Resources in compensation for the release of APR property as part of a land swap to preserve the farmhouse and its surroundings.

The Finance Committee recommends these as appropriate expenditures of CPA funds.

Part B RECOMMENDATION DEFERRED UNTIL TOWN MEETING.

Finance Committee has not yet taken a position on the Main Street Hills Mansion Lots purchase.

FINANCE COMMITTEE REPORT - FY 09

**ARTICLE 21. Community Preservation Act – Open Space
(Community Preservation Act Committee)**

Part A RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

\$20,000 to fund appraisals and surveys to support the purchase of Agricultural Preservation Restrictions (APR). These funds are not presently available in the Conservation Department budget.

Part B RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

\$20,000 to fund appraisals, surveys, wetlands delineations and associated studies to support the purchase of land for recreation. \$42,322 to fund debt service for the Plum Brook Athletic Field. This is year 4 of 10 years.

Part C RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

\$80,000 for APR for the Tietjen land in South Amherst. This is one of the largest unprotected parcels remaining in the Lawrence Swamp Complex and will help to safeguard one of the town's critical drinking water sources.

The Finance Committee recommends Parts A, B and C as appropriate expenditures of CPA funds.

Part D NOT RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

\$2,500 to fund appraisal of Levi Nielsen Co., Inc. property on South East Street. Since the owner is not interested in selling the property at this time, appropriation of funds is not financially prudent.

**ARTICLE 22. Community Preservation Act Committee – Kimball House
(Community Preservation Act Committee)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

This fulfills the compensation agreement with the Commonwealth of Massachusetts for the preservation of the Kimball House, and is an appropriate use of CPA funds.

**ARTICLE 23. Community Preservation Act Committee – Administrative and Reserve Fund
(Community Preservation Act Committee)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

This covers administration costs such as fees for membership in the statewide Community Preservation Coalition, and is an appropriate use of CPA funds.

**ARTICLE 24. Community Preservation Act Ballot Question for November, 2008 State Election
(Select Board)**

NOT RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

CPA funding can only be used for limited purposes within the Town's overall budget framework. The Finance Committee feels that the public's consideration of raising additional revenue through taxation needs to be within the context of a multi-year financial planning process involving the entire budget, not just a subset of the budget. That process has begun through the Community Voices Budget Choices public engagement process. Over the next several months, a citizen committee will be compiling information to present to the public for its collective opinion on spending levels and priorities, and revenue levels and source priorities. They are to report the results, by October 15, 2008, to the Budget Coordinating Group, Select Board, School Committee, Library Trustees, and Finance Committee. Many choices must be made in this process and those choices should be considered in relation to one another, not in isolation from each other. The result of the public engagement process may support increasing the CPA surcharge, but then again it may not. We feel the public process should be allowed to play out and then decisions made that reflect that process. We can consider this again at the Fall Town Meeting and place it on the Spring 2009 election ballot if that is what the Townspeople truly wish to do after an informed discussion of all the issues related to a long term financial plan.

FINANCE COMMITTEE REPORT - FY 09

**ARTICLE 25. Zoning Amendment - Density Calculation
(Planning Board)****NO RECOMMENDATION.****ARTICLE 26. Zoning Amendment - 500-502 Sunderland Road
(Planning Board)****NO RECOMMENDATION.**

The Finance Committee took no position on this article because any potential financial implications involve so many ambiguous variables that there is no effective way to quantify an opinion.

**ARTICLE 27. Zoning Amendment - Municipal Parking District
(Planning Board)****RECOMMENDED** by Finance Committee vote of 5-0, 1 member absent.

The proposed change to update the existing Zoning Bylaw will address and resolve two legal problems with the Section creating a Municipal Parking District. The changes update the existing Zoning Bylaw and create a formal overlay district on the Official Zoning Map. They will not alter policy; rather, the changes will assure that the Zoning Bylaw complies with state law. The Finance Committee supports changes that are necessary from time to time in order to assure that Bylaws comply with current law and needs.

**ARTICLE 28. Zoning Amendment - Design Review Districts
(Planning Board)****RECOMMENDED** by Finance Committee vote of 5-0, 1 member absent.

This article will update the existing Zoning Bylaw and create a formal overlay district on the Official Zoning Map in order to address state law requirements that the rules within a district be uniform and that the district appear on the official zoning map. Two districts are created so that regulations within each one are uniform. The boundaries are modified for clarity but there are no policy changes resulting from the amendment. The Finance Committee supports changes that are necessary from time to time in order to assure that Bylaws comply with current law and needs.

**ARTICLE 31. Inclusionary Zoning (Planning Board Alternative to Petition)
(Planning Board)****MOTIONS I, II, AND IV: RECOMMENDED** by Finance Committee vote of 5-0, 1 member absent.

MOTION III: RECOMMEND REFERRAL TO PLANNING BOARD AND DISABILITY ACCESS ADVISORY COMMITTEE by Finance Committee vote of 5-0, 1 member absent.

These proposals address important matters pertaining to the requirements of a minimum percentage of low-income affordability in mandated inclusionary housing units, handicapped accessibility, and required recreation facilities. With the exception of the provisions relating to handicapped access, these changes are ready for adoption and assure that the Bylaw addresses our needs. Motion III should be considered further to study issues raised by Town Counsel.

FINANCE COMMITTEE REPORT - FY 09

ARTICLE 33. Petition - Request Planning Board to Develop Zoning Bylaw Amendment – Meet LEED (Weyl)

NO RECOMMENDATION.

ARTICLE 34. Petition – Amend Town Government Act or Adopt a Bylaw – Criteria for Town Property Use (Jolly/Roberts)

NO RECOMMENDATION.

ARTICLE 35. Petition – 250th Anniversary Celebration Committee Appropriation - \$25,000 (Wagner/Roberts)

NO RECOMMENDATION.

ARTICLE 36. Petition – Transfer of \$2,524,533 from Free Cash to Stabilization Fund (Gawle)

RECOMMEND REFERRAL TO FINANCE COMMITTEE by a vote of 5-0, 1 absent.

Free Cash and the Stabilization Fund together comprise the town's general reserves, which may be used for a wide variety of purposes. Appropriating money from Free Cash requires a simple majority vote of Town Meeting. The Finance Committee agrees with the petitioner that some substantial amount of the town's reserves should be in the Stabilization Fund; any appropriation from Stabilization requires a two-thirds majority vote, and should be accompanied by a plan to replenish the fund.

Earlier this year, after several months of public discussion, the Finance Committee adopted written Financial Management Policies & Objectives for the Town of Amherst including a section on reserves, reprinted below. This document states that reserves should equal from 5% to 15% of general fund operating revenue; they are currently at about 5.8%, or \$3,442,077. As of March 31, 2008, the Town's Free Cash balance was \$2,560,503, and the Stabilization Fund contained \$881,574. Our written policy on reserves further states that if Free Cash alone exceeds 5% of operating revenue, the excess may be appropriated to Stabilization. Currently, Free Cash equals 4.3% of operating revenue, which is \$430,000 below this threshold. In addition, the Finance Committee has recommended the appropriation of up to \$425,000 from Free Cash to balance the FY 09 budget. We would be willing to consider revising the policy about transferring Free Cash to Stabilization, but only after public discussion with and agreement by the Select Board, School Committee and Library Trustees.

EXCERPT FROM "TOWN OF AMHERST FINANCIAL MANAGEMENT POLICIES & OBJECTIVES"
PUBLISHED BY THE FINANCE COMMITTEE IN JANUARY 2008

Reserves, including the combined balance of Free Cash and Stabilization Fund, should be maintained at 5 – 15% of general fund operating revenues. The primary objective of the Town's reserve policy is to provide the Town the flexibility to sustain service levels despite the adverse financial impacts of economic downturns and unforeseen and extraordinary expenses.

- a. The Town will endeavor to maintain a certified Free Cash balance equal to at least 5% of general fund operating revenues. Unappropriated Free Cash in excess of the 5% benchmark may be appropriated to the Stabilization Fund in furtherance of the objectives outlined in paragraph b) of this policy.
- b. The Town will endeavor to maintain a Stabilization Fund large enough to buffer the General Fund from the impact of two to three years of reduced state aid and/or declining local receipts. Appropriations from the Stabilization Fund may be for any lawful purpose (Chapter 40, §5) and may only be made by a two-thirds vote of Town Meeting. Interest earned on Stabilization Fund balances will be retained in the Stabilization Fund. If and when the Town draws monies from the Stabilization Fund, the Town should also present a plan for replenishing the fund.
- c. Free Cash in excess of the goal reserve amount should be used for non-recurring emergency expenditures, or appropriated to a Stabilization Fund for future capital projects and equipment purchases, or used to provide property tax relief.

FINANCE COMMITTEE REPORT - FY 09

**ARTICLE 37. Free Cash
(Finance Committee)**

RECOMMENDATION DEFERRED UNTIL TOWN MEETING.

The Finance Committee normally makes its recommendations on the free cash and stabilization articles (Reserves) after Town Meeting has acted on all articles requiring funding. Because some use of Reserves is included as a revenue source to balance the budget before you, we refer you to the Finance Committee Report to Amherst Citizens on page 5 for a preliminary look at our reasoning for reluctantly using some of the Town's Reserves to balance the FY 09 budget.

**ARTICLE 38. Stabilization Fund
(Finance Committee)**

RECOMMENDATION DEFERRED UNTIL TOWN MEETING.

**ARTICLE 39. Bylaw – Rescind Recombinant DNA Bylaw
(Board of Health)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

While financial implications are negligible, if any, the Finance Committee routinely recommends articles that clean up our bylaws, eliminate conflicts within them, or bring them into compliance with state law. We refer to this as a housekeeping measure. (Keeping our house in order) This particular Bylaw has never been used because the Board of Health has other regulations they feel are more effective; therefore, it makes sense to rescind this bylaw to avoid potential confusion or conflict with the regulations that are actually in use.

**ARTICLE 40. Bylaw – Nuisance House
(Select Board)**

RECOMMENDED by Finance Committee vote of 6-0.

This bylaw, which was developed through a careful collaborative process involving citizens, the Police Department, and representatives of landlords and of the University of Massachusetts, will provide an important additional mechanism for the Police to use when responding to complaints about noise, congestion, and unruly group behavior on private property, frequently a consequence of alcohol abuse. It will impose liability on property owners and other responsible parties. While the bylaw provides for fines and the possible recovery of response costs and administrative costs, the generation of revenue is not the primary goal or anticipated consequence of this bylaw. It is hoped that the bylaw will be a deterrent to unwanted behavior that requires considerable time of our Police Department, and will consequently decrease the pressure on scheduling and overtime.

**ARTICLE 41. Easement - University Drive
(Select Board)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

This easement is to be sought at the Big Y end of University Drive. The goal is to reconfigure this area to reduce the traffic conflicts that occur. The landowner involved is a willing participant in this process and will give the easement at no cost to the Town. The Town's portion of the construction will be paid from Chapter 90 funds.

FINANCE COMMITTEE REPORT - FY 09

**ARTICLE 42. Street Acceptance – Moody Field Subdivision
(Select Board)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

All conditions have been met for acceptance of Moody Field Road as a Town Way. Once the street is accepted it is added to the calculation used in Chapter 90 funding.

**ARTICLE 43. Street Acceptance – Rosemarie and Lilac Streets
(Select Board)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

Although these streets are approximately 10 years old they have never been formally accepted as Town Ways. Once accepted they are added to the calculation used in Chapter 90 funding.

**ARTICLE 44. Street Acceptance – Eveningstar Drive
(Select Board)**

RECOMMEND DISMISSAL by Finance Committee vote of 5-0, 1 absent.

The developer is not yet ready to ask the Town for acceptance of this street.

**ARTICLE 45. Sewer Easement Adjustment - West Street
(Select Board)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

This adjustment is a housekeeping measure to align the easement with the “as built” sewer lines and carries no cost to the Town. The landowner, Hampshire College, is willing to grant the easement adjustment as it is necessary for them to pursue their Veridian Village project.

**ARTICLE 46. Bylaw – Right to Farm
(Agricultural Commission)**

NO RECOMMENDATION.

The Finance Committee felt that this bylaw would have virtually no effect on the Town’s finances and therefore took no position on it.

**ARTICLE 47. Bylaw – False Alarm Fees
(Select Board)**

RECOMMENDED by Finance Committee vote of 5-0, 1 absent.

This article would allow the Police Department to levy fines for repeated unnecessary false alarms. While there may be some revenue generation from this article if passed, the primary intent is to encourage alarm system owners to make sure their systems are in proper repair and being used correctly. The hope is that the number of false alarm calls our officers have to respond to will decrease and that the fines won’t have to be levied. With the reduced number of officers, it is important to consider viable ways to decrease the workload and channel responses to legitimate calls.