

Finance Committee

Meeting minutes – April 2, 2009

Present: **Committee Members:** Diane Gaspar (Chair), Burke Bero (Vice Chair), Stephanie Cronin, Chris DeSimone, Jeanne LeBlanc, George Zacharakis

Also present: Town Accountant, Theresa Walsh

Absent: Chris Johnson

Ms. Gaspar called the meeting to order at 7:01 pm.

New Business: Sue Smith, Assistant Assessor, joined the meeting. Sue Smith discussed the Fiscal Year 2010 Overlay Estimates. She talked about how the overlay amount is raised every year to cover statutory personal exemptions, which includes veterans and the blind elderly. This statutory personal exemptions amount is \$66,486. The non-profit, which includes land trust procurements and 501(c)3 organizations is 66,361 for a total of \$132,847.

Sue Smith then talked about the Abatements, and how there was not a lot of real estate requests because it was not warranted. She spoke of the issue of the exemptions originally due to the companies being telephone companies, but they are not telephone companies anymore, they are now telecommunication companies. She felt this whole issue would be in the courts for at least 10 years. She spoke of a DOR bulletin about this issue. She has put in an estimate of \$54,138, which is lower than \$61,000. The \$61,000 is what the original estimate would be, but an estimate of \$54,138 is the worst case scenario.

The paperwork Sue brought had some notations about the taxation of telecommunications equipment and machinery has been the subject of several Appellate Tax Board cases in the last few years with appeals still being filed. The General Court has been looking at corrective legislation for over two years. It is doubtful that legislation be passed at this late date, would be applicable to fiscal year 2010. Her understanding is that this legislation will be subject to a hearing April 7th, which she felt had a good chance of going through at this point. She feels she will have more information next week after that hearing. Currently Pepperell is under appeal by several telephone companies for fiscal years 2007 and 2008.

There was discussion lead by Sue about an increase in the 40b lots, and the fact that each one of those can be taxed. That will help make a difference in the future. That might help to get us over the \$125,000 that is estimated for new growth.

There was discussion about how it is only the poles and wires that are the issue, and the works in progress. The cell towers are not part of this issue. The underground wires are part of the wires. It was brought to the committees' attention that the town rents the poles.

The fiscal year 2010 overlay estimates that Sue Smith brought to the meeting were for a total of \$191,985.

Review of Town Budget: After the discussions around the Fiscal Year 2010 Overlay Estimates, the committee discussed the town budget.

The discussion began with Theresa Walsh noting that after the Fiscal Year 2010 Overlay Estimate of \$191,985 was applied to the 2010 budget (Allowance Abatement/Exemption, Line 48) the deficit was then a total of \$196,197.

Diane Gaspar spoke about her informal meeting with Tony Saboliauskas, VFW representative, about the Memorial Day parade and events. Diane feels very strongly that the Memorial Day parade and events are important to the Town of Pepperell and the Pepperell citizens. There are two bands marching in the Memorial Day parade; one from the middle school and one from the high school, with a total cost of \$800 (\$400/school band). Diane thought that was a way to cut down the budget – have the bands march without paying them since according to Mr. Tellier of the middle school band, the students have to march/play in the Memorial Day parade as part of their band obligation. Diane had drafted a letter that she had written to the two schools to let them know that this was being cut out of the town's budget, with the appropriate explanation. She was hoping that the committee would back her up on this letter. It was suggested that the letter be sent to Mr. Tellier and Mr. Tickinoff of the middle school, Mr. Bielick of the high school, and a Mr. Flanagan, principal of the high school.

Discussion ensued regarding the Central Telephone account. The Central Telephone budget has increased by \$8,000. The committee questioned if the increase was due to the new phones that were put in last year. Theresa Walsh indicated that no, those were in the public safety complex. This \$8,000 increase is due to the monthly service provider. A discussion about how before the Central Telephone monthly service could go to a flat rate, a certain monthly amount had to be reached first. When asked about the vendors used, Theresa Walsh commented that CTC was the local vendor, which was where the majority of the expense is, and then there is a long distance provider, which has a smaller expense. Theresa Walsh noted that she would speak to Frank Quattrochi about this issue, and this would be revisited at the next meeting.

There was a question raised by Chris DeSimone about the school district and whether the state was issuing any money for the school district. Theresa Walsh explained that the school district was not part of the initial allotment, but that the school district would be getting money for Special Education. It is not known if the Schools will lower their assessment as a result of this stimulus money.

The discussion then went back to the town budget, starting with Free Cash. Theresa Walsh led the committee in looking at the third page of the 5-year-plan; the committee looked at Fiscal Year 2009 shows a balance of \$897k. After the Approp offset levy of \$240k and the \$450k Approp ATM/STM, the balance for Fiscal Year 2010 was \$392k.

Diane Gaspar spoke of how the current plan had the budget taking \$200k out of retirement which leaves the balance for Fiscal 2009 at \$821k. The current plan for Fiscal 2010 has a planned withdrawal of \$200k out of retirement, which would leave the balance of the retirement account at \$614. Diane said that an additional \$100k could be taken out to offset the deficit.

Chris DeSimone brought up a point that by taking out the entire deficit amount out of the retirement fund, then any additional layoffs could be avoided. This brought up much discussion over this topic. As part of this discussion, it was noted that there was layoffs already slated and any withdrawals at this point in the budget process would not prevent those from happening, but would only prevent additional ones from occurring. It was also noted that since there was a resignation in the police department and that position was not replaced, that was counted in the previous layoff headcount. Diana Gaspar noted that the trouble with using the retirement fund as a bailout is that once this fund is gone, it's gone. The retirement fund is not renewable. The committee members all felt that next year during the budget planning, that things could either be in the same shape or worse. At the same time, there was the feeling that trying to do what could be done to help save jobs was important as well. The committee felt that at best, the retirement fund could save 3 jobs without dipping too heavy into the retirement fund. It was noted that since many

committee members felt the budget process would be facing the same challenges in the next year's budget planning. It was also briefly noted that the police union would be having a renewal process coming up in 2010 for the 2011-2013 contract.

The discussion led into that the town has high expenses when laying off employees, such as the COBRA payments. Theresa Walsh commented that the town is responsible for 65% of the COBRA payment. She also noted that there was \$70k budgeted for unemployment expenses.

Theresa Walsh brought up the issue that there was hope that the FEMA money would be coming in soon. There was a deficit on Fiscal 2009 of \$50k for snow and ice removal for the ice storm. She would be in the process of getting numbers together for the fire department (with assistance from the fire department) since the fire department had all personnel out during the ice storm. Theresa Walsh explained if the money did not come in before the town meeting, then the Free Cash would have an additional hit of \$50k to cover these expenses, but the money is due to the town.

The committee discussed the different possible options for the town trailer. It was suggested that the trailer be closed and the offices be moved to the town hall. After much discussion, it became clear that there was no room in the town hall for those offices. The only option would be a conference room, and the conference rooms were used during the day with the exception of Conference Room C. Conference Room C left a bit to be desired when it came to be using as office space, besides not being big enough. Someone brought up the idea of using the Senior Center for the Board of Health offices. After some discussion, it was realized that closing the town trailer was not a feasible option at this point.

There was a brief discussion about the Peter Fitzpatrick School. A non-committee member (Don Erickson of Nashoba publications) raised the idea of whether the Peter Fitzpatrick School could be used for offices. It was noted that the town was not responsible for shutting down the school, which was the planned activity for the school. The school district is responsible for shutting down the school, as well as absorbing the costs to shut down the school. There apparently is miscommunication about what it really is going to cost the school district to close the school because some people have heard \$20k and others have heard up towards \$200.

There was a motion to vote on taking the remaining deficit balance, after the Fiscal Year 2010 Overlay Estimates have been applied to the budget, out of the retirement fund (approx \$196k) – Yes (6) No (0) Abstain(0) – motion approved.

Jeanne Leblanc brought up a discussion about trying to keep the library certified, if possible, if it meant only a small hit to the budget (\$1k or \$2k). This issue brought up quite a bit of discussion. Diana Gaspar was adamant that when it comes to losing headcounts in the town, she felt strongly that adding to budgets was not something she was willing to consider. Stephanie Cronin thought it was important to try to keep the library certified also. Jeanne Leblanc found a letter that from library about the budget and what was needed. Theresa Walsh noted that what was being requested was much higher than \$1 or \$2k. The committee agreed that since it was much higher, than there was nothing they could do at this point, but many agreed that if money could be found in the budget, than this would certainly be high on the list of important things to try and put back into the budget.

Chris DeSimone suggested having a prioritized list of things to put back into the budget if possible.

There was a brief discussion looking at some of the items in the budget – Town Engineer and the charge to the Enterprise Funds, the street lights being shut off which has a savings of \$16k, the community center being closed and leaving \$5k in the budget for the community center, and the lawn care of the cemeteries. The cemetery discussion led into a larger discussion about the budget for the cemeteries, and how the budget is for wages only.

After much discussion about the costs involved and how some savings might be found in the cemetery budget, Theresa Walsh said she would call Town Counsel. The cemetery budget will be revisited at the next meeting.

Theresa Walsh discussed the Town Engineer in more detail. She noted that the Town Engineer is under contract, and is in department 100-4110. She pointed out that he had been listed with a \$4,850 reduction and should have been a \$471 reduction. On a motion to correct the Town Engineer reduction from \$4,850 to \$471 reduction was made by Chris DeSimone, seconded by Jean Leblanc – Yes (6) No (0) Abstain(0) – motion approved.

Acceptance of Minutes: On a motion from Chris DeSimone, seconded by George Zacharakis, the minutes from March 26 meeting was approved by a vote 6-0. On a motion from Chris DeSimone, seconded by Stephanie Cronin, the minutes from March 19 meeting was approved by a vote 6-0.

Other Boards/Commission Meetings: Public Forum – Saturday, April 25th at the Senior Center, time TBA

Upcoming Meetings: Mon, April 6, 2009 – Meeting with Selectmen (7:30pm)
Thu, April 9, 2009 – Address any reconsiderations/Review Warrant Articles (6:30pm)
Thu, April 16, 2009 – Finalize any remaining issues
Fri, April. 17, 2009 – Last date to post the ATM/STM Warrant
Sat, April 25, 2009 – Public forum at the Senior Center, time TBA

Adjournment: The meeting was adjourned at 8:41 pm.

Respectfully submitted,
Lynne Henderson