

**Advisory Committee
Meeting #2
September 9, 2009**

Peter Cory, Chair, called the meeting to order at 7:30 p.m. Those present included Judi Donnelly, Virginia Ferko, Jack Haley, Rick Hill, Kathy Macdonald (7:40 pm), Barbara McMahon, Maura Murphy, Rich Page, Caren Parker, Derek Redgate, Steve Simons, Steve Sykes, Marc Taylor and Jason Whittet.

Citizens Speak. No one was present.

Minutes. Upon a motion made by Ms. McMahon and seconded by Ms. Parker, the minutes of September 2, 2009 were unanimously approved as written.

Financial Overview. The Committee was joined by Executive Director Hans Larsen and Finance Director Sheryl Strother to provide an overview of the Town's financial status at the close of FY09 and entering FY10, and to present a proposed model for 2011 budgeting. Ms. Strother reviewed the 2009 Sources and Uses of Funds, including supporting documents on revenue trends, budgeted vs actual expenditures, expense reversions for 2009, and revenues. Questions were raised concerning how the monies appropriated for free cash, the Transfer Fund and Reserve Funds are invested and whether they are protected from market volatility. Ms. Strother indicated funds are handled so as to allow for only very negligible market risks.

Mr. Larsen reviewed a proposed model for allocation of the 2011 budget. He reviewed the FY10 budgeted revenues, the FY10 adjusted revenues based on the final state budget/state aid numbers, projected FY11 revenues and the resulting estimated increase/decrease based on certain assumptions made. He then reviewed the items considered as Priority Expense Items which could be viewed as nonnegotiable and must be paid, such as OPEB, pension contribution, group insurance, other employee benefits, debt service, abatements, assessments and enrollment. Key assumptions used for the projected FY11 budget were reviewed, including a projection of \$1.3 million in new growth, no override, no growth in State aid, no growth in Local Revenue, no Free Cash appropriation, \$2 million in Town-wide pension contribution, and no new debt. The proposed methodology would provide that the percentage difference between the increase in revenues in FY11 and the Priority Expense Items would be allocated across Town departments prorated to FY10 budget levels. In the proposed model, the difference is \$507,479 or 0.6% of the Town's FY10 adjusted budget. This amount would be disbursed prorata across the Town departments. The group discussed the validity of the assumptions based on the current economic environment.

Liaison Reports.

Human Resources. Ms. Donnelly reported she attended the Human Resources Board meeting where there was discussion concerning departments hiring part-time benefitted employees versus part-time, non-benefitted employees. The Board does not believe it is within its purview to dictate how departments should hire part-time employees, but will provide guidance when asked. The HR Director is preparing a headcount analysis of part-time benefitted versus non-benefitted employees. It was discussed that Advisory will request information from departments concerning their hiring practices during budget reviews. It was also

suggested that perhaps Advisory should require that Town departments provide a headcount analysis when submitting their budgets.

Meals Tax Public Hearing. Ms. Macdonald reported on the Selectmen's public hearing held earlier in the evening concerning the meals tax. The Selectmen will vote on September 21st whether this issue will be placed on the Warrant for a Special Town Meeting.

Advisory Meeting Schedule. Mr. Cory reviewed the meeting schedule for Advisory through December 2009. The schedule is tentative pending the results of the Selectmen's vote concerning a fall Special Town Meeting. Liaisons were asked to check with their boards if the proposed date assigned for capital budget presentations is acceptable and report back to the Chair.

Advisory FY11 Budget Guidelines. Mr. Cory reviewed the Key Assumptions prepared by the Finance Director for FY11 and suggested that the model presented by the Executive Director earlier in the evening may be used as a basis for developing the FY11 guidelines.

The Committee discussed at length various assumptions that must be considered in preparing the guidelines including the implementation of the local option meal tax, the possibility of an override in FY11, the use of Free Cash, and funding of the Senior Center. Questions were raised as to the Town's statutory requirement concerning pension contributions, and whether standing labor contracts can be opened and renegotiated. It was also suggested that departments should be asked to provide Advisory with information on the efforts being made towards cost reductions and savings.

Mr. Cory asked that members forward to him any requests they may have for additional information or clarification of data presented that may help in preparing this year's budget guidelines.

Adjournment. Upon a motion made by Ms. Donnelly and seconded by Ms. Macdonald, the Committee unanimously voted to adjourn at 10 p.m.

Respectfully submitted,

Adeline G. Doherty
Administrative Assistant