

BUDGET MEETING
7:00 PM
SENIOR CENTER

March 23, 2009
Page 1 of 5

PRESENT: Selectmen Lyndon B. Johnson, Joseph A. Sergi and Patrick J. McNabb; Robert Hanson, Town Administrator; Peggy Mazzola, Administrative Assistant; Town Accountant Theresa Walsh; Finance Committee members Diane Gaspar, Chris DeSimone, Burke Bero, Chris Johnson and George Zacharakis; several department heads, employees, and residents

The meeting was called to order at 7:00 PM.

Finance Committee Chairman Diane Gaspar outlined the budget process to date, detailing how and where budget cuts were made after department heads submitted level funded budgets. At the March 12th FinCom meeting, budget reductions were made and revenue sources were defined to reduce the deficit to \$480,000. At their meeting of March 19th, further reductions were made, but still left the budget with a \$311,681 deficit. It is the Finance Committee's goal to present a balanced budget; further reductions to do this, which have not been voted by the FinCom, include using an additional \$100,000 from the retirement fund, closing the community center, reducing salaries and wages by 10% and reducing the police department budget by an additional \$36,314.00.

Mr. Johnson invited comments from the audience.

Recreation Commissioner David Priddle asked about the summer playground budget, which was not shown on the documents provided; Ms. Gaspar stated that the FinCom recommended very early in the budget to not fund summer playground. Additionally, the FinCom also had voted to not fund the Forest Warden budget or the Memorial Day budget; a police officer who resigned in January was not replaced.

Tony Sabolaiskas from the VFW asked for the Selectmen's views on eliminating the Memorial Day budget, noting that the VFW will get their members to Town Meeting to support this fund. Mr. Johnson remarked that nothing is written in stone, and the Board will be reviewing the budgets item by item; neither he nor the other members of the Board support eliminating funding the Memorial Day.

Board of Health Member Scott Butcher asked for clarification on unemployment costs associated with the FinCom's recommendation to contract with Nashoba Boards of Health. Ms. Walsh stated they used last year's figures for the assistant and elimination of the Town Nurse in the \$40,000 savings by contracting with Nashoba. Ginny Malouin asked what would happen if this is voted down at Town Meeting. Ms. Gaspar responded that if we present a balanced budget and the vote on this item skews the numbers, we will have to look at an over-ride to balance the budget. Council on Aging Director Sharon Mercurio asked if they considered looking at reducing the hours for the nurse and secretary and going with a part-time Health Inspector. Ms. Gaspar stated this would be the purview of the Board of Health; the FinCom feels it would be most cost-effective to use Nashoba Boards of Health. Mr. Sergi remarked that what is recommended in the warrant can be amended. Mr. Hanson noted that the budget request by the Board of Health as well as the FinCom recommendation is in the warrant; the motion can not exceed the requested amount.

Highway Superintendent Peter Shattuck asked what the impact of an over-ride would be to taxpayers. Mr. Johnson stated he has a worksheet containing information on possible over-rides, which would be discussed later in the meeting.

Joan Goddard commented that longevity payments will cost over \$150,000, and she would rather see longevity eliminated than to cut police officers. Ms. Gaspar stated this issue came up last year but because the unions are under contract their longevity payments can not be eliminated; the bylaw employees are different, and some FinCom members feel since they are already giving up cost of living increases and step increases, and taking a 10% cut in wages, it wasn't fair to punish them further by eliminating longevity. Ms. Goddard asked what the longevity payments are to bylaw employees. Mr. Hanson stated the cost is around \$42,000. Longevity payments are based on a sliding scale depending on how many years an employee has worked for the Town and is paid twice annually. This is not a bonus, but a reward for staying with the Town long-term.

Fire Chief Toby Tyler asked how many employees were affected by step freezes. Ms. Walsh stated 53 employees were due step increases. Chief Tyler stated he didn't feel it was fair to freeze steps and not offer cost of living. Ms. Gaspar stated that none of the cuts made are fair. Chief Tyler remarked that this could force the remaining bylaw employees to form a union. Ms. Gaspar stated they will deal with that when the time comes. Mr. Hanson remarked that 53 employees will not be receiving step increases, and the number that receives longevity is less than that; to eliminate longevity payments would require a revision to the Personnel Bylaw.

Georgette Rogers asked if the library would lose its accreditation due to the proposed cuts. Library Director Deb Spratt explained the library can not drop below 40 hours per week, must spend a certain percentage of the Town appropriated budget for materials, and the Town's appropriation using a State formula can not drop below \$432,000. There is some leeway if they maintain hours and materials, and if they stay within 5% of the state's level. If the library loses accreditation, they will be ineligible for \$16,000 in state funds, be prohibited from using inter-library loans, and library cards will only be accepted in Pepperell.

Mr. Johnson distributed a document he prepared to show what the impact of an override would be to taxpayers, stating he does not think people realize what they get for their tax dollars. If the Town voted for a \$1,000,837 override, which would mean no cuts in services, the average tax bill would increase by \$258.88 per year; a \$480,681 override would increase the average tax bill by \$124.45 per year, and a \$311,681 override would increase the average tax bill by \$81.82. Mr. Johnson feels an override is a small price to pay to keep the services we've worked so hard for, and he hopes the members of the Board will support an override. Mr. Johnson explained the override stays with the tax rate forever, unlike a debt exclusion and will help the Town to catch up with Proposition 2 ½. Mr. Hanson commented that if an override passes, the override amount goes into the base tax rate and is eligible for annual increases. There is a balance to be maintained between valuation and tax rate; if the valuations go down, the tax rate goes up, and vice versa. Proposition 2 ½ is not parcel specific and doesn't mean that everyone's tax bill will increase by 2 ½%.

Ms. Gaspar explained that state aid is way down, and we would have a problem with the budget regardless. Utility costs and insurance increase by more than 2 1/2 % every year; all factors have a snowball effect on the budgets.

Mr. Sergi stated the Board is always open to ideas on how we'll fund the budget. We know additional state and federal taxes are coming, and people have been hit hard by unemployment and foreclosures. Mr. Sergi doesn't want to push folks over the top. The Board has a

responsibility to make sure our government functions efficiently, yet we still must protect the taxpayers; Mr. Sergi doesn't support raising taxes in a recession.

Ms. Malouin asked what the projected shortfall is for 2011 and 2012. Ms. Gaspar stated the projected shortfall for FY'11 is \$1,197,925, and for FY'12 \$1,709,085. Mr. Hanson stated that if the economy turns around perhaps state and federal aid will increase. Mr. Sergi remarked the Town does have some reserves left. Mr. Shattuck asked what the benefit is to keeping balances in reserve. Mr. Sergi stated we have target fund balances, but that goes out the window at this point. Mr. Shattuck asked what affect this has on the Town's bond rating. Mr. Hanson stated if the town has no reserves and has an emergency, we would be in trouble. Mr. Hartnett stated the Town's current A-1 bond rating is predicated on our fund balances; that will drop and the Town will pay a higher interest rate for debt service. Mr. Shattuck asked if the Town planned any big ticket items in the next few years. Mr. Sergi commented we went to bond market last fall. Mr. Hartnett explained the Town would go back to the bond market in five years. Mr. Sergi remarked it makes sense to go a little more into our reserves. Mr. Shattuck stated he would rather see us dip more into our reserves and save some jobs, noting that if he loses two people and half of his secretary's hours the Town won't get the services it does today. Mr. Sergi asked if he would still be able to plow all the roads with the proposed reductions. Mr. Shattuck stated it would take more time to get the job done.

Mr. Sergi stated he wants to see compelling reasons to not make cuts; in this difficult fiscal time, he wants to make sure he makes the right decisions. Mr. Shattuck stated that services from his department will not be what the residents expect today, and worried about how long it would take to get back to the current staffing level. Ms. Spratt commented they will have to reduce programs and close the art gallery, and noted they still have not gotten back to the staffing levels they had in 2000.

Police Chief Alan Davis stated the police department will not be as effective and efficient with the proposed cuts; he has already lost one police officer this year and stands to lose one or two more. DARE and community policing grants are no longer available. There will no longer be foot, bike or ATV patrols and overtime will be reduced so that on many days or nights he will have minimum manning with two officers on patrol to cover 24 square miles. There will be calls that go unanswered. The Department of Justice says that for a community our size we should have 21 police officers; we have 17 and will go to 16 with the proposed cuts. Mr. Sergi stated he hopes the Chief will follow up his comments in writing to the Board.

Mr. Johnson stated there is an assumption that there is a lot of fat in our budgets, but we have been holding the line for several years. Ms. Gaspar commented that layoffs will be managerial prerogative, if they can find other ways to cut their budget; the unions were asked to work with us, and the non-union employees will have cuts in wages but will still have a job.

Council on Aging Director Sharon Mercurio stated the proposed cuts will result in the senior center closing one day per week and the elimination of meals on wheels. The senior center will also be unavailable to community groups that currently use the building at night. A decrease in the hours for the custodian will result in a decline in building maintenance. The receptionist's hours will be cut and programs will be eliminated. If her hours are decreased she won't have time to research grants or pick up the pieces and there will be no coverage for sick or vacation time.

Mr. McNabb stated it would be helpful if each department head submitted a written impact statement, and he would go so far as to have this information posted on the town's website to let people know.

Ms. Gaspar asked for a status report on the survey. Jeff Sauer stated the survey is now on the Town's website. He remarked the question regarding cuts in services or override are pretty split, and once additional information regarding decertification of the library was added the votes went from 60-40 in favor of making cuts to 80-20 against cuts. So far 416 people have responded to the survey.

Jess Lewis stated she is a senior at North Middlesex and is upset to hear that teen events at the library may be cut.

Sewer/Water Superintendent Mark Richardson asked if the cuts included cuts to enterprise funds. Ms. Gaspar stated none of the enterprise fund departments were included in the budget cuts. Mr. Richardson remarked he has a bylaw employee, and asked what the impact would be to that employee. Ms. Gaspar stated the employee would not be eligible for step increases, but would not be affected by personnel cuts.

Ms. Goddard asked what the tax rate would be with a \$1 million override. Mr. Hanson stated the increase would be 8 cents per \$100,000 valuation. Ms. Goddard asked if we would still consider cuts if an override passed. Mr. Johnson stated if the Town passed a \$1 million override the tax rate would be \$11.60 and there would be no cuts. Mr. Hanson remarked that if the Town doesn't start trimming now then we'd need another override next year. Ms. Walsh commented the Town's state aid has been cut by \$350,000. Mr. Hanson remarked that even if the national economy turns around it will be 18 months before municipalities see any recovery.

Mr. Johnson asked for a show of hands from those who think a partial override would pass. It appeared that 4/5 of those in attendance had raised their hands. Mr. Johnson stated the next open forum budget discussion would be held on April 25th, and he welcomed input from department heads and residents.

Mr. Johnson thanked everyone for attending the meeting. At this point the Finance Committee left the meeting.

Any other old/new business: Mr. Hanson explained that Kevin Visnaskas, the Assessors' Assistant, will be retiring next month, and recommended filling the position with a part time person with no benefits. Associate Assessor Susie Smith wants to hire someone at 35 hours per week; Kevin is currently working 32 hours per week. Mr. Johnson suggested asking Ms. Smith if she could get by hiring two part-time employees. Following a lengthy discussion, the Board agreed to allow the vacancy to be filled with a part-time employee at no more than 19 hours per week; if Ms. Smith needs additional help she can come before the Board.

The Board briefly discussed the Memorial Day budget, and agreed they wanted to maintain the appropriation.

Mr. Hanson stated the Finance Committee needs a deadline for final recommendations, and suggested April 2nd with a joint meeting to be held on April 6th.

The Board briefly discussed procedural issues relative to votes at Town Meeting and override options.

BUDGET MEETING
7:00 PM
SENIOR CENTER

March 23, 2009
Page 5 of 5

ADJOURNMENT: On a motion by Mr. Sergi and seconded by Mr. McNabb, it was unanimously voted to adjourn at 9:05 PM.

Respectfully submitted,

Peggy Mazzola, Administrative Assistant

APPROVED:

BOARD OF SELECTMEN:

Lyndon B. Johnson, Chairman

Joseph A. Sergi, Clerk

Patrick J. McNabb

FINANCE COMMITTEE:

Diane Gaspar, Chairman

Burke Bero

Chris DeSimone

Chris Johnson

George Zacharakis