

**SPECIAL BOARD OF SELECTMEN'S MEETING
JOINT MEETING WITH THE FINANCE COMMITTEE
January 2, 2008**

CALL TO ORDER: Chm. Woods called the Board of Selectmen meeting to order at 7:03 p.m. The following persons were present: Chairman Julie Woods, Vice Chairman Kevin Kuros, Clerk Michael Potaski, Sel. Dan Stack, Town Manager Jill Myers and BOS Assistant Tracy Leavitt.

Vice Chm. Mark Andrews called the Finance Committee meeting to order at 7:03 p.m. The following persons were present: Vice Chm. Mark Andrews, Christine Horwath, Peter Demers, Mary Pat Wickstrom, and Finance Director David Genereux. Chm. Ed Maharay, Howard Fortner and Richard Young were not present.

NEW BUSINESS:

Discussion of Stabilization Policy: Vice Chairman Kuros noted at the last Budget Summit (12/12/07), FinComm Chairman Maharay requested the Boards to review and comment on the FinComm policy regarding use of Stabilization funds. Ms. Myers read aloud the Board of Selectmen's motion from the draft minutes of their meeting of December 17, 2007¹.

MSDV by Sel. Stack, seconded by Sel. Potaski to support at Stabilization policy which provides for an annual amount of \$1,000,000.00 be held in the Stabilization Fund. Any funds in Stabilization in excess of the \$1,000,000.00, as of 12/31 shall be made available to the Capital Committee for proposed funding of the CIP. However, it was noted that if the proposal were to use Stabilization to balance the operating budget for the ensuing fiscal year, that amount would be subtracted from the available Stabilization fund balance as of the date (12/31). The Capital Committee would then provide a recommendation for funding priorities to the Town Manager in January, and the Town Manager will provide CIP recommendations on items to fund to the BOS and FinComm 150 days prior to the start of the fiscal year (end of January). Use of Stabilization funds would be included in the transfer warrant article for appropriation at the May Annual Town Meeting for a July 1 appropriation. In years when funds were insufficient or unavailable, no capital transfers would be recommended. The motion passed unanimously.

Ms. Myers noted that the BOS motion had evolved based on emails between the FinComm Chairman and the Finance Director, and such information, including the FinComm policy was provided to the BOS for consideration.

Vice Chm. Mark Andrews reviewed the Finance Committee's Stabilization Policy and stated their intentions (A copy of the policy is attached to these minutes). Christine Horwath noted FinComm member Fortner's concern received via email. She noted that he is in favor of the \$1,000,000.00 in the Stabilization fund but expects the BOS to call it emergency funds and define the emergencies it would be used for. Peter Demers noted that he separated the policy into two separate amounts, first one being a minimum Stabilization account to be kept for emergencies and the second being the excess amount and doing what is best for the town.

¹ The minutes for the BOS meeting of 12/17/07 are pending approval.

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He went on to say that if the amount falls below \$1,000,000.00 he would like to see a policy in place that would allow money to be transferred from revenue back into the Stabilization account. Sel. Kuros reviewed the language that states all funds in excess of \$1,000,000.00 as of 12/31 shall be made available to the Capital Committee for proposed funding of the CIP, noting concern that it was too specific. Mr. Demers suggested adding to that "or any other one time non-operational expense". Mr. Andrews reminded the individuals present that they have a say with what happens to the excess cash because the policy also states that the Capital Committee would provide a recommendation for funding priorities to the Town Manager in January, and the Town Manager will provide CIP recommendations on items to fund to the BOS and Finance Committee 150 days prior to the start of the fiscal year, with approval by Town Meeting. Finance Director Genereux said during the Budget Summits, a model, very close to what the actual budget looks like, was put forth. He went onto say that the FY09 model showed using \$419,000.00 out of Stabilization. Mr. Genereux noted that initially when putting together the model, the primary goal was preserving Stabilization and the secondary goal was funding Capital. He then stated that in the end, if a policy is adopted to keep the Stabilization balance at \$1,000,000.00 and remove the excess funds from the operating budget and directed into capital, the proposed FY09 budget will have to be cut by the full \$1.2 million dollars. He advocated for flexibility in a policy. Mr. Demers asked if all are in agreement with the number being set at \$1,000,000.00. There was consensus. Mr. Demers suggested we set the policy and present a budget that does not use Stabilization and if at Town Meeting they choose to use some or all of Stabilization then we can walk away with a clear conscious. No response received. Chm. Woods asked Finance Director Genereux as close as we are to the tax levy, how realistic does that look. Finance Director Genereux responded by noting the Town is at maximum levy capacity. He noted his concern being that to actually get the FY09 budget in line with forecasted revenues; we would have to put forth a budget that is not likely to get adopted, considering the amount of funds in Stabilization. Mary Pat Wickstrom said the question is how do we keep the balance at \$1,000,000.00 and what do we do with the remaining funds. Chm. Woods said that she is struggling because it is Fin Comm.'s responsibility to adopt a fiscally sound policy and it is the BOS's responsibility to provide services.

Sel. Kuros reviewed what Chm. Maharay had noted in his email regarding the amount identified for the Stabilization account being set as the minimum or maximum. Mr. Kuros then inquired (hypothetically) if we can agree that the \$1,000,000.00 on hand is a fiscally sound policy then should it matter whether the excess goes to operational or capital as long as we maintain what we agreed as a fiscally sound policy? Peter Demers said that we absolutely should care, especially if we use Stabilization, one-time revenue. Finance Director Genereux said if the balance in the Stabilization Account is well over \$1,000,000.00, the Capital Committee would put forth their recommendation to the Town Manager who then would review it and put forward her own recommendation, as with operational budget. He noted though, if there is a policy in affect that is going after the excess cash then it makes it hard for the Town Manager's operational budget and capital budget to go forward. Sel. Potaski feels the policy should be adopted and both the Selectmen and the Finance Committee should make every effort going forward to do exactly what the policy intends to do. Ms. Horwath reminded all that the policy is actually a goal. She then stated she agrees with both Ms. Wickstrom and Sel. Potaski that it may take a few years but, if we don't start putting forth these leadership qualities and informing the voters they may never vote in favor.

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Sel. Kuros stated that he agrees with Chm. Maharay's last point; The Town Manager, with consultation with the Board of Selectmen and Finance Committee, should determine the "excess" amount transferred from Stabilization to the Capital Account. Ms. Wickstrom asked why everybody seems to be avoiding the Capital projects. Chm. Woods stated she feels Capital was discussed and we need to understand that things change from year to year. Ms. Horwath said that capital improvements need to be made a priority. Sel. Potaski said he agrees completely but, does not feel we can "shackle" ourselves to that in case of an unforeseen emergency; a certain degree of flexibility needs to be allowed. Mr. Genereux said if the funding becomes available for Capital project, then the first step needs to be prioritization of the Capital Improvement List. Mr. Genereux stated if we continue to fund the budget based on available revenue the first thing we would need to do is fill the structural deficit gap. Once revenue meets expenses, the Town will be in a position to fund capital. However, we have been unable to do that up until this point.

ACTION ITEM: Continue discussion to Board of Selectmen's next agenda

Peter Demers said he believes we have the responsibility to send a clear message to the voters. We should not adopt something and then back down. Chm. Woods noted their second goal should be to get to Town Meeting as unified as possibly can (BOS and FinComm).

ADJOURNMENT: At 8:18 p.m.

MSDV by Sel. Kuros, seconded by Sel. Potaski to adjourn. The motion passed unanimously.

MSDV by Mary Pat Wickstrom, seconded by Christine Horwath to adjourn. The motion passed unanimously.

*Minutes respectfully submitted by,
Tracy Leavitt, Assistant to the Board of Selectmen*

Minutes approved by Board of Selectmen:

Chairman Julie A. Woods

Vice Chairman Kevin Kuros

Clerk Michael Potaski

Selectman Dan Stack

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Minutes approved by Finance Committee:

Chairman Ed Maharay

Mark Andrews

Peter Demers

Howard Fortner

Christine Horwath

Mary Pat Wickstrom

Richard Young

MSDV: Moved, Seconded, Discussed & Voted
RCV: Roll Call Vote