

**Town of Newbury
Finance Committee Meeting
Tuesday January 15, 2013 at 7:00 pm, Library
Meeting Summary**

Committee (alphabetical): Gene Case (Vice Chair), Larry Guay, Erica Jacobsen, Frank Remley (Chair)

- 1. 12.18.12 Meeting Summary:** Unanimously adopted without change.
- 2. December YTD Revenue and Expense Summaries:** Note, in her absence the Town Administrator provided a written summary of the current status of FY 13 revenues and expenses. (See item 1 in Attachment 1.) In summary, revenues and expenses continue to track through December. Department operations continue on budget, with the possible exception of significant overtime for police in response to the recent PI flooding. However, per item 2 in attachment 1, these costs may need to be reconciled with a yet undetermined reserve fund transfer later in FY13. Beyond this, there were no significant questions with respect to the first six months of the year. However, questions arose involving the changing business strategy for the Transfer Station and its impact on fiscal operations. These questions are discussed further in item 5. Below.
- 3. Reserve Fund update (Town Administrator)**
 - Potential Transfer requests: 1. PI engineering costs will be funded by the PI betterment fund per decision of the BOS; 2. police/DPW overtime will be determined in the coming months and may require supplementary funding through a reserve fund transfer, or use of Free Cash as of the May town meeting.
 - There are currently no additional reserve fund transfer requests.
 - FEMA/MEMA response: Mike Reilly is meeting with MEMA to determine if emergency response funds can be made available for the PI emergency.
- 4. Capital Planning Committee update: (CPC Chair Connors could not attend, but provided the following written input prior to the meeting)**
 - **CPC Chairman written summary:** My suggestion with regard to CPC is to follow up with the tri-meeting with BOS, Fin Com and CPC on CIP funding for work identified via needs assessment reports for the library and round school. About 75k is needed for FY14 for deferred maintenance as short term needs; we also need to consider funding options for the \$2 million in work starting in 7 years. 7-8-12 years are the costly years. I would hope that all of this funding would come from free cash or the capital account. However, realistically, debt will fund these costs and (based on current projections) FY19 is the year to start this process. If a police station is in the

near future, bundling this all into one bond issue might be the way to go. Rates are low today, and Newbury sheds substantial debt in 2014-15

- **Chief Pearson Letter:** this letter, dated December 5, 2012, received by the Capital Planning Committee and attached to the Dec 18 Finance Committee meeting summary, will be further addressed by the CPC as part of the capital projections for FY14.
- **Joint meeting with CPC and BOS:** the Finance Committee unanimously supports the need for this joint meeting of the Finance Committee, Capital Planning Committee and Board of Selectmen to determine capital funding needs and potential sources going forward.

5. Other:

- **Response to TRSD communications committee:** a request has been made to summarize both overall public safety hosting costs for the TRSD main campus, including the middle and high school, and the individual cost of a School Resource Officer. This request has been transmitted to Tracy Blais by Frank Remley who received the request in a TRSD, Tri-Town communications meeting.
- **Woodbridge School and other surplus property sale progress:** The bid of \$265,000 has been accepted, environmental approvals achieved, and the project is waiting for ZBA permitting. The current plan includes four living units, including one additional structure, and three condominiums in the existing building. Dolores Person, who developed the Federal St. complex in Newburyport, is the winning developer. RFP's for other surplus properties previously failing to attract bidders, including the Yellow School are being reissued.
- **Projections for Transfer Station business change:** There was considerable discussion on this subject. Members were concerned that the Finance Committee had been bypassed with respect to the decision and business planning process for the transition to a contractor operated recycling center. This change could have a significant fiscal impact on the town budget going forward. While the new business model should reduce operational cost, and improve financial controls, it is not without some business risk. A number of questions evolved and it was proposed to discuss further with Tracy:
 - What was the decision process, timing, and why was the Finance Committee bypassed by BOH, BOS?
 - What is the projected \$ impact of replacing stickers for pay-per-bag on coverage of operating costs, and debt service?
 - Is there a business plan with pro-forma projections?
 - What are the conditions of the contract, and was it sole-source?
 - What are the business and operational risks? Is there a downside?
 - What financial controls will be implanted to protect cash?
 - Will the TS be open to other towns or Newbury only?
 - Is there an exit strategy?

6. Next Meeting: Tuesday, Feb 20, 2013; 7:00 pm, Library (Tentative)



**TOWN OF NEWBURY
INTEROFFICE MEMORANDUM**

TO: FINANCE COMMITTEE
FROM: TRACY BLAIS, TOWN ADMINISTRATOR
SUBJECT: 1.15.13 MEETING
DATE: JANUARY 15, 2013
CC:

Due to the fact that I will be unable to attend the meeting this evening, I provide the following information for your review:

1. **Revenue and Expense Summaries** – Expenses are tracking well as of the completion of the first 6 months of the fiscal year. But the Committee should be aware of the fact that both Hurricane Sandy and the recent storm that occurred 12/27-12/31 impacting Plum Island required a significant public safety response. I have instructed Department Managers to document the additional costs resulting from these storms in the event that they should require a Reserve Fund Transfer as we get closer to the end of the Fiscal Year.

Revenues are currently where we would project them to be at this point in the Fiscal Year and overall, are tracking well. The large Motor Vehicle Commitment historically is provided to the town from the RMV in February (expected mailing date this year 2/8) with the collection occurring in March.

The Assessors are preparing the Boat Excise bills for mailing now. Interest & Penalties is somewhat low right now, but the majority of those fees are collected after the May 1st property tax bills are due.

The PILOT includes a payment due for FY 2012 that was paid late. Fees for FY 2013 may come in under the projection due to the fact that we have changed the way we manage the transfer station. Rather than receiving permit fee revenue, we

will share in the profits of the operation in a 50/50 split. Keep in mind, our expenses in hauling and disposal will be reduced significantly.

License & Permits have the potential to come in higher than anticipated, but we have been notified that State Aid will be reduced by 1%.

Although we are all aware of the dismal interest rates on investments, I am currently working with the Treasurer to establish an investment policy to try to increase our current projected earnings.

2. **Reserve Fund Transfer Update** – As of today, no requests have been submitted to the Committee for action. As mentioned above, there may be some issue as we get closer to the year end.

The engineering costs relative to protecting the Plum Island Water/Sewer system (estimated not to exceed \$10,000) will be paid from the Betterment Account per a vote of the Board of Selectmen and the approval of Town Counsel.

The Chief of Police, who is also the Emergency Management Director, attended a MEMA briefing last Friday and will keep me apprised of any storm related relief that we may be eligible to apply for.