



TOWN OF EAST LONGMEADOW  
60 CENTER SQUARE  
EAST LONGMEADOW, MA 01028

---

**TOWN COUNCIL**

(413) 525-5400 ext. 1001

*Kathleen G. Hill, President*  
*Michael J. Kane, Vice President*      *Joseph A. Ford*  
*Donald J. Anderson*                      *Kevin M. Manley*  
*Paul L. Federici*                              *Thomas C. O'Connor*

FINANCIAL OVERSIGHT COMMITTEE MEETING MINUTES

April 16, 2019 at 12:30 P.M.  
Library Conference Room, 60 Center Square  
East Longmeadow, Massachusetts 01028

Present: Committee Chair Christine Saulnier, Jim Broderick, Council Vice President Michael Kane, Councilor Thomas O'Connor, Finance Director Sara Menard

Chair Saulnier opened the meeting at 12:30 p.m., and introduced the above Committee members, noting that Councilor Manley was absent. Chair Saulnier then conveyed the charge of the Financial Oversight Committee that the Council President has given to her. The charge of the Committee is to react to each town department's budget submission, as well as to consider the combined capital requests and Town Manager's proposed budget. The Committee will advise the full Council of its recommendation and then the Council will have a public hearing for any input from the community.

Chair Saulnier then said she had questions for Ms. Menard but first wanted to know what the deadlines were for the budget approval. Ms. Menard said the first step was for the Town Council and School Committee to have a joint meeting prior to the budget process, and this has been done. She then reviewed the remainder of the steps as outlined in the Charter, as shown on Attachment A.

Mr. Broderick referred back to the charge of the Financial Oversight Committee, and said he is unclear. Is the Committee to respond to the Town Manager? Chair Saulnier responded that the Committee is to simply advise the Council of what they see; not so much to formulate the budget, but highlight areas that perhaps are excessive, or ask questions that may not be apparent to the Town Council.

Chair Saulnier then said she had specific questions about what funds are available and asked Ms. Menard what the current balance in the Stabilization Fund. Ms. Menard replied that the Stabilization Fund balance is \$2,735,734. Mr. Broderick commended Ms. Menard for bringing that balance up to that number. Ms. Menard reported that the current balance in free cash was \$2,738,021.

Chair Saulnier asked Ms. Menard if there will be any snow and ice deficit this year. Ms. Menard said yes; however, the snow and ice deficit should be able to be funded by any surplus in departments and hopefully this won't increase the tax rate. Chair Saulnier asked if, according to the State Department of Education, there is still a requirement called "school foundation amount" which stipulates how much a community has to contribute towards education. Ms. Menard said she didn't know and that would be a better question for the school department.

Chair Saulnier then wanted to know the status of the OPEB (Other Post-Employment Benefits) liability, and Ms. Menard replied that the actuary is doing a review and should have an updated number within a

month. Ms. Menard said she can give the number for the last one, which doesn't take into account anything that has been funded last year.

Chair Saulnier wondered if there was any philosophy at the end of the fiscal year to transfer anything from free cash to the OPEB fund, and Ms. Menard confirmed that this is true. She has done this through Council approval the past couple years, and looks at it around early June. Councilor O'Connor said the OPEB fund is one of the Town's biggest expenses and it continues to increase. Ms. Menard said that OPEB covers health benefits for retirees and their spouses until death.

Councilor O'Connor asked Ms. Menard what was given to OPEB from free cash in the past, and thought the Council has approved \$100K on a regular basis. He is assuming that this won't increase nor decrease. Ms. Menard said that is correct, and she likes to supplement this liability since it grows \$3-4M a year. She added that there are only two communities in the state that are fully funded, and East Longmeadow's current balance in the OPEB trust is \$5,767,521.

Councilor O'Connor asked if they knew yet what the surplus would be from the departments for this fiscal year. Also, are we looking to turn that money back in, and do we know what that number is. Ms. Menard responded that they do not know this at this point, and there is still three months left in the fiscal year. She commented that there is expected to be surplus in utilities due to the weather. If there is any surplus, that money goes into the general fund that becomes free cash. Councilor O'Connor said the Town has not had a Human Resources Department since September that funded two positions, and what will happen to that money. Ms. Menard agreed there will be extra money there, but does not know how much that will be.

There was discussion regarding the new Stormwater Enterprise Fund, and Councilor O'Connor inquired about any savings, especially with other departments doing stormwater work in the past that is now being funded by the Stormwater Enterprise Fund. Ms. Menard explained the new mandates and requirements of the Stormwater Enterprise Fund and said there will not be any savings, and some of the stormwater expenses had been covered by capital projects in the past.

Ms. Menard reported that the unfunded actuarial liability is \$62,864,702 as of June 30, 2017, and the total actuarial liability is \$63,964,702. She said the annual recommended contribution over a thirty year amortization is \$5,986,505. The annual OPEB cost is about \$5.6M a year.

Chair Saulnier said she knows that health insurance and trash are two big budget items. She asked Ms. Menard what she thought would be the third biggest budget item. Ms. Menard responded that she would have to think about it. She then said that trash is a sizable contract and the Town is doing a lot of work to reduce tonnage. She then discussed health insurance and said employees are encouraged to take advantage of health options that are offered, which reduces costs. Health insurance in general continues to go up based on claims history, but is finally settling. In a couple years, we should see this going the other way.

Chair Saulnier asked if the Committee members had any notes or questions from the available material they had. Mr. Broderick said he had questions on the totals first, then a question on the salary increases and how they're reflected. Councilor O'Connor said he'd like to see reports for the revolving funds, showing the money coming into and leaving those accounts. He said the Department of Revenue allows funds to be moved from the revolving accounts, and he would like to explore that option to help fund capital projects or offset increases. Ms. Menard encouraged the Council to hear from those departments with revolving accounts to get an understanding of what those departments are planning.

Councilor O'Connor then asked about the funds being collected by the school and where is the balancing of those funds. Ms. Menard said she will print that out and bring it to the next meeting. Councilor

O'Connor commented that he is looking for ways to recoup any money to offset expenses. Regarding the Recreation Department, he suggested that non-residents be charged more for recreational fees.

Mr. Broderick wanted to have clarification regarding the General Fund Sources and Uses Summary, as included with the proposed budget. In looking at that, he sees projected revenue for FY20 of \$63,496,943, which is a 3.5% increase over the Town's prior year's budget. Mr. Broderick then referred to the Total General Fund Uses of \$63,020,775, which is a larger increase from the prior year, but it is also less than the projected revenue. Ms. Menard confirmed that is correct. Mr. Broderick asked if that is telling him that, based on what the projected revenue is, that revenue is sufficient to cover what the budget is proposed to be. Ms. Menard again confirmed that is true, and she used the analogy that the difference of \$476,168 would be considered profit. Based on that, Mr. Broderick asked if there was any way to reduce the expenses so that less costs would have to be charged of the public.

Mr. Broderick said framing that, and everything that everyone has proposed before it is even slimmed down, the projected revenue would cover that. Therefore, now it would be more a matter of what the Committee thinks really shouldn't be included in the proposed budget, while minimizing the increase in the tax rate. Ms. Menard stated that the proposed budget they have is before any reductions, and she and Town Manager Denise Menard have a list of areas where they think cuts can be made, or items that are not priority.

Mr. Broderick added that visually in looking at the salary budgets, it basically shows a two year increase and is reflected as a one year increase against it. It was budgeted and spent and sitting in a reserve fund and in the department's operating budget. He asked if there was a way, perhaps on a spreadsheet, to show effectively what that increase was. He would like to be able to average it so there's a more reasonable looking number. It doesn't change anything, but gives a better picture. Ms. Menard said she will provide that and send it to the Committee. Mr. Broderick said he hopes that before April 23 they have the opportunity to see what Ms. Menard and the Town Manager thought makes sense in the proposed budgets and what doesn't.

Chair Saulnier said her big concern is an increase in the tax rate that could impact the average family by a \$400-500 increase. Ms. Menard said the 2019 tax rate is \$20.55, but that was a decrease from the 2018 of \$20.94. Chair Saulnier stated she doesn't approach the tax rate working backwards. Ms. Menard added that the Town Council reduced the budget significantly and then the tax rate ended up being an even bigger reduction. Therefore, this year it's like a two year increase. Chair Saulnier commented that there is not the new growth this year that the Town had previously experienced, and confirmed with Director of Assessing Diane Bishop that it could only be possibly another \$50K. She added that the Town has enjoyed some substantial growth, but new construction is down.

Ms. Menard asked Chair Saulnier if she had a goal for the tax rate, which would be helpful to her. Chair Saulnier replied she would be happy if an increase could be limited to \$1 from the current rate. Vice President Kane said he would like to look at what absolutely has to be added to the tax rate, then build from there, and not work from the top down.

Chair Saulnier asked Ms. Menard if the contractual increases reflected in the Salary line items all relate to the wage study. Ms. Menard replied that the salary increases seen in the proposed budget include all the finalized contracts with all the unions last year, and adjustments made to any contractual employees based on the wage study. Chair Saulnier asked if the increases were done in steps or all at once, and Ms. Menard replied that it depended on the job description and how underpaid they were. Chair Saulnier then asked if the salaries seen in the proposed budget include the proposed new positions, as well, and Ms. Menard said they are there for whatever estimated grade and step the position would be and the union's rate at that time.

Mr. Broderick asked how much of the wage study targets and the actual contractual obligations are at the Town's discretion. Ms. Menard responded that the union contracts have a set increase, and the contractual increases, such as management, don't have a set increase. The management contracts all state up to a potential 2% increase based on performance, so there is discretion there.

Councilor O'Connor commented that the union contracts have all been negotiated so they won't fall in the same year again. Ms. Menard said that would be depending on the union. He then asked if the contracts for management positions have all been negotiated. Ms. Menard said she doesn't know how many are left. One is still open and is currently expired, and they are working to finalize it. For that one contract in particular the worst case was included in the budget. Ms. Menard will double check the status of the contracts and get back to the Committee.

Chair Saulnier asked how many employees are in Human Resources; there is no Director and no Assistant Director. Ms. Menard said there are those two positions plus the Benefits Manager. The Town Manager is working with a third party to outsource Human Resources for a little while.

Councilor O'Connor said he asked the Town Manager to include overall organizational charts and she has partially done that; however, he is looking for them in the same format as presented by DPW, and to include names. He also discussed being creative with bonding and using trending to do so. Chair Saulnier said there may be a source of revenue to reduce an amount to be bonded so the liability isn't as great and debt service won't go up.

Ms. Menard asked the Committee when their next meeting was and Chair Saulnier responded Thursday, April 18, at 2:00 p.m., and she would like to schedule another meeting for Monday, April 22. Ms. Menard said she will see if she can get the Town Manager's recommendations for Thursday's meeting.

Councilor O'Connor said that one way the Town can reduce expenses is to lease equipment, or lease to purchase. He suggested doing this with most of the DPW equipment, like the mini-excavator requested, and said the DPW requests add up. Vice President Kane said he spoke with other communities that were receptive to sharing equipment, and if East Longmeadow scheduled their leased equipment with other towns, it would save on the cost.

Chair Saulnier said it would be nice to know what the Town Manager and Finance Director have targeted when looking at the requests for new employees that may or not be necessary for the functions of the Town. She said the first question would be what is not being done now, since the Town seems to have a pretty efficient group of employees. She then reviewed the requested positions as shown in Attachment B.

Mr. Broderick said when he had served on the Appropriations with Chair Saulnier they had six or seven months to review and they had the opportunity to meet with the department heads. He felt it was difficult to make recommendations in the timeframe they had, and they need to rely on the recommendations of the Town Manager and Finance Director. Councilor O'Connor would like to have a representative from the school department at the Committee's next meeting, and Chair Saulnier suggested that Assistant Superintendent for Business Pam Blair come in to discuss their requests for additional positions.

The Committee discussed legal fees, and would like to know how many cases still need to be settled, since those costs will be surfacing in the future.

Chair Saulnier commented that when looking at the total amount of the budget increase, she is disappointed since the departments were told to present their budgets with a 0% increase, and put in only contractual increases. She suggested that if someone had a contractual increase, it could have been spread over more than one year for less impact. She is concerned that capital projects will have to be cut back.

Councilor O'Connor commented that at a Town Council meeting it was stated that it is up to the Financial Oversight Committee to come up with recommendations.

The Committee discussed Town vehicles, and Councilor O'Connor, who served as Chair of the Capital Planning Committee for many years, said the mindset was to limit new vehicles being purchased from departments other than public safety. The reason for that was they felt that public safety was always the first priority. He said he has never been a big proponent of providing vehicles for departments other than police or fire. Mr. Broderick feels the budget is adhering to this philosophy and the new vehicles are going to public safety and other departments are getting repurposed police vehicles.

Vice President Kane said he had recently attended a conference with police chiefs from surrounding communities in attendance. There are many components to police vehicles and he will bring documentation and photographs to a future Committee meeting. The Committee discussed how two vehicles a year would be purchased for the police department, but about five years ago, one vehicle was appropriated and they started to fall behind. The third vehicle being requested may not have been requested if they had continued with purchasing two every year. For this he personally would support purchasing a third vehicle, but still feels the budget needs to be reduced.

Chair Saulnier said their next meeting should be productive when they can get a better idea of bonding from Finance Director Sara Menard, as well as information regarding the contractual obligations, and what the recommendations are from Ms. Menard and the Town Manager. After they have that information, Chair Saulnier feels they can finalize at the Committee's meeting on Monday, April 22.

Chair Saulnier made a motion to adjourn at 2:10 p.m. Councilor O'Connor seconded and all were in favor.

Respectfully submitted,

Jeanne R. Quaglietti  
Assistant Town Clerk

# ATTACHMENT A

## **ARTICLE 6 FINANCIAL AND FISCAL PROCEDURES**

### **Section 1. Annual Budget Process**

The Town Manager shall set policy and procedures for the preparation of the town's budget. The Town Manager will determine the schedule for budget preparation within the parameters set by the Massachusetts General Laws. All departments of the town shall follow the schedule and procedures for budget preparation as determined by the Town Manager. The Town Manager shall prepare and submit the budget to the Town Council. The Town Council shall hold 1 or more public hearings on the proposed budget. Copies shall be made available for public review prior to the public hearing as outlined in town bylaws.

The budget process shall include, at a minimum, the following steps:

Step 1. The President of the Town Council shall call a joint meeting of the Town Council and the School Committee prior to the commencement of the budget process to review the financial condition of the town, revenue and expenditure forecasts and other relevant information to be presented by the Town Manager in order to develop a coordinated budget.

Step 2. The Town Manager and the Town Council shall meet to discuss the Town Council's priorities for the upcoming fiscal year and discuss the budget format. The Town Manager will provide the Town Council and the School Committee a copy of the draft budget by April 1.

Step 3. The Town Manager shall meet with the Superintendent of Schools to discuss the upcoming fiscal year budget prior to the submittal of the proposed operating budget.

Step 4. By May 1, the Town Manager will submit a proposed operating budget for all town agencies to the Town Council, which shall include the school budget as adopted by the School Committee, for the ensuing fiscal year with accompanying budget message and support documentation. The budget message submitted by the Town Manager shall explain the budget in fiscal terms and in terms of work programs for all town agencies. It shall outline the proposed fiscal priorities of the town for the ensuing fiscal year, describe important features of the proposed budget and indicate any major variations from the current budget, fiscal policies, expenditures and revenues together with reason for such changes. The proposed budget shall provide a complete fiscal plan of all town funds and activities and shall be in the form the Town Manager deems desirable.

Step 5. The Town Council shall adopt the budget with or without amendments by June 1.

### **Section 2. Expenditures in Excess of Appropriations**

No official of the town, except in the case of a declared emergency as stated in Section 31 of Chapter 44 of the General Laws involving the health and safety of the people or their property,

# ATTACHMENT B

## FY 2020 Position Requests

Department	Title	Total Salary	Salary Increase to FY 20 Budget	Benefits	Total Cost to FY 20 Budget	Total Overall Cost	Union/Non-Union	Comments
Accounting	Procurement Manager	69,000.00	69,000.00	25,230.26	94,230.26	94,230.26	Non-union	
Collector/Treasurer	Administrative Assistant	17,865.51	17,865.51	24,488.81	42,354.32	42,354.32	GR B Step 2/3	Currently 19hrs/wk, Requesting 18.5hrs more a week to become 37.5hrs/wk
IT	Help Desk Administrator	53,777.85	53,777.85	25,009.54	78,787.39	78,787.39	GR E Step 1	
IT	Summer Technician	3,600.00	3,600.00	326.20	3,926.20	3,926.20	Non-union	Full time for 8 weeks only.
IT	Summer Technician	3,600.00	3,600.00	326.20	3,926.20	3,926.20	Non-union	Full time for 8 weeks only.
Town Clerk	Clerk's Assistant	17,676.56	17,676.56	530.31	18,206.87	18,206.87	GR B Step 1	Requesting 18.75hrs/wk
Police	Captain	93,780.71	46,890.36	38,633.81	85,524.17	133,855.05	Non-union	FY20 is for 6 months only. Benefits includes educational incentive, holiday pay, and narcan stipend. Position would be eligible for longevity. Position is not civil service.
Fire	Deputy Chief	95,000.00	80,948.00	26,103.50	107,051.50	121,307.26	Non-union	FY20 is for 10 months only. Benefits includes clothing allowance.
Building	Department Assistant	43,796.85	43,796.85	24,864.81	68,661.67	68,661.67	GR C Step 4	
School - MB	Social Emotional Teacher	68,965.00	68,965.00	25,229.75	94,194.75	94,194.75	Unit A Union	
School - HS	Social Emotional Teacher	68,965.00	68,965.00	25,229.75	94,194.75	94,194.75	Unit A Union	
School - MS/MV	Instructional Technology Specialist	64,715.00	64,715.00	25,168.13	89,883.13	89,883.13	Unit A Union	
		600,742.48	539,800.13	241,141.06	780,941.20	843,527.83		

Note: Benefits includes assumption of family plan health insurance on our most used plan, life insurance, workers' compensation, retirement and medicare for full time position requests. For part time position requests, it includes workers' compensation and medicare.