



TOWN OF EAST LONGMEADOW
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TOWN COUNCIL

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FINANCIAL OVERSIGHT COMMITTEE MEETING MINUTES

May 3, 2019 at 1:00 P.M

Library Conference Room, 60 Center Square
East Longmeadow, Massachusetts 01028

Present: Committee Chair Christine Saulnier, Jim Broderick, Council Vice President Michael Kane, and Council President Kathy Hill

Chair Saulnier opened the meeting at 1:00 p.m., and made note that ELCAT was taping the meeting,

Regarding the approval of the April 16, 2019 minutes of the Financial Oversight Committee Meeting, Mr. Broderick suggested one minor change and a grammatical correction.

Motion: Mr. Broderick made a motion to accept the Financial Oversight Committee minutes of April 16, 2019 with amendments. Vice President Kane seconded and all were in favor.

Chair Saulnier announced that the Committee would be reviewing the line items budgets and determine which they would want to discuss further versus them being satisfied by the requests, and therefore, would not need further discussion. (The following departments in bold are those that had some discussion and/or were marked for further discussion.)

111 – Town Council

President Hill said that much of the salary amount budgeted represents stipends for the Council members. The non-salary item amount had been reduced from the prior year by \$2K because that line item is for professional development for the Council, and over the past two years there hasn't been a need to use the amount that was budgeted. Mr. Broderick commented that the latest budget amount for Town Council submitted doesn't agree with the most recent budget, but there was no question in general for that department.

At this point Chair Saulnier invited Finance Director Sara Menard to join the discussion, and suspended the line item budget review. Ms. Menard reviewed two handouts she brought for the Committee. The first was a spreadsheet showing the revolving funds with the revenues, expenses and balances, as requested by Committee member Councilor O'Connor.

Regarding the Solid Waste Disposal revolving fund, Ms. Menard said as mentioned in a previous meeting, the trash contract expires in a year or so, and the Health Department is applying for a grant to purchase barrels for the new contract. She said the grant can't cover the whole amount, so the intent is to use the majority of the balance to reduce the cost of the barrels to the taxpayers. This is why the balance is growing, and the Health Director can come in to talk to the Committee for further details if necessary.

President Hill said the waste disposal issue is a concern for everyone in the country, and she received a letter from the Department of Environmental Protection stating that the new tonnage fee, which is currently \$75, will be going up to \$90-\$100. She said that she is sure that the amount for the Health Department's budget next year will reflect that.

Ms. Menard then referred to the Council on Aging revolving fund which has a current balance of \$59,743.40. The Council on Aging came before the Town Council a couple months ago to ask to repurpose the beginning balance for all the Council on Aging's events. Mr. Broderick noted that for FY19 and FY20 the budgeted expenses are much higher than the anticipated revenue. He asked Ms. Menard if they plan on bringing down some of that balance. Ms. Menard said yes, she has discussed this with the Council on Aging, telling them they need a plan. He also asked if that balance of \$59K is really needed to support the activities. Ms. Menard said this year they want to use \$20K of that for programming, and eventually the programs will have to be self-sustaining.

Regarding the Health Department's revolving fund, Ms. Menard said this account is only being used for the Sharps Program. This program is very well received and won't offset the Town's operating budget.

Ms. Menard addressed the Recreation Department's revolving fund and said as discussed in the past, this account falls under different rules. It is not one that has to be approved for the budget, but she is providing the numbers for transparency purposes. All the money in this account is generated from user fees, and there are some part time salaries there, but not full time. This account gets complicated because basketball and baseball don't run during the same seasons, and those programs are hard to look at for a point in time. Also, the revenues and expenses for Pine Knoll (camp) cross fiscal years.

Ms. Menard said two years ago she separated the recreation programs out to their own accounts to make it easier to manage the funds. Also, Donna Prather is doing a great job as Recreation Director by isolating each program and their fees.

Chair Saulnier asked Ms. Menard if there is a cap that can be spent under Chapter 44, and Ms. Menard replied no. Mr. Broderick commented that it looks as though the Recreation revolving account is running fairly consistent and the estimated revenue and expenses are almost one to one or better.

He asked if that amount is necessarily what is required in the reserve fund balance to continue to support the activities. Ms. Menard said if there is any amount that is extra, they can look at each of the programs. She said there's money put aside for items such as refurbishing the football helmets, or to refinish the pool. She added that it's hard to say what is considered "extra", and you are allowed to carry over some money to the next year.

Mr. Broderick then asked what Ms. Menard's plans are in terms of using the balance. Ms. Menard said Ms. Prather had a better handle on how things are going and has a lot of plans in place. Ms. Menard can work with the Recreation Department to see how much might be left over or what they have it earmarked for. There was discussion about the newly formed committee to help with improving the Town fields, and there are plans in the works but nothing solid.

The second handout Ms. Menard reviewed was the Rental revolving fund for the school for all their rentals. This spreadsheet contains rental income and expenses for: recreational school use; Willie Ross School for the Deaf; St. Michael's; and the Jewish Community Center. Ms. Menard said the school use fees paid to the Recreation Department go into this fund. This fund is always in the positive a little and usually balances out. It was created under Massachusetts General Law and follows Department of Education rules.

Ms. Menard said she is still working on the Committee's request to show the reserve fund by department reflecting the salary increases. She hopes to have this by Wednesday, May 8. Chair Saulnier commented that for Town union employees there are staggered salaries even for FY20. They may have been \$16.00 per hour and then in December they are increased to \$16.25. Ms. Menard said the negotiated contract allowed for a percentage increase on July 1, and again on January 1. The salaries will also show changes for increases shown on an anniversary date. Ms. Menard also commented that there were previously six steps for union employees, but the Collins wage study has recommended twelve steps. She noted that because of this level of complication it has taken her a long time to provide an understandable format and she has to manually pull the figures together for the requested salary information.

Chair Saulnier said she had sent a question to Ms. Menard that morning wanting the grand total of the financial impact for the FY20 for the minimum wage increase, the settlements of the union contract, and the Collins wage study. Ms. Menard said she will discuss this request later with Chair Saulnier so she fully understands the request.

Ms. Menard said the Committee had asked what the Town Manager is recommending for cuts, and that can be seen in the budget that was presented on April 29.

The Committee had also asked for a projection of the bond costs for the roofing at Meadow Brook Elementary School, and Ms. Menard distributed that information to the Committee. She said this information not only includes the bonding for the roof, but also all the items recommended to be bonded in the April 29 budget proposal.

Ms. Menard reviewed the capital projects to be bonded, and said they will receive a better rate and better bond offering if many things are bonded together. She added that when they bonded last time they actually did significantly better than their projections.

Ms. Menard then reviewed the amortization table for each of those bonds, which also showed what the principal and interest are, as well as the projected payments for each fiscal year. Mr. Broderick asked if 3.75% is the current estimate for the tax exempt rate, and Ms. Menard replied yes. Mr. Broderick then asked if the state allowed the Town to amortize a new roof for over thirty years. Ms. Menard said if they were to replace it over a shorter period of time it would impact the Town's bonds, and she wouldn't do that. She added that when it gets closer to bonding, she, the Treasurer/Collector and the Town Manager will meet with the financial advisors and the bonding agencies to work through what makes the best sense.

Mr. Broderick said between the original budget and the April 27 budget there's an increase of \$65K in debt service for short term borrowing, and asked what that was. Ms. Menard said it is the cost of the bonding. The last time they bonded they took closing costs and estimated the \$65K based on this bond. Also, there will be at least one interest payment made for all of them in the fiscal year. Mr. Broderick asked if you're able to build the cost of bond into the bond, and Ms. Menard said that can be done if you get a premium. She would rather put the cost in and overestimate so as not to be short. Mr. Broderick asked if it costs \$65K more to bond for FY20, and Ms. Menard said yes; if they did bond everything, the worst case scenario would be \$60K for interest only on the first payment. The rest of it would be closing costs.

The next item Ms. Menard addressed was that Chair Saulnier was hoping for no more than \$1 increase for the tax rate. In order to reduce the budget to be no more than a \$1 increase, it would take another \$1,040,000 reduction to get the tax rate to \$21.55. She added that it would also be helpful to know if the goal is to bring the tax rate below \$22.00, then you would only need to reduce the budget by \$140K.

Chair Saulnier referred to an article that stated East Longmeadow had the 20th highest tax rate out of the state's 351 communities. Ms. Menard commented that the article only focused on the tax rate, and did not

focus on what types of services are provided, nor does it compare school districts. These factors, as well as population, make a big difference.

Ms. Menard said the Committee had asked for information regarding any contracts that are not yet finalized, and she said that question would be better for the Town Manager to answer. Ms. Menard also referred to a request from Councilor O'Connor for a full organizational chart in the same format as DPW's chart that includes names. She thought this was intended for next year's budget but will confirm this with the Town Manager.

Other requests made of Ms. Menard were to think of more creative ways to fund projects. Ms. Menard said if the Committee saw the budget presentation on April 29, they would have seen references to using mitigation funds for road improvements. Also, relative to the bond market, should they bond now or wait, Ms. Menard said it's a lot of guessing. Right now the rates are very good, even though a lot can happen outside the next couple months.

Ms. Menard was also asked to consider lease to purchase versus purchase for the DPW's request for a mini-excavator. She said the Town Manager can go into more detail; however, in talking with the DPW, she doesn't believe it's a realistic option for the specific piece that was requested in the budget.

Regarding the Committee's question to consider sharing IT's server with other communities, at this point it was not one of the items that was recommended on the FY20 budget. Therefore, Ms. Menard didn't go any further with it, and it's not impacting the budget.

Chair Saulnier asked Ms. Menard how soon she could have the segregated grand total of the salary information she requested. Chair Saulnier mentioned that Ms. Menard said Wednesday, May 8, and was hoping the Committee could have it by then. After discussion, it was agreed that the information the Committee wants is the segregated grand totals of the town employees' salaries that has impact on the FY20 budget and what it is going to cost the taxpayers.

Mr. Broderick said he noticed in the most recent budget submitted there was a \$25K increase in DPW salaries. He asked if that was the \$25K approved at a Town Council Meeting to help improve the field, and Ms. Menard replied yes. There was also \$20K approved by Town Council for fertilizer to help with fields. Mr. Broderick then asked about funds possibly coming out of the recreation revolving account for this. Ms. Menard explained that \$25K was put in highway salaries, and \$20K in highway non-salaries for the field fertilizer. They then reduced DPW utilities by \$20K, and reduced DPW building maintenance by \$25K for a net zero impact.

Ms. Menard wanted to clarify that the budget originally submitted was what the departments submitted. Ms. Menard and the Town Manager made some cuts, but the departments did not resubmit. If the cuts go forward, the budget will be redone. Ms. Menard said some of the numbers may be higher than what was actually on the budget presentation. She said you may also notice a difference because when her department recalculated the salaries there might have been an error due to a wrong decimal place or something similar. There also was a slight change in the formula, and especially with all those steps it gets a little bit complicated.

The Committee then resumed reviewing the line items to mark for further discussion.

132 – Reserve Fund

Mr. Broderick said he would like to see the transactions for the reserve fund; where we are right now and what came out of it in the course of this fiscal year and the last fiscal year. He would like to see how it was used, although he doesn't have an issue with the budgeted amount.

135 – Town Accountant

Chair Saulnier said she had questions for this department. Mr. Broderick confirmed that the originally requested full time position is now changed to part time.

145 – Collector/Treasurer

Chair Saulnier said she'd like to mark this for discussion since the requested part time position to full time is still reflected.

151 – Legal Services

Chair Saulnier asked if the Town Attorney is available to all departments. Ms. Menard replied that a department must first go to the Town Manager to ask to contact the Town Attorney, or to see if there are other resources; therefore, all requests for legal services from the Town Attorney are vetted through the Town Manager. Mr. Broderick felt, in looking at the FY18 Actuals, the budget request for FY20 didn't seem unreasonable.

152 – Human Resources

Mr. Broderick asked how many people were in the Human Resources Department. Ms. Menard replied that the department has three positions: the director, an administrative position, and the benefits manager. The benefits manager has been in place for quite a few years, and the other two are vacant. She added that the Town Manager is in discussions to outsource those two positions. Mr. Broderick asked if those two positions would be filled by July 1, and Ms. Menard said that would be a better question for the Town Manager. Chair Saulnier asked Ms. Menard if the budgeted money would be used if they outsourced and Ms. Menard said yes. The Committee marked Human Resources for future discussion.

155 – IT

Chair Saulnier asked if all the software has been transferred to IT's budget. Ms. S. Menard everything has been moved to IT except for dispatch, since their software was acquired through a grant. Chair Saulnier marked this for further discussion since the Committee just received the detailed information for their capital requests.

160 – Town Clerk

Chair Saulnier marked the Clerk's budget for further discussion.

175 – Planning, Zoning, Conservation

The Committee questioned the increased amount for legal notices for the Master Plan, and it may be a matter of which newspaper they are being published in. There will be significant amount of notices to be published for the Master Plan, and Mr. Broderick suggested contacting the Director of Planning and Community Development to ask about these expenses.

210 – Police

Ms. Menard explained the full time position requested for six months is being offset by a past request for a receptionist. The receptionist had been removed because at the time the budget was done, they were considering joining with Hampden for dispatch services. Now dispatch is in house, so the receptionist isn't needed. The Committee agreed to mark this budget for further discussion.

220 – Fire Department

This budget was marked for further discussion even though the full time position originally requested for ten months is now being asked for three months.

241 – Building Department

Because the full time position requested is still in the budget, the Committee will discuss this further.

299 – Dispatch

Mr. Broderick said this is a new expense for FY19 and asked if this is offset by anything. Ms. Menard said in the past, dispatch was done by police officers, and now with civilian dispatch we have an additional officer available to be out patrolling. There is no dispatch training needed for officers. You don't have some of the overtime related to our officers having to go to dispatch training because it's a completely separate department under completely different rules. It's civilian dispatch instead of a police union dispatch.

Chair Saulnier questioned a clothing allowance, and Ms. Menard said the dispatchers have polo shirts to keep everything uniform. These are the people who greet the public.

Vice President Kane said he was following up with South Hadley's dispatch since, historically, they are very similar to East Longmeadow. South Hadley is currently running one dispatcher per shift, supervised by a shift manager.

Chair Saulnier marked this budget for further discussion, and noted the substantial investment the Town makes in public safety, as well as the 31.8% increase in their budget.

519 - Health

Mr. Broderick asked about the makeup of the department, and Ms. Menard explained that there are several individuals in the Health Department and they were all impacted by the wage study. There is also a public health nurse on call for any kinds of cases that needed her expertise. Chair Saulnier suggested they may ask more questions of the Health Director.

421 – Administration and Highway

Chair Saulnier asked about the past discussion of a \$120K mower and \$34K for trimmers. She said there was a handout at the Town Council meeting, and DPW is asking for two more employees. Ms. Menard had not seen the referred to document and recommended having the DPW Superintendent come in to discuss this. Mr. Broderick said there is now \$25K for extra help for the fields which nets into an 8% increase in the salaries. He said perhaps that can be answered by Ms. Menard's salary calculations by showing how that was worked up. Ms. Menard said in the summer they have seasonal help and a lot of those employees work at minimum wage and would be impacted by the increase in minimum wage, in addition to all the union negotiations.

Chair Saulnier said throughout public works there was no change from the previous budget. However, Utilities now shows \$20K in solar credits, and Mr. Broderick said Ms. Menard had mentioned how that had helped offset the \$25K for the salaries for the fields. Chair Saulnier said they would have further questions for just the equipment for this budget.

430 - Trash

Ms. Menard said that this line item is based on tonnage, and the Health Department has done a big push on increasing recycling which reduces tonnage. Mr. Broderick asked if the cost goes up every

year per the contract, and Ms. Menard said yes it does. The Committee agreed there's not much they can do about that, and Chair Saulnier said the contract will be renegotiated.

610 – Library

The non-salary amount is dependent on a grant, and the salary increase was assumed that it will be explained by Ms. Menard's calculations. It was felt the increase was not enough to question.

630 – Recreation

Chair Saulnier said there was a slight change in the budget from the original. Mr. Broderick asked Ms. Menard how the staff was reorganized, which is one of the notes for the increase in the salary line. Ms. Menard said the last year the Town Council approved the new position of a non-union deputy director. This position is second in command and can be in place of the director at events. With that new position there was some shuffling around which opened up a position and some employees changed the job that they were in. One non-union employee went back into the union which impacted the step they were in, as well as their longevity and seniority. Ms. Menard said it is a combination of the full year of that new position and the change of the existing positions.

Mr. Broderick suggested using the surplus of the recreation revolving fund to absorb some of the salary increase, and asked if there was a legal way to do that. Ms. Menard said it could be done for one time only.

Chair Saulnier asked Ms. Menard about the phenomenal increase in the property premium for insurance coverage referring to the line item for this, and was questioning the 36% increase. Chair Saulnier also said the Retirement Assessment in that insurance grouping was higher and she thought some of that comes from the enterprise funds for those employees under that jurisdiction. Ms. Menard replied that was correct; they allocate from the enterprise funds so that reduces that total. She added that they do make every effort to make the payment in one lump sum to get the additional discount, and the projection is with that discount.

To clarify, Mr. Broderick asked is that what they have to pay each year to fund pensions to retirees, and Ms. Menard agreed. He then asked if they are fully funded, and Ms. Menard responded no, but hopefully in 2025 they will be fully funded.

Chair Saulnier asked if the Town has the same vendor for insurances and thought there was a substantial increase for this year. Ms. Menard said that Massachusetts Interlocal Insurance Association (MIIA) is the Town's broker. She commented that some of the changes in the renewal policy were based on claims history. However, the Town receives participation credits that reduce the bill and the Town also gets dividends. Ms. Menard said she did not budget for those credits or dividends since they are not a guarantee.

Mr. Broderick asked where the Community Preservation proposed amount of \$264K shows in sources, and shouldn't it come from the Community Preservation revenue. Ms. Menard said she will check and get back to them with the answer. Theoretically, it should net to zero.

Chair Saulnier said Ms. Menard commented previously that there are some outstanding appeals, and Ms. Menard said they have enough in the overlay to cover all of those. Chair Saulnier asked how far back the overlay accounting goes with the cumulative amount. Ms. Menard said she doesn't remember and they are not required to keep it separated by year. Chair Saulnier then asked what the total amount would be in the overlay, and minus the liabilities, what would be available to transfer to

the general fund or to use. Ms. Menard said at this time there is nothing that she and the Director of Assessing are comfortable with recommending a release of because of those outstanding cases.

Regarding the State Charges, Ms. Broderick asked if there was one particular area that increased more to come up with the \$45K increase. Ms. Menard thought the Veterans had a bigger increase than usual, but she will confirm that at the next meeting.

Chair Saulnier then thanked Ms. Menard for her help and announced the next Financial Oversight Committee meeting is Monday, May 6 at 10:30 a.m.

Motion: Mr. Broderick moved to adjourn at 2:55 p.m. Vice President Kane seconded and all were in favor.

Respectfully submitted,

Jeanne R. Quaglietti
Assistant Town Clerk