

TOWN OF PEMBROKE  
APPROVED  
ADVISORY COMMITTEE MINUTES  
25 November 2019

Linda Peterson, Chairperson opened the meeting of the Advisory Committee in Pembroke Town Hall at 7:00PM on 25 November 2019. Also present were Stephen Walsh, Sandra Beaton, Matthew Norton, Patrick Chilcott and Tim Landy

**Absent:** Kelly Seifert and Maria Karas

**Guest:** Michael Buckley, Town Accountant; Kathleen McCarthy, Town Collector/Treasurer; Catherine Salmon, Chief Assessor

**PACTV is recording tonight's meeting**

Linda Peterson opened the meeting and welcomed Michael Buckley, Kathleen McCarthy and Catherine Salmon.

- Mike distributed a proposed FY21 budget process timeline. The FY21 budget process kicked off in October with the distribution of budget worksheets to all department heads due back by November 18<sup>th</sup>. All but two department budget worksheets have been returned.
- Michael, Kathleen and Catherine met with the Board of Selectmen to review the Financial Policies established in 2016 and re-adopt guidelines giving them the basis for moving forward with the budget process. Patrick Chilcott asked what are the financial guideline policies. Mike said they are Best Practices established from the MMA (Massachusetts Municipal Association).
- Mike distributed the "Reserve Fund Guideline Measurements" document.
- **Undesignated Fund Balance** (Free Cash) is 5% of budget - not a mystery or a surprise; cannot spend more than Town Meeting appropriates, except for Snow & Ice. Departments cannot spend excess of their budget and must return excess. The excess is returned to the General Fund. Mike said the tax levy is at 2.5%. Local receipts are the only thing we have control over; pulled back on estimate. Patrick asked "hypothetically" about the 2% UFB, if departments came in under their budget with no surprises, would it become free cash. Mike said yes, by law, town meeting decides where this money goes. Stephen Walsh said, so if we hold 50% of this money we would have a savings account to build off of for example, the Recreation Center. Patrick, "what I'm hearing Mike say we are holding 1.3M in reserve". Mike said only the town manager can spend. FY19 we have \$1,087,749 in Free Cash and have set aside \$500,000 for Snow & Ice. Historically, we have set aside \$100,000 for Snow & Ice. Tim Landy said he likes the idea of a bylaw so money goes into same account. Mike said we also have long term obligations to fund.
- **Stabilization Fund** – 3% of budget
- **Overlay Reserve/Board of Assessors** – target of \$350,000 – Cathy Salmon explained this comes from property tax exemptions and abatements. They look at it every year.
- **Reserve Fund** .1% of budget – Mike said they are looking to increase to \$65,000 for FY21.
- **Compensated Absences** 2% of town payroll – Mike said we'll see some high earners leaving in the next couple years. Stephen Walsh asked if there is a conversation to push back on that. Mike said there were caps put in place last contract from 1-3. This is monitored every year.
- **OPEB Fund** – cost for health insurance for future retirees. It's taken 70 years to build and will take another 35 years to build up. It's a measurement goal.
- **Unemployment Fund** – We're self-insured; do not pay the tax. Starting a U/E fund, the Board of Selectmen agreed with us to pull back on what we budget every year.
- **Workers Compensation Fund** – We took a good look at w/c and are building a reserve. Patrick asked if there is a number we want in there as a "stop gap". Mike said at this point, now we can start reducing.
- **Public Safety IOD Fund** – Stephen Walsh said there is a new state tax on police officers going to the academy starting July 1<sup>st</sup>. He also said the state is talking about building a safety trust fund for municipalities that build combined buildings, i.e. Police/Fire. State would pick up 75%; if separate

<sup>1</sup> The Chairperson did not vote on this motion

buildings, state would pick up 40%. The bill is currently going through legislature before next session. Steve is keeping an eye on it.

- **Plymouth County Retirement Actuarial Report** – fully funded until FY29.
- Mike explained that these are measurements, fiscal policies adopted by the Board of Selectmen. What do we do? Free Cash 1M, financial rolling, long term liabilities. What approach shall we take?
  - Snow & Ice - \$500,000
  - OPEB \$- 100,000
  - Vacation buyback - \$125,000
  - U/E - \$25,000
  - Stabilization Fund - \$50,000
- Patrick asked if the vacation buyback could be added to department budgets for them to manage. Mike said anytime you do that you lose control and it would be a line item you would have to fund every year.
- Matt Norton asked about Returned Appropriations. Mike said it's mostly fixed costs; surplus that came from Kathleen McCarthy's investment properties, health insurance, Veteran's factor. Cathy Salmon looks every year at excise tax; been flat for the past two years. Linda said people are holding on to their cars longer. Cathy agreed.
- Patrick Chilcott noted that Free Cash is going down year after year. Do we have a feel of what's going on? Mike referred back to the financial policy; we want to have 5% of budget in undesignated fund. Advisory and Board of Selectmen need to decide: do we build up reserve or spend on services. Linda asked about DOR Adjustments. Mike said it's mostly timing of grants and police details.
- Mike handed out the FY21 Operating Budget Worksheet listing four categories: Tax Levy, State Aid, Local Receipts and Other Available Funds.
- **Tax Levy** - Cathy Salmon said that the Tax Levy is about 60% of budget paid by property taxes. Every year we're allowed to increase 2.5%. Estimated new growth; projected higher in FY21. She looks at current trends and what's new in town. As an example with the approval of cluster zoning, they're anticipating possible building to begin in the spring. There is no override for FY21 but have debt exclusions of 1.8M. A total for this category is 4.4M.
- **State Aid** –Mike said we have a revenue estimate for Chapter 70; receiving \$30 per student. Veteran's Benefits; state reimbursement is less. Veteran's exemptions as is. Charter school assessment might change with legislature reform.
- **Local Receipts** – 60% is from excise tax; declining surplus. Linda asked about the meal tax and such establishments that sell prepared food but not charging meal tax. Mike said the Board of Selectmen checked into that. We're doing everything we can to make sure the DOR collects this tax. Kathleen McCarthy is doing a good job collecting back taxes. Stephen Walsh asked about the Cemetery line item, some towns are privatizing; are we charging enough. Mike said this is one of our essential functions; maybe 2-3 employees assigned to the Cemetery. Mike suggested Advisory have a discussion with the DPW Director and Town Manager.
- **Other Available Funds** – Patrick asked about the Ambulance Fund going down. Mike said the Fire Chief comes up with the number; paramedic costs are included and he is also paying for two firefighter salaries from this fund. Mike suggested Advisory prepare a list of questions for the Fire Chief. Kathleen McCarthy explained that the Perpetual Care fund stays there and the town can draw off the interest. Patrick asked if this spreadsheet could be layered with previous years. Mike said Tim Landy did ask him about this and yes it can be done. Stephen Walsh asked if Advisory could receive a monthly or quarterly report of revenue coming in and expenses going out. Mike said he looks at revenue and expenses separately but could do that.
- Patrick asked Mike about the next date on him preliminary time line, 2/4/20 meeting with Town Manager budget presentation. Mike suggested Advisory create their own timeline and schedule budget meetings with departments. Advisory can reach out to Ed Thorne, Town Manager to get a copy of the department budget worksheets. Linda said she will give Ed a call.

<sup>1</sup> The Chairperson did not vote on this motion

- Mike said they're ready to review shared costs and fixed costs with Advisory. Stephen Walsh asked about Health Insurance and if we should bid out for 3 years versus year to year. Mike said Mayflower does get prices from BC/BS and HPHC once a year. The relationship has been excellent and they're doing a good job; we're in a good spot. We expect to have the number from Mayflower March 11<sup>th</sup>. The next steering committee meeting is scheduled for February 5<sup>th</sup>. Kathleen McCarthy attends every meeting. Advisory suggested Mike, Kathleen and Cathy return to discuss shared and fixed costs on Monday, December 9<sup>th</sup> at 7:00pm. Stephen Walsh asked if Advisory could get a copy of the financial guideline documents discussed tonight. Kathleen will forward to Donna for distribution to committee members.

Linda thanked Mike, Kathleen and Cathy for coming.

The committee discussed the best way to manage the warrant and setting a timeline for both the warrant and FY21 budget. Tim said he reviewed the town bylaws and noted that when things should happen are poorly defined suggesting Advisory write a By-Law with dates. He distributed a document with suggestions to specify dates the warrant should open and close. Advisory needs a timeline to start a conversation and build a partnership with the Town Manager.

Linda asked the committee to read the response from Town Council regarding the appointment of Matthew Rushing to Advisory. Town Council explained that he would be considered a "municipal employee" as defined at G.L. c.268A, §1 and he would be subject to the prohibitions and restriction of the statute. Section 19 prohibits a municipal employee from participating in any particular matter in which he, his immediate family (including a spouse), or his business or employer has a present or reasonably foreseeable financial interest. The State Ethics Commission interprets this prohibition to apply to any financial interest, large or small and positive or negative. He would need to recuse himself from that particular part of the discussion. Therefore, Mr. Rushing would be able to participate in the vast majority of Advisory Committee deliberations. He would be advised to file a disclosure with his appointing authority (Board of Selectmen) pursuant to Chapter 268A, §23 9b) (3). The committee also reviewed Matthew Rushing's email that he spoke to a lawyer from the state ethics commission and she said as long as I either abstain from or file the Potential conflict of interest form for any recommendations related to his wife has a financial interest in, he would be eligible to be on the Advisory Committee. Tim said his son also works for the town. Matthew Norton said he is comfortable with him on this board and he is qualified. Sandra Beaton said all with conflicts should sign a disclosure. Linda said it's a mutual a decision. Advisory will add this vote to its December 9, 2019 meeting agenda.

Upon motion moved by Patrick Chilcott and 2<sup>nd</sup> by Matthew Norton the meeting minutes of November 18, 2019 as amended was

**VOTED<sup>1</sup>:** To accept the meeting minutes of November 18, 2019 as amended. Patrick Chilcott, Matthew Norton, Stephen Walsh, Sandra Beaton and Tim Landy supported the motion.

The next meeting is scheduled for Monday, December 9, 2019 at 7:00pm.

Advisory adjourned at 9:10PM.

Respectfully submitted,

Stephen Walsh, Clerk

<sup>1</sup> The Chairperson did not vote on this motion