



## Natick Finance Committee

Pursuant to Chapter 40, Section 3 of the Town of Natick By-Laws, I attest that the attached copy is the approved copy of the minutes for the following meeting:

**Town of Natick Finance Committee**  
**Meeting Date: September 30, 2014**

The minutes were approved through the following action:

Motion:	Approval
Made by:	Jerry Pierce
Seconded by:	Cathy Coughlin
Vote:	10.0.0
Date:	1-13-2015

Respectfully submitted,

Bruce Evans

Clerk

Natick Finance Committee

**NATICK FINANCE COMMITTEE MEETING MINUTES**  
**September 30, 2014**

**Natick Town Hall**  
**School Committee Meeting Room, Third Floor**

This meeting has been properly posted as required by law.

**MEMBERS PRESENT:**

James Everett, Chairman  
Jimmy Brown, Vice-Chairman  
Bruce Evans, Clerk  
Jonathan Freedman  
Edward Shooshanian  
Christopher Resmini  
Patrick Hayes  
Cathleen Collins (left 9:45 p.m.)  
Jerry Pierce  
Mark Kelleher  
Cathy Coughlin (arrived 6:52 p.m. left 9:05 p.m.)  
Michael Ferrari (arrived 6:43 p.m.)

**MEMBERS ABSENT:**

Mari Barrera  
Karen Adelman-Foster  
John Ciccariello (resigned)

**ATTACHMENTS:**

- A. Agenda for this evening's meeting
- B. Article 22: Unpaid Bills
- C. Article 37: Facilitate historic building preservation in Natick through amending Zoning By-Laws
- D. Article 24: Requests, Community Services Department  
Memo from Jemma Lambert – re Citizen Leadership Academy
- E. Article 25: Transfer to General Stabilization Fund
- F. Article 26: Transfer to Operational/Rainy Day Stabilization Fund
- G. Article 27: Transfer to Capital Stabilization Fund
- H. Article 28: Transfer to Inflow and Infiltration Stabilization Fund

- I. Article 29: Transfer to Stabilization Fund – One-to-One Technology Stabilization Fund
- J. Article 30: Transfer to Other Post-Employment Benefits (OPEB) Trust Fund
- K. Memo Free Cash Certification and Anticipated Use

Meeting called to order at 6:34 p.m.

The Chairman, James Everett, reviewed the evening's agenda and the materials included in the handouts.

**ANNOUNCEMENTS:**

Tonight's agenda and all the exhibits are on the Natick Town website. For those wishing to fallow along just go to the calendar click on today's date, click on the agenda and then the link to view the Finance Committee's Agenda and meeting materials.

Thursday's meeting will start at 7:00 p.m. and then our next scheduled meeting after that is not until the 16<sup>th</sup> of October.

For those at home if you want to be on the distribution list for future schedule changes please email me at [Fincom@natickma.org](mailto:Fincom@natickma.org) or click on my name on the Finance Committee web page.

For the Committee, don't forget to send me a test of your Natick email address so I can finish the distribution list. Another thing is the book is underway. My intention is to draft each one of them and send it to the chair and vice chair of the appropriate sub-committee for their review. I may also look for a couple of volunteers to help proof the whole book once it's drafted. One other announcement I found out tonight that Karen has had to resign due to family issues so we're down to 13 but we still need 8 in order to have a recommendation. The difficulty with that is that the sub-committee for the By-Law sub-committee is she was the chair and John Cicciarello was the vice-chair. So there will be some changes to that sub-committee.

**PUBLIC CONCERNS/COMMENTS:**

Martha White, Town Administrator: I just want to remind Finance Committee members and others about the seminar being held about Conflict of Interest Law. This seminar is for employees and Board and Committee members. The State Ethics Commission will conduct this seminar on Wednesday, October 15, at 7:00 p.m. in the Town Hall second floor Selectmen's meeting room. We are asking that people RSVP to Ms. Packer the Town Clerk at [dpacker@natickma.org](mailto:dpacker@natickma.org). We need a minimum of thirty people but I'm already half way there and we just came out with this announcement recently. I do want to advise members that you may think that you have a strong familiarity with the State Ethics Law but we continuously noted that there were nuances and grey areas that suggest that this kind of re-training is really critical to ensure that there are no missteps with respect to conflict of interest law.

**OLD BUSINESS:**

**Sub-Committee Updates:**

Mr. Evans: There is a capital sub-committee meeting tomorrow night at 5:30 p.m. in the School Committee training room in the back corner of Town Hall.

**Public Hearing 2014 Fall Annual Town Meeting Warrant**

Motion to open public hearing on 2014 Fall Annual Town Meeting Warrant Articles.

Moved/Motioned by:	Mr. Evans
Seconded by:	Ms. Collins
Motions or Debates:	None
Vote	10-0-0

**Article 22: Unpaid Bills**

Presented by Martha White, Town Administrator.

At this time there are no unpaid bills.

**QUESTIONS FROM THE COMMITTEE:**

None.

**MOTION** Move for no action on Article 22.

Moved/Motioned by:	Mr. Collins
Seconded by:	Mr. Pierce
Motions or Debates:	None
Vote	10-0-0

**Article 37: Facilitate historic building preservation in Natick through amending Zoning By-Laws to Facilitate Historic Building Preservation in Natick**

Presented by Randy Johnson, Citizen of Natick Petition.

Mr. Johnson has worked with the Planning Board over the summer on the details of by-law modification in support of historic preservation. He met with them a couple of weeks ago and they were unable to conclude their recommendation regarding the motion. Mr. Johnson asked whether he could briefly present the subject matter tonight and then ask for a continuation because the Planning Board is meeting tomorrow night (October 1) and potentially they may be able to conclude their recommendation deliberations.

Mr. Everett stated that the Finance Committee will not have time to get this into the book as it is too late, since it is required by by-law to have the Recommendation Book to Town Meeting members at least one week in advance of Town Meeting (October 14). The Finance Committee agreed to hearing information on this article and discussing how to handle this following the review of the Article.

Mr. Johnson stated that the main obstacle to adaptive reuse is the difficulty in getting the use variance. This proposed motion directly addresses the ability of the Zoning Board to issue a use variance for eligible buildings. To be eligible you must have two things: substantially preserve the building structure and the building must be on the listing of the National Historical Places or by a unanimous vote of the Natick Historic Commission. That would approve the eligibility of the building or structure.

Then it's a two-step process. The first step would be the involvement of the Planning Board and a second step would be a special permit that would be done in conjunction with the Zoning Board.

The Article allows proposed re-use projects where they would otherwise be prohibited because of the use variance question. The process involves the oversight of at least two boards, in this case the Planning Board and the Zoning Board. So there's plenty of public hearing and opportunities for scrutiny of the proposal. Additionally, if the building happened to be in a historic district, The Natick Historic District Commission would also be involved in the project. So it's meant to be fairly open-ended on what could happen with the project but it allows the proponent to ask the question, is this a suitable use for the project?

Personally, I have no financial interest in any project that would be eligible under this by-law but it is possible that in the future as architect and a developer that may happen. Right now it's a pretty abstract proposal meant to encourage the preservation of historic buildings.

**Mr. Evans: I just need to do my disclosure that my wife is on the Planning Board but that will not influence me.**

**QUESTIONS FROM THE COMMITTEE:**

**You went in front of the Planning Board with this?**

Mr. Johnson: Five times.

**And this is based upon their discussions?**

Mr. Johnson: It is based on their discussions but in no way is it a formal agreement as to the form of a suitable motion. The Planning Board is very interested in doing something of this nature and encouraging zoning modifications to encourage adaptive reuse, but there are still differences of opinion about the scope of how it would be put together. So the intent is well supported but this by no means represents the opinion of the Planning Board.

**Has this been expanded from a couple of sites in town to now cover the entire town, is this correct?**

Mr. Johnson: It's been broadened to encompass a variety of structures.

**So is it correct to say that this could be any building that fits the criteria located anywhere in town?**

Mr. Johnson: Correct.

**Is it difficult to get onto the National Historic Registry?**

Mr. Johnson: There are many criteria and this is governed by the State.

**This seems to depend on the idea that use variances exist in the Natick Planning Board – Zoning Board By-Laws. Is this correct?**

Mr. Johnson: This is a topic of discussion currently. The opinion of Town Counsel at this point is that ZBA currently does not have explicit authority to issue use variances. So this would create a special class of buildings for which a use variance is explicitly allowed.

**For example, can the Sacred Heart Campus in South Natick, right now can it be used for anything else?**

Mr. Johnson: It can. The two parts are in RSC and RSA. By right, those properties can be used as single family houses. Other possible uses are uses such as daycare, special needs housing, and educational functions. No multi-family housing no professional office buildings, no small retail, no rock climbing gym. Things like that are not permitted

**And that's the intent of this Article, to allow that kind of use?**

Mr. Johnson: To allow asking the question. This by law would potentially allow you to do those things without having to go through the Zoning Board to get approval. This Article would allow you to ask the question or present the possibility.

**Do you happen to know if any of the owners of these properties are trying to do anything like this?**

Mr. Johnson: We've talked with the seller of Sacred Heart, for example. They're not trying to do anything but sell the property. I guess this would be of interest to any owner of a potentially historic or designated historic property because it would liberate the box they're in with questions about what's an allowable use.

**When you say use of a single family house, with respect to the Sacred Heart property– does that mean it has to be within the confines of the structure itself?**

Mr. Johnson: Not necessarily, one of the downsides of not having a by-law like this is that demolition is always possible. I'm essentially referring to the lot, the sizeable lot and the district in which it's located.

**Is the church itself on the historical list?**

Mr. Johnson: Yes it's on the Historical Register. Eventually it's the owner's right to do with it what they want.

**Just to be clear this is not just about the churches. This is about any historic building or any historic structure within the historic district.**

Mr. Johnson: It's not dependent on historic district. It's just the designation as being eligible or on the National Register of Historic Places or just the local designation of being a historic district. I think downtown is all a National Historic District so all those would qualify. This I think would largely be applied in zoning district that are stricter, residential districts, than downtown.

**Have you found other communities that have this type of zoning by-law?**

Mr. Johnson: Belmont has something very similar but it's only applied to schools and municipal buildings. This is a little bit broader than the average municipal by laws in other towns.

Verbiage of Motion that was handed out:

**MOTION**

To see if the Town will vote to amend Natick Zoning By-Law as follows:

Add the following new Section *III-J Historic Preservation* after Section II-I, (Assisted Living Residences):

**III-J Historic Preservation**

**III-J. 1 Purpose**

Encourage the preservation and/or continued use of buildings or structures of historic or architectural significance.

1. Encourage the adaptive re-use of such buildings or structures by broadening regulations that may otherwise impede historic or architectural preservation efforts.

**III-J.2 Applicability and Eligibility**

The Zoning Board of Appeals may grant variances, specifically and expressly including but not limited to those with respect to use, if the proposal substantially preserves the building or structure in question, and either of the following criteria are met:

- a. Determination by the State Historic Commission that the building or structure is eligible for nomination on the National Register of Historic Places, or is already included in such.
- b. Unanimous vote of the Natick Historic Commission that the building or structure is of historic, architectural or cultural significance.

**III-J.3 Procedure**

- a. All applications under this Section III-J shall be required to receive a Special Permit from the Planning Board through the Site Plan Review process.
- b. As a condition of granting the Special Permit, the Planning Board shall, after due consideration of the proposed preservation efforts and the unique characteristics of the lot and the existing historic construction, determine that there is adequate protection of abutting properties and uses, and the proposed use is not substantially more detrimental than the prior use. (End).

**MOTION** Move postpone until October 16, 2014 Article 37

Moved/Motioned by:	Mr. Everett
Seconded by:	Mr. Freedman
Motions or Debates:	Mr. Everett: One of the options we have is we can vote down all of these and have no recommendation at this time and then let it go to Town Meeting without a recommendation and let it be brought up at that time. We have an option between now and Town Meeting to bring it up again without a reconsideration vote, so that is a possibility as well. But if we do want to specifically identify a date for this I was going to suggest October 16 <sup>th</sup> since we are meeting at that point and we'll just have to put it on the agenda.
Vote: First Voted	3-8-0

**MOTION** - Move to refer back to sponsor Article 37

Moved/Motioned by:	Mr. Brown
Seconded by:	Mr. Kelleher
Motions or Debates:	Mr. Brown: Whatever action gets this to the Planning Board for approval and then back to us to review is the right way to go.

	<p>Mr. Kelleher: I don't think favorable action is the right course because I want to hear what the Planning Board might have to add to this.</p> <p>Mr. Freedman: I can live with postponement, I can live with referral. Firstly, I really like the idea. I'm not in favor of throwing something out just because it's old. I like the idea of reusing it. So, I was kind of intrigued when this came up in the spring. I'm glad it's back, to be honest. And I'm very much appreciative that its scope has been broadened so it's not as targeted. I think that's just a more equitable approach. I'm very predisposed to the concept of this Article. I appreciate the fact that you're working diligently with the Planning Board to come up with specifics that the town can support. And I would very much like to hear more. On the possibility that the Planning Board cannot come to some consensus there may not be any need for us to hear this again. My inclination is to support a referral motion now. It still gives us the opportunity to have a good set of discussion points for the recommendation book and our meeting on the 16<sup>th</sup> may not have to cover this if there is no additional development. But that said, in keeping with your past practice, if there is some additional information from the Planning Board I do think that would be grounds for reconsideration if we do vote a referral motion to tonight. So my inclination is to make a recommendation of referral and if there is additional information to bring it back. I can't remember the details but I think we actually did have one Article earlier in our season where we did vote referral, instead of postponement, so we've got precedent in both directions tonight. The consistency doesn't particularly bother me right now because I think we're all talking about the same general outcome so it doesn't matter as long as we get there. So I'll go with referral on this article tonight.</p> <p>Ms. Collins: I think that Mr. Freedman's thinking is correct. This way we have something in the books. If for some reason the Planning Board doesn't finish their review in time we've got a referral. But I'm also very happy to see this back, very happy to see this expanded and I'm very much hopeful that we can get to an end here in this Town Meeting. I'm asking for referral so we have something in the book. If we have a chance to reconsider it on the 16<sup>th</sup>, great we can hear it with all the other referrals. But that way we haven't postponed the discussion until the last minute. So I would recommend referral here.</p>
Vote: second	10-1-1

**MOTION** - Move favorable action with option to Article 37

Moved/Motioned by:	Mr. Evans
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Seconded by:	Mr. Pierce
Motions or Debates:	Mr. Evans: (Withdrawn) Reason is because I was scared off by your comments on the postponement. I'd like to have the Planning Board give a thumbs up or thumbs down before I feel comfortable. Mr. Pierce: Concurs. The reason I seconded is because I didn't hear any other motion forthcoming. I also prefer to hear from the Planning Board before making a recommendation.
Vote:	Not voted

Mr. Everett requested that Mr. Johnson notify the Finance Committee Chair if the Planning Board votes a favorable action on this Article, and to send the approved motion to me and I will poll the committee to see if they wish to reconsider this or not at a future meeting.

To provide the basis for understanding Articles 24-27 and 29-30, Mr. Everett requested a review of the memo on Free Cash Certification and Anticipated Use that Mr. Towne had provided. (Article 28 is funded through the Water & Sewer Enterprise Fund)

**Free Cash Spend Down Proposal Available funds are as follows:**

General Fund:	\$6,832,003
Water/Sewer Fund	\$3,342,357
Sassamon Trace Golf	\$ 201,094

Presented by Jeff Towne, Deputy Town Administrator/Finance Director  
Martha White, Town Administrator

The Free Cash spend down proposal is starting at \$6,832,003. We set aside \$650,000 (05%) and don't plan to on not touching or appropriating out of leaving as start up cash for next year. As you will see, 2014 Spring Town meeting had several votes already that have taken out of anticipated free cash:

- \$100,000 for the Michael McDaniel Jr. family (Article 1 from 2014 Spring Town Meeting),
- \$1,500,000 that came out of last years' certified Free Cash to offset the operating budget as we do each year. This is the standard amount that we've used each year to balance the operating budget so we conservatively estimate, wait until it drops into free cash, and we balance the account budget with it.
- \$638,523 to eliminate the remaining Snow and Ice removal budget deficit. We have a snow and ice deficit of \$892,023 but we already built into the budget \$253,500 knowing that we most likely would have gone over when we prepared the budget from January 1<sup>st</sup>. At the 2014 Fall Town Meeting, we plan on Article 24 being \$25,000 plus the snow and ice deficit of \$638,523 and that will add to the Fiscal 2015 Omnibus Budget. These funds are all coming from Free Cash.

Article 24 is broken down into two pieces \$5,000 to fund Citizen's Action Leadership Academy and \$20,000 to complete a site survey on the Community/Senior Center site.

The purpose of Article 25 is to appropriate funds into the Town's General Stabilization Fund. The proposal is to appropriate \$150,000 from free cash certified as of July 1, 2014 to this fund.

Article 26 requests an appropriation and transfer out of free cash of \$625,000 to the Operating Rainy Day stabilization fund.

Article 27 is a two part spend down:

1. To transfer the full amount of the local options tax that is collected in the previous year and then transferred to the capital stabilization fund in the following year once free cash is certified. That amount is \$1,355,092.
2. Add an additional stabilization contribution of \$650,000 that puts the total up over \$2 million dollars to go to the Capital Stabilization fund for future capital needs and tax relief.

Article 29 Stabilization Fund for One-to-One technology was established for the first time at Spring 2014 Town Meeting. At that time, no funds were allocated. We propose to allocate \$100,000 to this Stabilization Fund, transferring out of free cash.

Article 30 is provided to continue payment for our accrued unfunded OPEB liability of approximately \$127 million. We have approximately \$450,000 so far in that fund. We propose to appropriate approximately \$250,000 to that fund.

What that will mean is we'll have 0.5% reserve of \$650,000 left untouched and a remaining unallocated balance of \$788,388 which we will hold for snow and ice deficit to augment the \$150,000 that we set aside for snow and ice removal in the FY 2015 budget. Our goal would be to vote that overage at the spring town meeting so we don't have to carry over a snow and ice deficit to the following year.

#### **Article 24: Requests, Community Services Department**

Mr. Towne:

Article 24 is made up of three parts: for the General Fund also Sassamon Trace Golf Course Enterprise Fund there's two items there.

The General Fund, we're proposing a \$5,000 appropriation out of free cash to amend Article 23 Motion D of the spring annual Town Meeting Health and Human Services – Ordinary Expense under the supplies line item. That is going to go towards the memo as Ms. Lambert had written to the Town Administrator for a Citizens Leadership Academy.

The next piece of it is Article 23 Motion E, to add to that administrative support services \$20,000 to do a site survey on a community/senior center site.

Ms. Jemma Lambert, Natick Community Service Coordinator, presented a further memo and description of the Citizens Leadership Academy

This is not a unique proposal. Lots of communities around the country have invested in this type of activity. But the concept is to provide an opportunity for interested citizens to participate in a leadership academy which is a ten-week course during which citizens really gain an appreciation for the inner workings of government, by approved

departmental presentations.

The goal is to enhance citizen understanding of municipal operations which has some very positive and tangible results. The first thing is it does really tend to build a much better level of trust between citizens and government. It has been determined that it does increase participation on boards in many situations. And, it also improves the quality of civic dialogue.

This is achieved by working with all our department heads to develop presentations that tell the story of how it is we do what we do, what our challenges are, what our regulations are, what our parameters are and how we get done what needs to get done.

This proposal will allow the Community Services Department to collaborate with all of our department heads to develop interesting and compelling stories and presentations. We'll then recruit our first class which we hope to hold this **coming** spring. And we'll anticipate running two classes per year, spring and fall. The Academy will run for approximately 10 weeks. Citizens will participate approximately 3 hours per night one night per week. We'll cover all topics around government operations and the money that we're asking for will essentially pay for our marketing materials, binders, miscellaneous expenses. That will be year one. We anticipate in the years to follow we'll be able to cut that in half and every once in a while we'll have to replenish our marketing materials. There's a lot of interest in the community in us doing this and we're delighted to offer it.

Ms. White: May I just mention I think it's a terrific program and I'm glad Ms. Lambert brought it to our attention. And it's very consistent with some of the Selectmen's major goals to engage residents in government.

**Mr. Everett: I'd like to start off by first asking where in the budget is this going?**

Ms. White: We're proposing that the \$5,000 would be in the Community Services Department budget but as a separate and distinct line item.

#### **QUESTIONS FROM THE COMMITTEE:**

##### **How do you select the participants?**

Ms. Lambert: For our first class we're going to recruit and select folks who are well-connected in the community and certainly folks that are on boards and committees now that are interested in going through and folks that we know will speak to others as they are going through the program and after they've completed the program. And after that and as a general principle it will be open to anyone that's interested we'll take all applications. We do anticipate that there will be a waiting list and we'll get to as many people as we can. There will be about 20 to 25 people per class.

Ms. White: Part of the reason for the first session to be kind of a hand-picked group of people is not only because they can spread the word about this being a really great program, but it gives the department heads a test run on their presentations. Because the folks who we are presenting to are knowledgeable and can make suggestions regarding the content.

##### **How do you find success and how are you going to measure that?**

Ms. Lambert: There's a number of factors. There will be evaluations after every course session and after every evening where we'll have an opportunity not only for questions and answers and comments but also folks will be evaluating the level and quality of

presentations. And we'll do the same thing as a wrap up as well. So we'll have a pretty good sense from folks that are going through the program of how well they think we've done. And then after that, we should see fairly steadily a rise in interest in the program and that's another way to measure success.

**Over the long term if you're interested in increasing the knowledge and awareness throughout the community, one of your matrix will be more interest from the community in volunteering?**

Ms. Lambert: Yes.

**Who would be conducting the actual classes?**

Ms. Lambert: Our department would be responsible for coordinating it facilitating it and being there every night and working in collaboration with all of our department heads who will be making presentations. So every department head will be involved and presenting for themselves.

**Why would not a series of seminars do the same thing and at the same time open it up to more than 10 or 20 people?**

Ms. Lambert: There is something important about having a cohort group going through this kind of educational series together. We also want the commitment of a group to follow through and complete this process from start to finish. We do want to treat it as a cohort but that isn't to say that we couldn't spin off at some point additional educational sessions for people who have an interest. We've also discussed filming all of these sessions and airing them as well. But the give and take amongst the participants, the question and answer period, the building of relationships between the participants and those department heads who are presenting. This will happen in various locations around town. There will be show and tell, there will be demonstrations, it will be a pretty dynamic process. You want to really support that kind of interaction and that is what makes the difference between a seminars where people are more passively engage than actually actively engaged.

**The presenters from the town – will it be necessary to pay them extra for this?**

Ms. Lambert: No.

**The \$5,000 is for exactly what?**

Ms. Lambert: We'll have to develop some marketing materials which will be mailed out to the public. We'll be developing informational binders which we'll be populating throughout the period and they'll be taking that with them. Food and any incidental expenses for mailing, supplies. That's just year one. After year one we'll be down to probably \$2,500 dollars.

**Who is going to be on the selection committee?**

Ms. Lambert: We'll work in collaboration with the Town Administrator and the Selectmen. In future semesters it's open to the public. We'll always be keeping an eye for diversity in terms of experience, age, profession, culture all of the above.

**You expect your first graduating class in the spring of 2015. Isn't that kind of a busy time for all our department heads?**

Ms. Lambert: We'll do it after Town Meeting.

**The first class is going to be hand-picked to help iron out any issues. So beginning in the Fall of 2015 it will be open to the public. How many classes do you think you will have to run before you can evaluate whether you're getting the results you had hoped for?**

Ms. Lambert: Evaluation is on-going. Those folks that go through the program will experience some level of transformation in their understanding of how government works. How that plays out down the road in terms of how long it takes us to get a notable rise in participation – probably two more sessions. Once we get 50 or 60 people through the program and we see about 5 openings per year – we should see it fairly quickly. It's important that you define success broadly. Another indicator of success is one would hope that we would see an improved civic dialogue happening where there's less suspicion and more trust.

General Fund Motion E Site Survey

Ms. White: This request is a not-to-exceed \$20,000. The cost is for a comprehensive site survey of the 117 Central Street or the Community Senior Center. A partial site survey was completed as part of the original construction process and that included the developed pieces of land at the site that include a couple different parcels of land. But we never completed a full survey including developed and undeveloped parcels of land.

The undeveloped portion of that site is substantial and abuts wetlands. Those wetlands abut our trail system. So there are opportunities to link that site to some of our other wonderful outdoor resources. We've done some engagement with stakeholders, abutters and others who take advantage of the site now and there's a lot of interest in seeing us develop the open space back there. To do that we need to do a proper site survey and that's what this money represents.

**Mr. Everett: So in effect you're looking at everything that goes all the way down to Union Street (map provided and being referenced in this question)?**

Ms. White: Yes –

**QUESTIONS FROM THE COMMITTEE:**

**Do we know why a full survey wasn't done as part of the construction project?**

Ms. White: It just was determined that it was not needed at that time. The focus of the Building Committee was on that project at the time and the thoughts of connectivity of the train system just weren't in the vision yet.

**Is there any money left in the construction budget or is that closed out?**

Ms. White: There is some money left there but that money is all part of the debt exclusion so our continued spending of that money only further impacts the excluded debt.

**Has that already been borrowed? Or is it borrowed money that has been authorized?**

Ms. White: It's already been borrowed.

**So it's just sitting there doing nothing right now?**

Mr. Towne: I'll research and get back to the committee. I know we borrowed what we needed to borrow. I don't know if there's a surplus in there and what I believe your questions is what are we going to do with that? If we did have surplus in debt exclusion we've talked behind the scenes as coming at the spring town meeting trying to re-purpose those surpluses and reduce the debt exclusion. Any surpluses in any projects we're going to come back in the spring with a report.

Ms. White: If there are any authorized but unissued funds we would not want to borrow those for this because that adds to the taxpayer excluded debt. That's the means of the borrowing authorization.

**So as far as this questions goes will we have, in the spring, a window into if there is cash available or not for this purpose?**

Ms. White: By when?

**By fall Town Meeting?**

Ms. White: Certainly.

Mr. Towne: But I think also the issue is whether or not we're going to use excluded debt for this particular function which I didn't think was our goal for part of this \$20,000 because I didn't think we wanted to add it to the excluded debt. If there's excess there we'd rather repurpose the excess and reduce the excluded debt.

**If a full survey had been done initially this money would have come out of the excluded debt money right?**

Ms. White: Right.

**So that would not be unusual if Mr. Freedman's suggestion were to come about if the money's there?**

Mr. Towne: I would agree with that if the full survey and if this was part of the scope of the original project and that was the way it was voted. Then it would have come out of the excluded debt.

**Part of the survey is to see what you have for open space. Is there any way to tap into con com money for this survey?**

Ms. White: Possibly, but given the other initiatives that are underway right now that did not seem prudent. Specifically the proposal that I've made to audit the conservation fund and the proposal by citizen petition to have a committee study past use of the fund –whether it was proper or not – consistent with zoning by-law. This use of the monies would probably be considered inconsistent with the zoning by-law so it just, honestly didn't seem prudent to put forth a proposal that might be inconsistent with the zoning by-law at this time.

**Does a site survey only deal with meets and bounds or would it also deal with the stability of areas and whether or not they could be built on?**

Ms. White: It's certainly meets and bounds. There is a rough trail through this area. So it would mark out the trail and also wetlands. Because there are some areas where boardwalk type of construction is there.

**I seem to recall there were two reasons we couldn't use that field as we had previously. One was it wasn't large enough anymore for a soccer field and the other was that the gang mowers tended to sink a bit. I could be confusing this with another field but I thought there was a reason we couldn't get the larger lawnmowers back there?**

Ms. White: Neither of us are familiar with that.

**Mr. Everett: Is there any reason we might have to be concerned about that?**

Ms. White: I don't think so. Our vision for the roughly 1 acre of upland, things that came through the community engagement process, very low impact passive activities. And we are mowing that area so - ?

**I guess some of the input dealt with putting up structures. So I just wondered if this survey will determine what kind of base we have to work on or whether that's outside of this process?**

Ms. White: Yes, outside of this process, it would be a different kind of professional.

Snow and Ice Deficit from June 30, 2014 –

No Questions.

Sassamon Trace Golf Course Enterprise Fund – Motion 1 – Fringe Benefits/Other Services

Mr. Towne: There are two items here. One is that two employees went from two family plans to single person plans. So we predicted that would cause us to be over. They switched as of July 1, 2014, both of them. Then debt services after we did our June debt issue, we received a higher than expected premium which literally drops into fund balance or retained earnings of the golf course and the interest amount is higher than we anticipated by \$3,983.

**Mr. Everett: So these are commitments, these are not what we would like to use the money for, these are commitments the money has to be used for?**

Mr. Towne: Correct.

**So this is not really subject to negotiation, they are owned to these people?**

Mr. Towne: Correct and these are current employees who changed coverage and that is existing and must be paid.

**QUESTIONS FROM THE COMMITTEE**

None.

**MOTION** - Move favorable action on Article 24 in the total amount of \$663,523 to be funded from free cash for the Citizens Leadership Academy, a Site Survey and the Snow and Ice Deficit Funding.

Moved/Motioned by:	Mr. Freedman
Seconded by:	Mr. Evans
Motions or Debates:	Mr. Freedman: I think the Citizen Leadership Academy is a nice idea with a very valuable goal. I'm interested in the definition of success and the time frames and the metrics behind it. But I'm not

	<p>sure you have enough information to get to that information right now and this may be an evolutionary process so I'm looking forward to that. The site survey, I support. I figure if we have open space it's valuable for us to know what we can and can't do with it. And snow and ice deficit is just a requirement</p> <p>Mr. Evans: There's not much more to say on that. I do like the idea of the Citizens Academy that's a very creative idea and having come from a town where it was always the same people showing up doing the same activities I think expanding the pool of interested, engaged people is a great idea.</p> <p>Ms. Collins: Is the \$5,000 supposed to be under ordinary services or under Citizen Leadership Academy? I thought in the presentation it was going to be called out for only this purpose.</p>
Vote	12-0-0

Move favorable action on Article 24 Motion B in the total amount of \$21,766 to be funded from the Sassamon Trace Golf Course Enterprise Fund to be spent as detailed on our handout.

Moved/Motioned by:	Mr. Freedman
Seconded by:	Ms. Collins
Motions or Debates:	<p>Mr. Freedman: Briefly, these are required of us. I look at this one as a bit more of a house-keeping item than the other motion under this.</p> <p>Ms. Collins: Pass.</p>
Vote	12-0-0

**Article 25: Transfer to General Stabilization Fund**

Presented by Jeff Towne, Deputy Town Administrator/Finance Director  
 Martha White, Town Administrator

Transfer to the General Stabilization fund of \$150,000.

The purpose of this Article is to appropriate funds into the Town's General Stabilization Fund. The proposal is to appropriate \$150,000 from free cash certified as of July 1, 2014 to this fund.

The General Stabilization Fund is maintained for the purpose of unforeseen and catastrophic emergencies. The Town's Financial Management Principles state that this fund should be at a level equal to 2% of revenues, with the target being 5% of revenues. The current balance of this fund is \$4,318,827, which is 70% of this 5% target balance of \$6,137,069.

If we were to do a minimum. The fund balance would be about \$2.5 million of 2% of the revenues and 5% as I stated was \$6,137,000. We have \$4,318,000 in the fund. Adding \$150,000 would put this fund up to \$4,468,000 which would then bring the percentage to near the max target at 72.82%. The goal of our financial management principles is to get the General Stabilization Fund to 75% of that 5% target and then allow it to accumulate interest until it gets up to that 5% target and we wouldn't have to appropriate any further

into this fund.

**Mr. Everett: So, just to clarify again the General Stabilization Fund is for unforeseen catastrophic emergencies whereas the rainy day fund is for operating issues in the future – is that correct?**

Mr. Towne: The General Stabilization Fund is for decreased State aid or local receipts where we have a sustained loss of local revenue or state aid.

**QUESTIONS FROM THE COMMITTEE:**

**Under number 3C in the questionnaire “once we reach the 5% target, funds that have been deposited into this fund can be placed toward other stabilization funds to meet the targeted balance, and the town’s unfunded OPEB liability?”**

Mr. Towne: Let me clarify what I meant when I wrote that. It’s not that funds from this fund are going to be there, but funds that we’ve typically placed in this fund, like this \$150,000, once we get up to that 75% marker, we won’t be recommending putting additional funds into here. So the \$150,000 for instance, we’ll do that one more year, and then the following year we’ll use that \$150,000 for additional funding and our goal is to put it toward the OPEB liability. I think the wording is not quite right and I will fix it in the future.

**Why do we need the target of the 5%, the \$6,137,000?**

Mr. Towne: When we look at items that would be considered catastrophic, a tornado, a hurricane, a massive fire that would hit town that would destroy our road system: National Standards for this type and also the Department of Revenue Administration talk about Stabilization Funds recommend this 2 to 5% balance. So it’s a National Standard and the state recommends it also. Do we have insurance? Yes. But there are a lot of things that insurance might not cover. Catastrophic events are often not covered – acts of God are not covered. So we would have to have a special Town Meeting to appropriate the funds out of that, but it would not be available for us to immediately start putting things back together. Whether it’s roads, buildings or something else that’s not covered but necessary to the community.

**Understood but I think you said the guidelines said between 2% and 5% so why do we need the higher 5%?**

We’re shooting for the 75% of the 5%. I think when you look at a figure like \$6 million and then you look at our total assets that’s just a drop in the bucket. If we had something that was truly catastrophic – the town’s assets total well over one-hundred-million dollars. You could go up to the \$6 million but I don’t think you have to do it by appropriations. You get up to 75% and then let the interest accrue until the fund is at the total mark.

We insure \$3.2 billion in total assets including everything under the sun. So it’s a small drop in the bucket when you look at something like that. Everything isn’t always insured but even if it is, you can use the funds and then put them back when the insurance money comes in.

**Do you have to call a special town meeting to get the money out of the account after a catastrophe?**

Mr. Towne: No. You can petition DOR if you have a catastrophic event to get the money out. But legally, you’re supposed to get a vote – only in an emergency can you use the DOR avenue.

**What is the definition of unforeseen and catastrophic come from – If the town experiences a sustained economic downturn and the rainy day fund is exhausted, could someone put forward a request?**

Mr. Towne: You can change the purpose of a stabilization fund, also by a two-thirds vote of Town Meeting. So if that happened and we exhausted all the rainy day fund and trimmed our budgets and did all we could do and resources were exhausted, we could look to that as a source of funds – the hope is that two of these events wouldn’t happen at the same time.

**Why are we basing this on revenues instead of expenses? How do we keep up with the growth factor?**

We base it on revenues because if we do have a balanced budget it’s predicted on the revenues.

**What kind of a growth figure are you using in revenues that would permit us to not lose ground in this account?**

Mr. Towne: We’re looking at taking some of this and investing it in a modified risk approach. Our goal is to have money put aside into a better growth fund that would keep us ahead of inflation.

**Any thought of ever giving some of these funds back to the taxpayers?**

Ms. White: I’m going to refer specifically to the capital stabilization fund because we consider that to be the means to sort of buy the taxpayers a cup of coffee. Because if you build it up it is our goal to continue to build that fund as large as we can get it. We should be able to significantly minimize the taxpayer impact from the next project. Absent significant available funds there would be yet another significant impact on the taxpayer and we’re trying to avoid that or mitigate it as much as possible.

Mr. Towne: Out of the capitalization if everything were to pass, we will be returning \$1,550,508 out of the capital stabilization fund which was voted in the spring town meeting towards the 2015 debt. We will be spending about \$2 million more on capital projects that would have been otherwise borrowed out of cash. So we are in effect pre-paying for the cup of coffee.

**MOTION** Move favorable action of \$150,000 to be moved to the General Stabilization Fund from free cash.

Moved/Motioned by:	Mr. Freedman
Seconded by:	Mr. Evans
Motions or Debates:	Mr. Freedman: I’m a big supporter of stabilization funds in general. I think it provides us a buffer of comfort if something does happen. There needs to be a source of funds to protect us in the event of a catastrophe. And we shouldn’t be surprised here. The town has financial management principles which lay out exactly what these financial stabilization funds are supposed to do

	<p>and how. The town has been following what those principles are so the fact that they’re asking for additional funds to get up to a target which has been in the public domain for years is what we’re asking them to do. If they weren’t doing this we’d be asking them why not. It’s good to have healthy debate about how much is enough. The administration is doing what we’ve have asked them to do, we should support them in this.</p> <p>Mr. Evans: I encourage the adherence to our sound financial management principles – they have served the town well and helped our credit rating which has lowered our financing costs. I heard Mr. Towne talk about trying to get up to the 75% level, and then letting it grow. I’m also comfortable with the two thirds vote that is needed to get the money out of there.</p> <p>Ms. Collins: I think I understand some of the frustration. But we have asked the Administration to do this and they are doing it. But I think it’s reasonable to ask how much is enough – but I don’t think we are at that point yet.</p> <p>Mr. Kelleher: Given all the factors I think the stabilization fund idea is working at this time and it’s a good idea.</p> <p>Mr. Brown: I support this now, but hope, in the future, we can slow down on these appropriations for stabilization and give back some to the taxpayer once these funds reach their intended goals.</p> <p>Mr. Everett: The only thing I would like to add is that when you look at \$10 million dollars, it’s a lot of money. If you exclude the percentage that goes in and out of these funds for capitalization we’re really talking about \$5 or \$6 million dollars when all is said and done. The financial principles were done a while back through a public process with the Board of Selectmen. I think if we feel like the 3 to 5% is too high we should have that on their agenda and have a discussion around that. I also like the 2/3 in and 2/3 out. And the idea of having this number of stabilization funds I think there will be more conversation at town meeting about what the money is being used for and it’s better than having all the funds in one pot.</p>
Vote:	11-1-0 favorable action

**MOTION** Move no action on Article 25.

Moved/Motioned by:	Ms. Coughlin
Seconded by:	Mr. Resmini (for discussion)
Motions or Debates:	Ms. Coughlin: We’re going to deal with six stabilization funds tonight. Mr. Towne who represents the administration in response to my questions said that even now they’re thinking about changing the percentage that they perceive being the total that they want in this fund. Looking ahead to the amount of town assets we

	<p>have covered by the amount of insurance that we have on these assets and the DOR guidelines are between 2 and 5% which we're already well within the range, I just don't see funding this particular stabilization fund tonight.</p>
<p>Vote</p>	<p>Not voted</p>

**Break 9:07 p.m.**

**Meeting Resumes 9:10 p.m**

**Article 26: Transfer to Operational/Rainy Day Stabilization Fund**

Presented by Jeff Towne, Deputy Town Administrator/Finance Director  
 Martha White, Town Administrator

In Article 26, we're requesting an appropriation and transfer out of free cash of \$625,000 to the Operating Rainy Day Stabilization fund. This fund is maintained for the purpose of augmenting operations in case of sustained economic downturn and associated loss of revenues in support of operations. Sustained economic downturn is any situation whereby State Aid and /or local receipts are significantly reduced from one-year to the next. Significantly is defined as being more than 5% of the total for the respective revenue category. The target amount of money in the Operational Stabilization Fund should be sufficient to sustain operations through a three-year period of economic downturn. The Town's Financial Management Principles state that this fund should be equal to 10% of the State Aid revenues and 5% of estimated receipts cumulative for a three-year period. The current balance of this fund is \$1,717,933 which is 34% of its target balance of \$5,018,819. With this appropriation, the balance would be up to 47% of the target balance. Last year, we didn't add as much to this fund because we were approaching that 75% mark. This year, we are only at 34%, so we put the resources to this fund because this is the one that you're most likely to use before you would use the general stabilization fund. If we had an economic downturn if the State budget collapsed, or the stock market crashes, this fund would be there.

These things do happen they can happen and this fund is way underfunded. The other point we should make is that our bond rating agencies look at financial management principles, they look at stabilization, and want to see that we have a plan and that we're actively pursuing that plan in order to maintain our triple A rating. A realistic factor in why we do this as well, is it keeps our interest rate on our borrowings lower than if we were to have no plan or no funding or no reserve set aside.

For example, for the High School project that was just completed, a 1% interest rate increase due to a lower bond rating would cost taxpayers millions of dollars in extra interest. So, those things do matter. I didn't want to interrupt your debate last time but I didn't say that I wanted to change the maximum percentage according to the financial management principles. I said that, we'll stop funding them at 75% and then accumulate interest to get us to the 5% in the last scenario and in this scenario I would do the same thing, 75% of that target balance and then let it accumulate over time.

**QUESTIONS FROM THE COMMITTEE**

**Mr. Everett: Just to clarify, the previous article required a catastrophic event to occur to trigger a discussion around pulling the money out. That's the purpose of a stabilization account. This one is a little more targeted for an economic decline and it's 5% of the total revenue category – either state aid or local receipts.**

**Was there any appropriation to the rainy day fund at the previous town meeting? Do we only make appropriations from free cash for this purpose or is it ever part of the annual warrant?**

Mr. Towne: We did not bring this up at the last town meeting and it's typically out of free cash.

**And is the 47% figure if town meeting makes this appropriation, is this the high level water mark for this town?**

Mr. Towne: I can only speak to the last couple of years and it seems as though you've just been building this up over time, and I don't think we've tapped into it as far as I know. And the reason why I think this one was more appropriate to put more money into versus other funds is because this is one that has the potential of being used more than the others.

**Is this the largest appropriation we've ever made to the rainy day fund?**

Mr. Towne: I don't know but seeing how it only has \$1.7 million in it now this is probably right up there with the amount that's there.

**So, the related question is, where we've got free cash now, is it wise to rely of free cash for these appropriations in the future – will it be there?**

Mr. Towne: Every time you increase a revenue your projection is that you're not going to see as much in free cash in the following year. So we did that for new growth, but we also increased the projection for revenue in 2015 by half that, about \$450,000. You can't do both, you can't increase revenues and then expect to have the same volume of free cash. We want to stay conservative, you can't then rely on future free cash. But I think there's a lot to be said about being conservative you create a lot of free cash. Whereas if you overestimate your revenues, then you see your fund balance plummet and you have all kinds of problems.

**Just for clarification, the five percent drop is in actual revenues not in projected revenues?**

Yes I would say that it was a 5% drop in actual revenues against what we've compared and then the following year you'd probably see an action against this. Or two years you'd see action related to this particular one. So you'd see the drop first and then you'd start to get nervous and then the following year we'd probably look to see if a problem was happening and then the following fall we would probably hit it to supplement the budget if we had to.

**But it's an actual 5% drop in the monies received from one year to the next?**

Ms. White: I think it could be a projected – if the Legislature is talking about a cut in state aid as we're building the subsequent year's budget and we're listening to those conversations we might propose what that reduction in state aid might be we might propose the stabilization fund as one of the funding sources in support of the budget to make up that difference.

**To really clarify though, it's 5% in actual not in projected? For example if we're going to project a 5% increase and it's flat that doesn't kick it in because there's a 5% differential?**

Ms. White: Correct.

Mr. Towne: I agree with that statement. We're to do what we have in the past, how we budget and how we present a balanced budget to Town Meeting. If we feel like there's going to be a significant reduction that's going to qualify under this that would be the timeframe in which we would look at this. But, we could have a situation as Ms. White said where we see projected State aid reductions knowing that the House passed and the Senate passed with a reduction and the Governor's sure to sign it – if that were to happen we could possible tap into this. But, again, it takes a two-thirds vote of town meeting to get the money out of this so there's be plenty of discussion around it at that point in time.

**Mr. Everett:**

**MOTION** Move for favorable action on Article 26 to transfer \$625,000 to the Operational Rainy Day Stabilization Fund from free cash.

Moved/Motioned by:	Mr. Freedman
Seconded by:	Ms. Collins
Motions or Debates:	Mr. Freedman: I think Mr. Towne said it well. The operation of the rainy day stabilization fund is there for a different purpose than our regular stabilization fund. It is for situations where the economy goes south and whether it's State aid or local revenues if we need additional support to maintain services that are critical, that we're not willing to cut, we need a source of funding. This is an appropriate use of it. Since we're only about 1/3 of the way to where we think we should be on this fund I think it's appropriate to fund this and get it up to around the 47% mark.  Ms. Collins: I have nothing to add.
Vote	11-0-0

**Article 27: Transfer to Capital Stabilization Fund**

Presented by Jeff Towne, Deputy Town Administrator/Finance Director  
Martha White, Town Administrator

If you turn to the second page of the Natick Finance Committee Standard Questions, under number 3C, I'd like to clarify something. The balance of \$5,532,427, is before the FY 2015 postings were posted to the budget from the votes at Spring Town Meeting had been taken out of that figure. Those total \$2,406,008. That's what I referred to before as the \$1,550,508 which we're reducing the debt levies which I mentioned earlier. And the two votes from Article 35A and 36A of the spring annual Town Meeting. So, the balance after those votes had taken place is \$3,123,819. This is the start figure for discussion of Article 27.

Our goal as part of this program is to take \$1,355,092 which was the local options tax received during FY 2014, as indicated in paragraph C Section 3 of the questionnaire. We

added \$650,000 from Free Cash to a grand total request of \$2,005,092. The reason why this is a significant amount is because capital is a significant amount. We are going to spend out of the capital stabilization fund, if Town Meeting were to approve Article 32 and 33 in the fall, a total of \$3,058,758 i\$2 million and we're going to spend over \$3 million. And \$1,000,000 million of that is to reduce the burden to taxpayers. It's essential that we do fund this because it saves the taxpayers money.

Two pieces on the spend down:

1. To transfer the full amount of the local options tax that is collected in the previous year and then transferred to the capital stabilization fund in the following year once free cash is certified. That amount is \$100,355,092.
2. An additional stabilization contribution of \$650,000 that we felt would put that up over \$2 million dollars to go to the capital stabilization fund for future capital needs and tax relief.

**Mr. Everett: Just to clarify, you're putting \$2 million, in round numbers, in, but at the same town meeting we're going to be taking \$3 million out?**

Mr. Towne: We've already taken out \$2.4 million at the Spring 2014 Town Meeting that is coming out as part of the FY 2015 budget. We have another \$650,150 in the articles that you'll discuss on Thursday.

**Mr. Everett: So taking the prior actions out we're going to put \$650,000 in and we're going to take \$650,000 out?**

Mr. Towne: Yes.

**Mr. Everett: Why do we use the fund to put the money in to take it out of the same session?**

Mr. Towne: Only because we typically run everything through the stabilization fund so we can track how much we've spent on it. It's a historical way we've done things and it's for clarity and transparency to the taxpayers to see everything that runs through the stabilization fund. So there's nothing else that's done capital that doesn't either hit the capital plan or come out of the stabilization fund. We believe in the two-thirds approach. We think two-thirds is appropriate. If you're spending significant dollars, then the Town Meeting members should have a say in it. And we're happy to do it that way – rather than a majority vote out of cash.

**Mr. Everett: And a \$1,355,092 from the options tax your anticipated use of that is what?**

Mr. Towne: It just goes in to fund the plan and the expenditures which Mr. Chenard will present come out of that. But 100% of local options tax which was voted by the voters goes into the fund as part of the pool funding along with any extra that we put in from free cash. It's not specifically tied to anything. We typically use some to reduce the levy – debt exclusion. And again, whatever comes up as part of the plan that is approved on Mr. Chenard's capital plan and approved by the Town Administrator, to go forward to the town meeting members. We don't tie it to anything particular, we just fund it 100% in and then whatever comes up on the capital plan we fund out.

**Mr. Everett: But I know in the past instead of using some or much, some people think all should be used, or reducing the debt exclusion. But that is already built into the budget correct?**

Mr. Towne: Yes - we've already voted \$1,055,008 at Spring 2014 Town Meeting.

**Mr. Everett: So this money will be put away in effect for the next budget year?**

Ms. White: Our approach is a past, present and future look. The town approved the recent debt exclusion projects and we've utilized significant amounts to mitigate that impact. There was a fiscal year in which we said the taxpayer will never pay more than they're paying this year and we fulfilled that commitment and then some. That is, that added tax burden of the debt exclusion projects. But we're also looking to the future. And again we have every expectation that another school project will be coming forward in the next few short years. So we're working hard to minimize the amount of excluded debt associated with that project.

#### **QUESTIONS FROM THE COMMITTEE**

**When town meeting voted for the local options tax, there were all kinds of desired intents for that money to be used. What was the initial desire, do you remember?**

Ms. White: The selectmen spent a lot of time debating that and their decision was to primary for capital. Whether that be cash capital, or paying down the debt associated with capital. And that's what triggered the creation of the capital stabilization fund, as Mr. Towne said, to watch that money coming in and out for that specific purpose.

**Last fiscal year where did the local options taxes go?**

Ms. White: Into the capital stabilization fund, 100%, since day one.

**The financial management principles state a minimum of 6 to 7% should be set aside annually. Are we going to reach that goal?**

Mr. Towne: Just under 7%.

**If we're doing \$2 million now, will we have \$3 or \$4 million by spring town meeting?**

Mr. Towne: A major portion of that includes debt for capital projects that we're paying the debt service on. The debt service component is a part of that so the answer is no.

#### **QUESTIONS / COMMENTS FROM PUBLIC**

**Julian Munnich, Precinct 5: How much do the total assets of the town depreciate on an annual basis?**

Mr. Towne: We don't record depreciation for general fund assets because it's a governmental fund. But water and sewer I would have to get for you. And golf would show depreciation and I'll get that for you.

**Mr. Munnich continued. The reason I ask this is, to the extent one uses a capital stabilization fund, is a sinking fund. So you don't fall behind: so your liabilities of capital projects don't put you in a hole. It seems that one would at least be looking to put an amount equal to your depreciation every year into that fund. If you're not doing that, you're falling behind. Again, some capital assets you depreciate on a 5-year schedule and some larger items over a much longer schedule. But if there's a capital asset out there it's depreciating at some speed. I think it would be helpful**

both for the Finance Committee and for town meeting members to understand if all of our capital assets are depreciating, for the sake of example at say \$3 million a year, we really should at least be putting that amount in, and otherwise we’re falling behind. So, as far as a financial planning tool it seems like that would be a good number to have and I would suggest that the better percentage to use for determining how much to put in. And that amount is just treading water. To get ahead the sinking fund actually anticipates that with full capital items that you don’t have to take a bond hit or an override.

Just the general comment with regard to all the stabilization funds. It’s been mentioned a couple of times here, but I think that it bears repeating. The town is staring at an OPEB bomb waiting around the corner, and if we’re not funding these stabilization funds now, we’re not going to be able to fund them in the future years. And the last comment with regards generally to the stabilization funds. I think it’s a nice thought to think that we can get them up to a certain point and depend on interest to take over in funding them, however, if interest rates get to a point where they’re really racing along, I expect that inflation and other things are going to be racing along as well. So, I don’t think we’re going to get the three-quarters and then rely on interest to get us the rest of the way. I think we’re going to have to be prepared to just keep funding these things to get them to their target percentages.

**MOTION** Move favorable Action to transfer \$1,355,092 from local option taxes and \$650,000 from free cash totaling \$2,005,092 to transfer to the capital stabilization fund.

Moved/Motioned by:	Mr. Evans
Seconded by:	Mr. Pierce
Motions or Debates:	<p>Mr. Evans: This is part of the package of making sure that these are adequately funded, helping our bond rating and making sure we’re spending money wisely as opposed to incurring greater debt, so I urge you to support it.</p> <p>Mr. Pierce: Nothing further.</p> <p>Mr. Hayes: In the future, when presenting this kind of data, I would put it on a flow chart on a single piece of paper. This approach could help at town meeting for people to understand the concept of your presentation more quickly. I think a picture would make a much shorter discussion.</p>
Vote	11-0-0

**Article 28: Transfer to Inflow and Infiltration Stabilization Fund**

Presented by Deputy Town Administrator/Operations Bill Chenard  
 Martha White, Town Administrator

A brief overview of where these funds come from. Until last year, these funds were maintained in a separate fund, within a separate part of the Water & Sewer Enterprise fund. When the Department of Revenue came in to do their annual audit and review our Water & Sewer Retained Earnings, they said we could no longer do that. We had to move those funds to Retained Earnings and the best way to do that is to create a separate

stabilization fund for Inflow and Infiltration– so that’s how this capital stabilization fund was created.

The Comptroller took last year’s budget and certified the funds that were paid for sewer fees and INI removal as part of the retained earnings. We held that amount and rolled it over this year and added 2014 receipts. So that’s how we got to the number. The funds are paid to the town of Natick when a developer adds to our sewer flow. There’s a formula used to evaluate what the additional flow from various projects would be and what that cost to remove that from our sewer. We use INI as a means of removing it because INI is the easiest way to identify and remove flow. INI is inflow infiltration. And what that is, is groundwater getting into our sewer system from manhole leaks or homeowner leaks or those people who have sump pumps in their homes that dump directly into the sewer. If people are pumping the groundwater in their basement through our sewer system we are paying for that water to be treated when it does not need to be. That ground water should be recharging Natick’s aquifer, not being treated and pumped into Boston Harbor.

Retained earnings for last year, the portion that included the INI number is \$1,101,376. When we certified June 30 this year, we added additional INI of \$175,029.50 that totals \$1,276,405.50. We are recommending fall capital for INI removal of \$175,000. The difference is what we’re proposing to put in the stabilization fund. This money can only be used for reducing sewer flows. If we don’t do this, developers can come back to you and say, “Guess what guys, you didn’t use your money the way it was supposed to be used, we want it back.” We don’t want to do that. We want to remove that extra flow from our sewer system and reduce our flow rates to the MWRA, and therefore mitigate our costs. That was the purpose the funds were paid to the town so let’s use them to do this. In summary I’m asking tonight to place in the inflow and infiltration stabilization fund the sum of \$1,126,405.50.

Ms. White: This amount includes past year’s INI receipts that were previously held in a separate fund within the enterprise fund, but had to be moved into retained earnings. So this represents several years’ receipts. The typical number we would see appropriated into this fund in future years would be approximately \$175,000. So this is such a large number because it represents several years.

**Mr. Everett: This is the first amount going into this new stabilization fund?**

Mr. Chenard: Correct.

**Mr. Everett: And you’re proposing only the net amount go in this year?**

Mr. Chenard: Correct because we’re proposing to spend \$150,000.

**Mr. Everett: So what you’re proposing to spend to make this a net amount – that’s in the capital plan?**

Mr. Chenard: Yes.

**Mr. Everett: And that is clearly defined as money from the INI fund?**

Mr. Chenard: Well technically it’s from retained earnings because it’s not yet in the INI fund. But in future years it will come from the INI Stabilization Fund. It’s held in retained earnings right now.

**QUESTIONS FROM THE COMMITTEE**

**So, we're starting with \$1,100,000 which is part of the retained earnings certified by the DOR. And that's part of the \$3.3 million total certification for water and sewer. We're adding \$175,000 which is new INI money certified for fiscal 2015. And that \$175,000 is what you would normally expect for one year going forward?**

Mr. Chenard: Yes, when we look at the history it's been as low as \$75,000 and as high as \$500,000. But \$175,000 is a typical year.

**And then from that we're proposing a \$150,000 spend from a capital article? And so the net amount comes to 1.1 million which is actually the number in the Q and A?**

Mr. Chenard. Correct.

**The previous practice was to hold it separately accounted but within retained earnings. And that practice is no longer allowed by the DOR?**

Mr. Chenard: Correct, we used to hold it in separate account within the enterprise fund. We are not required to certify that in retained earnings and put it in a stabilization fund.

**So in previous time was that part of the retained earning certification?**

Mr. Chenard: No.

**But because of this ruling we have to hold it in retained earnings and then move it from there?**

Mr. Chenard. Correct.

**And should we, for whatever reason, decide not to do that, then the money would have to go back to the developers because we would not be using it for the purpose it was collected?**

Mr. Chenard: We would not have to return it to the developers but there's case law that says if we don't use it for its intended purpose they could come after us and ask us to return it to them. Based on case law they would be successful.

**So the rational for collecting it in the first place was the extra flow that was being added into the system through that developers' project.**

Mr. Chenard: Many times yes, but some projects actually reduce the sewer flow, so only if a developer increases the flow are they required to pay into this fund.

**Is this connected to the storm water master plan in place in Natick?**

Mr. Chenard: No.

**The only thing we're doing differently is creating a different funding source for work that we have done and will continue to do?**

Mr. Chenard: Not a different funding source, a different accounting system.

**The retained earnings are not a factor in setting the sewer rates, right?**

Mr. Chenard: Directly they absolutely can be. If you were to say, we're going to set the rates. This fund was never a part of setting those rates, because it's a totally separate funding source.

**So it goes into the retained earnings, and we are taking it out. But you look at a snap shot of those retained earnings, before it goes out, it’s going to be bigger than it was. And, to the extent that bigger retained earnings can affect the rates?**

Mr. Chenard: Unless the Board of Selectman specifically votes to use the retained earnings to reduce the rates, it does not affect the rates.

**Is there a target set for this fund?**

Mr. Chenard: We don’t have a target for this fund because we probably won’t be taking funds from the enterprise fund and adding it to this stabilization fund outside of the funds that are paid to mitigate additional flows to the sewer. The fund is based upon development and funds paid to the town for additional sewer inflow. Right now there is no plan to add additional money to this fund. These funds we have to use or we will lose them. We want to mitigate the INI as much as possible.

If we identify large projects that need to be done with respect to INI, and we have the staffing and the resources we will do those projects. These funds do not have to be spent immediately, they have no time deadline for use or we will lose them, they just need to be properly segregated for accounting purposes specifically for INI.

**MOTION** Move transfer to the inflow and infiltration stabilization fund, \$1,126,405.50 from water and sewer retained earnings to the stabilization fund.

Moved/Motioned by:	Mr. Evans
Seconded by:	Mr. Pierce
Motions or Debates:	Mr. Evans: Again this is pretty good use of a stabilization fund. I’m very happy to see this funded and I urge your support.  Mr. Pierce: Thank you for your presentation.  Mr. Freedman: I’m whole heartedly in support. We’re using the same source of funding as we did before. To me this is just accounting housekeeping and I support that.  Mr. Everett: We’ve always had a separate account within the enterprise fund. I see the state coming down and changing this complicates things but it’s necessary so I’m in favor of it.
Vote	10-0-0

**Article 29: Transfer to Stabilization Fund – One-to-One Technology Stabilization Fund**

Presented by Jeff Towne, Deputy Town Administrator/Finance Director  
Martha White, Town Administrator

We established the Stabilization Fund One-to-One technology for the first time at Spring 2014 Town Meeting. We created the fund, but did not fund it. Article 29 proposes starting funding with \$100,000, transferring out of free cash. We think this will be a good place to set money aside for this program. The school department is in the process of developing a financing plan for this program.

Peter Sanchioni, School Superintendent, commented. As I expressed to you at Spring Town Meeting, the idea behind the one-to-one stabilization fund is to support our sustainability plan for the one-to-one initiative at the high school. That program is now entering its third year. We predicted the laptops would have a useful life of about 5 years. So in a couple more years we're going to need to replace 1,500 laptops. The way we had established the one-to-one fund was through the high school project itself. In building that school the opportunity availed itself to provide laptops to students. We're working with the school committee this year to finalize that sustainability plan for the 1,500 laptops. Funding is what has to change and the school committee has to make the decision about what that's going to be. Whatever is in the one-to-one stabilization fund will contribute to that in some form. One option is to ask parents to partner with us and in this model under those circumstances any money in that stabilization fund could support families and parents who couldn't necessarily afford to participate. The money in that fund we expect not to use it this year and we hope to accumulate more through other sources and we can use those funds to help us achieve our goal.

#### **QUESTIONS FROM THE COMMITTEE**

**Mr. Everett: Just as a technical point anything going in to the Stabilization Fund requires a two-thirds vote and anything coming out requires a two-thirds vote. So, anything going into this for usage in the future will need a two-thirds vote at Town Meeting.**

**Would you go to the stabilization fund for anything other than to upgrade the laptops for the high school students?**

Mr. Sanchioni: It has always been our intention to use that fund to support the sustainability plan for the high school laptops. What I'm not sharing with you is exactly what that sustainability plan is because that's being developed this year.

**Will any of these funds be used for the eighth grade laptops?**

Mr. Sanchioni: No. Eighth grade laptops were purchased this year with funds from another source.

**When in the spring might the plan be available for review?**

Mr. Sanchioni: Depends on when we get the School Committee members to agree to a plan. The plan of record will be generally available and probably a well-structured plan that can be taken to town meeting.

School Committee Chair Amy Mistrot: There is a majority opinion among the School Committee about a plan but there is not universal decision about sustainability. At the end of October or First of November it is on the School Committee agenda.

**Is there a target amount of funds for the stabilization total?**

Mr. Sanchioni: We don't expect to use this fund this year so we're hoping that maybe more funds will be added in the spring and maybe next fall and maybe in two or three years this fund will grow and we can back that into our plan and it will make a big impact.

**Do you look at this stabilization fund as a supplemental funding source for the stability plan or a primary source in conjunction with parents? Are you looking to your operating budget at all for funds to contribute to this?**

Those issues are still on the table – we’re still looking at funding sources we can use.

**Is it your plan to come up with a comparable document as we have for other stabilization funds?**

Ms. White: Yes – We’re hoping that the plan they develop will be one and the same for this document.

**MOTION** Move favorable action with regard to Article 29 one to one technology stabilization fund in the amount of \$100,000 from free cash.

Moved/Motioned by:	Ms. Collins
Seconded by:	Mr. Freedman
Motions or Debates:	<p>Ms. Collins: This account was never envisioned when it was set up to be the complete answer but it’s a start. So I’m very happy to see that we’re starting it. On the other side, I’m very unhappy that a specific request from this committee made in the spring about developing financial principles around this account is apparently gone unheeded as of yet.</p> <p>Mr. Freedman: I think this can be a very valuable tool and I’m looking to the school committee to collaborate to define the vision of what and how this money will be used for. I have no problem putting money into this. I think when it’s time to take it out we need to have a much clearer vision and an understanding of the big picture. What are the targets, criteria, goals to be met?</p> <p>Mr. Everett: I would like to make sure that the school committee and the Superintendent work together clarify exactly how things are going to be funded in the future with this being one aspect of it.</p>
Vote	11-1-0 favorable recommendation

**Article 30: Transfer to Other Post-Employment Benefits (OPEB) Trust Fund**

Presented by Mr. Towne:

To transfer a sum of money, \$250,000 to the Other Post-Employment Benefits Fund to pay for our accrued liability which is currently unfunded of approximately \$127 million. We have approximately \$450,000 so far in that fund. We propose to do an appropriation of approximately \$250,000 to that fund.

In fiscal year 2017 this liability will bring an approximately \$127 million liability onto our financial statements. What this represents is health insurance liabilities on an actuarial basis of what it would cost us for all our retirees.

We are working on an “OPEB 101” presentation for the citizens, boards and committees to help everyone understand what this is. Even though we’re not required to fund it yet, this is probably the first step to funding it in the future. Government Accounting Standards Board is who promulgates our accounting reporting requirements. And they are stating that will probably come for our fiscal 2017 financial statements. We have only funded, to date, \$446,000, out of \$127 million. We are not the only ones.

We took a stab at it by funding with our Medicare Part D subsidy. In the past that stopped if you recall – West Suburban Health Group retained those in order to keep the insurance rates down rather than returning those to us. So in effect we got the anyway but it's not dedicated for this purpose anymore.

We wanted to keep this process rolling. We didn't do anything last year. We did about \$224,000 two years ago and to add up to our \$446,000 that's in our fund now.

This is a discussion that we will just continue to have. The bond agencies will keep looking at this and look to see what kind of plan we put in place to handle this. We will have a OPEB report from the actuaries this year. But the last one predicts us through June 30, 2014. Our goal is to systematically start funding this and as we start to get up to a level where we get close to our goals in the other stabilization funds we possibly start putting some of those funds toward the OPEB liability.

The good thing about these funds is we can put this money into different portfolios to try to put the money to work for us through prudent investment. We are getting serious about this, we need to get serious. This is a financial problem that is happening across the country and we are not alone in dealing with it. We are considering a two-pronged approach to developing a plan: how to fund it and how to maintain, stabilize and reduce our liability in the future and that's where the long-term plan will be discussed in the future.

#### **QUESTIONS FROM THE COMMITTEE**

**Mr. Everett: First of all we have these two major liabilities hanging over our heads: on the retirement side it's managed by the state in a sense that they dictate what we have to contribute and where it goes; we have a retirement board that takes care of the money and invests it correct? Do you envision in the future something similar to manage OPEB?**

Mr. Towne: I do envision something similar to that. It's the same pool of people we're dealing with. We're planning our retirement for a cash amount that retirees are going to get a percentage of their income based upon years of service and age when they retire. So this is the benefits that go on top of that. So at some point in time, my guess is that we'll be forced by some regulatory agent to fund this. I don't think it's coming any time soon maybe the next 4 or 5 years. At some point our financial statements will look so ugly that we won't know what our real fund balance is because we'll have so many liabilities against it.

Our retirement plan is on schedule to be funded by 2030. But that escalation puts up 8% until 2019. Then it has one funky year and 2% and then 4% after that. But when you look at what that's going to be, going from a \$6.5 million dollar appropriation now, to 2030, you're talking over 10 or 11 million dollars, by the time you get out to that time frame according to that schedule. So we're mandated to go up to 8% through 2019 and then it will drop down a little below that.

The schedule on OPEB, even if we were to take \$250,000 for the next two years then \$400,000 a year after and then a million a year after that, we would have then put 6 years of funding together for this and still only be at 1.8% of our current liability.

**So who's going to manage the portfolio?**

Mr. Towne: Right now we're invested with a company called Bartholomew. They specialize in funding OPEB Trust Funds.

#### **QUESTIONS FROM THE COMMITTEE**

##### **What does the state say our end date is to get to the target on OPEB?**

Mr. Towne: There's no requirement right now to fund OPEB, but it's coming. This calendar projects out to 2116. I don't know what that means.

##### **I believe with OPEB we are a pay as you go community and we have been for a while? What are we paying this year for OPEB funding?**

Ms. White: We're proposing to put \$250,000 into the trust fund. The question really is what the cost of retired employees' health insurance is.

##### **What is our pay as you go for this year?**

Mr. Towne: Okay, say it's \$6 million. We should be funding at least twice that.

##### **How much has it got up over the last 3 or 4 years on the pay as you go basis?**

Mr. Towne: It has gone up anywhere between 5% in Natick to 14% in other communities.

Ms. White: By adopting the laws stipulating that all retirees who are Medicare eligible must go into the Medicare system we saved a significant amount with that shift. And we've moved all the retirees into the rate saver plans. We've taken some action to reduce the pay as you go cost.

Mr. Towne: The year before our last actuarial review we were at \$120 million unfunded liability. The year of the next actuarial audit – this year, we're at \$127 million unfunded liability. Even though we've stayed on the pay as you go program, our liability went up because of cost of living increases even with all the things Ms. White said we've done to help reduce liability.

##### **What would happen say in 2020 the state said all towns had to be funded? Where would we get that money?**

Mr. Towne: I don't know where it would come from – we can incrementally increase. There have been some creative things done out in California around this issue but there really hasn't been a definitive solution to this problem as of now.

##### **Do you think the state is likely to mandate funding anytime soon?**

Mr. Towne: I don't know the answer to that, but I would think if it's going to be on our financial statements eventually the DOR has to deal with it – and rightly so. There's going to have to be some significant change with how we approach this.

##### **Beginning in fiscal year 2017 we have to add this to our financial statements?**

Mr. Towne: It is not final yet but that is the date proposed by GASBY.

##### **Do we think there's going to be an impact in the bond agencies when this happens?**

Mr. Towne: They're talking about a plan. That's what we hear every time we go to a rating call. I believe at some point in time it will be at the forefront of our rating agencies – how it will affect that is unknown at this time. I think they know it's coming and

everyone is in the same bind. But if you do nothing I think it will be worse than doing something and we need to try to figure the best plan for Natick together.

**MOTION** Move favorable action in the matter of moving \$250,000 from free cash to the OPEB Trust fund.

Moved/Motioned by:	Mr. Freedman
Seconded by:	Mr. Pierce:
Motions or Debates:	<p>Mr. Freedman: I certainly think it’s necessary. Whether this is the right amount or not – no one seems to know at this point. But I think we need to be seen as taking some steps toward a solution. It’s important from a business perspective that we continue progress on this and not step back as that may cause some adverse consequences in the future. I think this is an appropriate thing to do at this time.</p> <p>Mr. Pierce: Thank you for the presentation.</p> <p>Mr. Hayes: I think any amount of money is giving the appropriate message to the bond agencies and whoever else is looking. I think the seminar is good idea. I think one of the things that a might help is to clarify what options are off the table so the conversations in town will focus on the possible solutions that are acceptable.</p>
Vote	10-0-0

**NEW BUSINESS:**

**Free Cash Certification and Anticipated Use**

Presented by Jeff Towne, Deputy Town Administrator/Finance Director  
 Martha White, Town Administrator

Town of Natick received “Notification of Free Cash Approval” from the Massachusetts Department of Revenue on September 9, 2014. Free cash is defined as remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in expenditure budget line-items.

Available funds are as follows:

General Fund:	\$6,832,003
Water/Sewer Fund	\$3,342,357
Sassamon Trace Golf	\$ 201,094

The free cash spend down proposal is starting at \$6,832,003. .05% or \$650,000 we set aside and plan on not touching or appropriating out of leaving as start up cash for next year. As you will see, spring town meeting had several votes already that have taken out of anticipated free cash which was \$100,000 for the Michael McDaniel Jr. family that came out of last years’ free cash amount which was certified the \$1,500,000 is to offset the operating budget as we do each year. But the million five is the standard amount that we’ve used each year to balance the operating budget so we conservatively estimate, wait until it drops into free cash, and we balance the account budget with it. We also use the amount of \$638,523 to eliminate the remaining snow and ice deficit. We have a snow and ice deficit of \$892,023 but we already built into the budget \$253,500 knowing that

we most likely would have gone over when we prepared the budget from January 1<sup>st</sup>. for following so that way if we do have more than the \$150,000 than we set aside for snow and ice we will have enough to cover that. Our goal would be to vote that overage at the spring town meeting so we don't have to carry over a snow and ice deficit to the following year.

We had free cash that we did not appropriate out of the previous fiscal year of \$1,366,000. Free cash was certified as of July 1, 2013, we made motions out of that to move things like local options meal tax, stabilization funds and anything voted out of the 2014 omnibus budget. We took all those away from the July 2013 balance and what was unappropriated was \$1,366,000.

Then we had revenues in excess of the budget of about \$ 2.8 million and expense turn backs of \$2.6 million. And then there were other changes to receivables, other funds that affected and that only amounted to about \$15,000.

The excess revenues is broken down: \$2,822,574 for fiscal year 2014. You never collect the full amount of property tax value so we always have to estimate an amount for local receipts conservatively budget because we know we're not going to collect 100% of the tax levied. So we were short \$550,000 in that which will be made up in future years as we go to tax title and collect subsequent taxes.

State aid, we had a shortfall of \$35,377. The rest of the money we predominantly have surpluses in local receipts. \$3.4 million in local receipts seems like a lot of money but when you consider that we don't budget for the local options taxes and that figure is \$1.35.5 million out of \$3.4, we're really talking about \$1.8 million or so that comes in from other areas. This year we had about \$911,000 dollars surplus in motor vehicle excise tax. So we had a phenomenal year.

If you will recall however, in FY 2015, when we set the budget, we increased that by about \$430,000 recognizing the fact that we knew we were going to have a good year and we put certain money into the budget so we could plan on it and also still have some level of conservatism to the estimations.

Again, out of hotel/motel, on top of the \$1,355,000 the other one that we've always had for the State portion that comes back to us, we had about \$160,000 extra in what we budgeted for that which was \$700,000. So that came in slightly higher.

Penalties and interest, \$145,000, was extra surplus for that. And then we had the ambulance and police detail administration fees was \$1 million 625 versus \$1 million 460 budget so \$165,000. Then we had some negatives. Some other departmental revenue was short \$121,000 in various line items and that makes up 25 different individual line items. Licenses and Permits was a bit low by \$209,000 and then the rest is plus and minus. But the big one that we don't budget for and we can't budget for is one-time monies, including tax/title \$67,000; bond premium, \$407,000; we never know if we're going to get a bond premium when we go out to issue long-term debt, and miscellaneous other non-recurring items for \$63,000.

So between the main categories, we had \$911,000 in motor vehicle, we had \$1 million 355 in local options taxes; we had \$538,000 in items that we can't budget for, so when you add up all those numbers it's pretty much a big chunk of pluses and minuses where

we had surplus at the end of this year. In the municipal section we also turned back \$6.2 million. One of the things that we did was you know, that we have extra in items such as the shared expenses for health insurance, and we also had turn backs in other miscellaneous line items for the various departments – every department going down the line had turn backs. Very conservative spending on behalf of the department heads which is really good. And then other items such as where we looked at what we've carried over for encumbrances, I think Ms. Collins brought that up at one time during the FY 2015 budget review. We closed some of those that we've been carrying them for a while. Sometimes you need them and you absolutely have to carry them forward and then there are times when you look and you say okay we've carried these things long enough. So we closed out some of those. All of that being said, we turned back \$2.6 million in excess over the budget for appropriations.

So that's how we got to the free cash amount. Free Cash is legally able to be appropriated for a number of different reasons one of which is paying for snow and ice deficit which we will also get into in Article 24. The formula starts with the fund balance then it takes away any deficits that sit out there and adds the excess revenues and the excess turn backs on appropriations, adds to the beginning balance and comes to a result. We are pretty sure we are going to have solid free cash again probably in May as we are closing out the books – within \$50,000 of our listing so I feel good about our numbers being right spot on.

This fall Town Meeting we plan on Article 24 being \$25,000 plus the snow and ice deficit of \$638,523 and that will add to the Fiscal 2015 Omnibus Budget all coming from free cash. And Article 24 is broken down into two pieces \$5,000 and \$20,000.

The purpose of Article 25 is to appropriate funds into the Town's General Stabilization Fund. The proposal is to appropriate \$150,000 from free cash certified as of July 1, 2014 to this fund.

Article 26 we're requesting an appropriation and transfer out of free cash of \$625,000 to the operating rainy day stabilization fund.

Article 27 is a two part spend down: the first one is to transfer the full amount of the local options tax which is collected in the previous year and then transferred to the capital stabilization fund in the following year once free cash is certified. And that amount is \$1,355,092. And an additional stabilization contribution of \$650,000 that we felt would put that up over \$2 million dollars to go to the capital stabilization fund for future capital needs and tax relief.

Article 29 Stabilization Fund one-to-one technology stabilization we established for the first time last spring at spring town meeting, we did not fund it we just established it and we are proposing to get it started with \$100,000, transferring out of free cash.

Article 30 To pay for our accrued liability which is currently unfunded of approximately \$127 million. We have approximately \$450,000 so far in that fund. We propose to do an appropriation of approximately \$250,000 to that fund.

What that will mean is we'll have 0.5% reserve of \$650,000 left untouched and a remaining unallocated balance of \$788,388 which we will hold for snow and ice deficit

**QUESTIONS FROM THE COMMITTEE****Did you have an opportunity to see what we turned back from healthcare?**

Mr. Towne: That was provided to you in the spring.

**What did the schools turn back?**

Mr. Towne: \$3,626.00

**Take Away Mr. Freedman: Would like to see a breakdown the departmental turn-backs – what makes up that \$2.6 million. Because I'm interested in municipal as well as the shared. I'd like to see if there are any trends over a 3 to 5 year period to inform us on if we can get a little more precise in our budgeting in some areas.**

Mr. Towne: It is available if you were willing to add back the snow and ice deficit. Ginny Cahill's 4<sup>th</sup> Quarter Report went to the Board of Selectmen for the meeting on the 22<sup>nd</sup>. So, you can see on her sheet all the turn backs by department there but you need to add back the snow and ice deficit to the snow and ice line item to get that number. I'd be happy to put that together in a more simplistic form but if you wanted to look at it earlier than I could get that to you Ms. Cahill's report has the information.

**And that lays out the budgeted or appropriated amount versus the turn back or the unexpended?**

Mr. Towne: Yes.

**That's all I need.****Regarding the memo on the financial principles mentions that revenue needs to be 1% of the revenues. What is 1% of the revenues?**

Mr. Towne: The total revenues we consider for that is \$123 million so it's 1.23 million.

**Healthcare benefit turn-backs – How many additional hires over and above our budget did the town bring on board in fiscal 2014?**

Ms. White: I think zero. There's a lot of shifting because of people going on and off various plans.

**How many additional hires over and above our budget did the town bring on board in fiscal 2014 for the schools above what was budgeted?**

Ms. White: Wouldn't want to hazard a guess as to what they brought on. There's so much fluctuation in that line because people change their benefits so frequently shifting.

Mr. Towne: We are starting to expand how we track those because it is important to the budgetary process, and it is important to understanding trends. We are doing planned approach towards fiscal year 2016 budget to try to track these things so that by the end of the year we have a report on health insurance.

**Judging from the response earlier the 2.6 million is basically all general government. How much of that is from a shared area and how much is from the general government?**

Mr. Towne: We had \$792,785 dollars in shared and the municipal side was \$1,725,254.

**Is it a minimum of 1% or is it .5%?**

Ms. White the goal would be 1.0% but never less than a 0.5%. As Jeff gets to the free cash spend down proposal you’ll see that Jeff set aside 0.5%.

**ADJOURN:**

Move to adjourn.

Moved/Motioned by:	Mr. Freedman	
Seconded by:	Mr. Evans	
Motions or Debates:	None	
Vote	10-1-1	

Meeting adjourned at 10:45 p.m.