

SHUTESBURY FINANCE COMMITTEE
Minutes for Feb. 26, 2008
Shutesbury Town Hall

Members present: Eric Stocker, chairman, Rus Wilson, Elaine Puleo, Al Springer, Lori Tuominen, Mark Pocsik and Patrick J. Callahan. Guests: David Dann, town administrator; Leslie Bracebridge, town clerk; Becky Torres, Ralph Armstrong, selectmen; Gail Weiss, town accountant.

The meeting convened at 7:10 p.m.

Al Springer and Becky reported that the town is considering hiring a manager for Lake Wyola to take over some duties that Bill Elliot has been handling. Bill is stepping down from the dam committee and will no longer be doing tasks such as measurements in the middle of the lake.

David Dann says Rep. Steve Kulik has inserted an earmark of \$150,000 for the Lake Wyola dam repair into the state budget for DCR. Sen. Rosenberg is planning to do the same in the Senate version of the budget. There was a discussion of having the Friends of Lake Wyola organize a post-card mailing to area lawmakers to support the funding as the budget moves through the House and Senate.

David also reviewed plans for the audit hearing by the state School Building Authority auditors about the disallowed costs from the elementary school building project. That hearing is set for March 6 in Boston, but may be conducted over the phone if nobody can attend. David Dann, Gail Weiss and Gabe Voelker are willing to go to Boston in an effort to make the best possible case for the town. Based on a couple of reviews, out of a total of \$500,000 in disallowed costs, the town has found some documentation for about \$205,000. In 2005 the Department of Education sent the town a letter saying there were \$323,000 in disallowed costs. The best case appears to be that the town would be responsible for about \$125,000.

There was a general discussion of the budget situation. David Dann says at this point, the gap in the budget proposal for next year is \$222,000 if capital items are included. If the capital items are removed, the gap is \$185,000.

Gail reviewed the revenue projections from a work sheet she had prepared which then prompted a discussion of whether it would be wise to propose an override this year to close the budget gap without relying on free cash or other reserves. Eric says the basic financial problem for the past few years is that revenue is rising at about 3 percent annually while expenses are rising at 4 percent. He suggested the two committees craft a new budget that doesn't require the use of free cash but making cuts to all departments.

A chart showing the continuing decline in town reserves over the past several years with projections into the future was reviewed. It showed that if the town continued with the

practice of using free cash, total cash reserves this year would decline to about 10.88 percent, from 13.7 percent last year and 15.1 percent the previous year.

The two committees then took a formal vote to seek an override this year and to send a letter to town departments asking each of them to draft a budget showing that cuts that will happen if an override fails.

The joint meeting broke up and the Finance Committee unanimously approved the minutes of the Jan. 29 meeting.

The next meeting is set for March 11, 2008.

The meeting adjourned at 9:03 p.m.

Submitted by Patrick J. Callahan.