Finance Committee Minutes
DRAFT

Date: 24 September 2019
Start Time: 6:30 PM

Location:
Ashland Town Hall
101 Main Street, Ashland, Massachusetts,
Meeting Room A

Members Present

<table>
<thead>
<tr>
<th></th>
<th>Scott Warnetski, Vice Chair (acting Chair)</th>
<th>Jonathan Moore</th>
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<tbody>
<tr>
<td></td>
<td>Ryan Turncliff, Secretary</td>
<td>Jenn Cooney</td>
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<td>Jack Walsh</td>
<td>Ed Hart</td>
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Guests Present

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<tr>
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<th>Michael Herbert, Town Manager</th>
<th>Brittany Iacponi, Town Finance Director</th>
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Minutes:

1. Call to Order
   - The Chair called the meeting of the Finance Committee (the “Committee”) to order at 6:31 PM.
   - Jenn Cooney agreed to record the minutes for the meeting.

2. Public Comment
   - None.

3. Officer Elections
   - Secretary: Scott Warnetski notified the Committee that, after serving several terms in the role, Ryan Turncliff did not wish to seek re-election as Secretary. Jenn Cooney volunteered, noting her service as acting secretary at times over the past year.
     - Motion: Scott Warnetski
     - Second: Jonathan Moore
     - Vote: 4-0
   - Chair: Scott Warnetski, current Vice Chair and acting Chair, expressed his willingness to serve as Chair.
     - Motion: Ed Hart
     - Second: Jonathan Moore
     - Vote: 4-1
   - Vice Chair: Jonathan Moore agreed to serve as Vice Chair.
     - Motion: Scott Warnetski
     - Second: Ed Hart
The Ashland Town Charter, Part VII, Section 7-1 (Budget Process) requires that the Town Manager develop a budget calendar that results in the Finance Committee receiving the town’s budget at least 105 days before the Annual Town Meeting. In addition, it provides that the Finance Committee, prior to November 1st, and after consultation with the Board of Selectman, School Committee and Town Manager will issue a policy statement that shall establish general guidelines for developing the next year’s fiscal budget for the town. Accordingly, we provide the following guidelines and instructions.

For Fiscal Year 2020 (FY20), we will continue our practice of conservative revenue estimates. To that end, this year we will base our FY20 local aid numbers on FY19’s final local aid budget figures. This approach will provide us a level of stability throughout the budget development process. FY20 local receipt figures are anticipated to only go up slightly. Early revenue estimates for FY20 indicate that new growth numbers are expected to decrease from FY19. The levy limit will increase the standard 2.5 percent.

In FY15 we adopted an outcomes-based budgeting approach, which zero-bases line items and establishes performance measures and outcomes associated with any new spending. We intend to continue this approach and improve upon it in FY20 for all departments and our schools.

The Town Manager, Assistant Town Manager, Superintendent and Assistant Superintendent of Schools, will be sending our more detailed instructions and forms to each department and school administrators respectively in late October/early November. Given the structure of the budget this year, we anticipate several meetings between Town Management, School Administrators and department heads throughout the budget season. The Finance Committee will also be interviewing departments throughout the budget process and will be asking for information to be provided prior to any scheduled meeting. We thank you in advance for your cooperation.
Attached is a calendar that establishes a schedule for certain milestones during the budget season. Finance Committee meetings are posted on the Town’s website and we encourage your participation, when requested.

Respectfully,

Adam Elbirt, Chair

CC:  Ashland Board of Selectman
     Ashland School Committee
     Michael Herbert, Town Manager
     Jennifer Ball, Assistant Town Manager
     Brittany Jacaponi, Finance Director/Town Accountant
     Barbara Durand, Assistant Superintendent

1 Attachment:
FY20 Town Manager Budget Calendar
To: All Department Heads

From: Michael Herbert, Town Manager
      Brittany Iacaponi, Finance Director/Town Accountant

Date: October 15, 2019

RE: FY2021 Budget Instructions to Department Heads

Economic & Financial Strategy

Our overall financial strategy has six broad components:

- Retain our AAA credit rating by adhering to the Town’s financial policies
- Continue to develop a five-year capital and infrastructure plan and invest in it accordingly
- Maintain 10% in our general stabilization fund
- Address future liabilities
- Explore opportunities to expand services to our residents and customers
- Continue developing an economic development strategy to leverage Ashland’s full potential

The Town has worked hard over the last few years to strengthen its’ financial condition and has reached its’ goal of 10% in the general stabilization fund.

To maintain Ashland’s financial state, we want to utilize realistic, yet conservative budgeting practices to minimize any potential shortfalls in the budget. As a result, the following assumptions will be used to develop the FY21 budget and revenue estimates developed accordingly. State aid will be forecasted at the FY2020 level. Local receipts – typically one of the best indicators of a healthy economy – are starting to slowly trend downward as development in Ashland has slowed down. Property taxes will rise by the 2.5% limitation of Proposition 2 1/2. New growth is also expected to decline as major developments have come online the past few years.
**Budget Timeline**

Attached is a budget timeline for the FY2021 budget. This calendar was prepared based upon the Town’s Charter for the budget process and includes deadline dates for Management and Department Heads. Last year’s calendar assisted the Town in developing and adopting a budget earlier. It also allowed the Town to prepare the budget document timely for residents to view it.

The important dates to note in the budget calendar are the following:

- **October 15th**: Management issues budget instructions to Department Heads
- **October 15th**: Capital requests form due from Department Heads
- **December 3rd**: **Draft departmental budgets due. Please email budgets to Brittany.**
- **Dec.- Jan.**: Management to meet with Department Heads to discuss FY21 budgets
- **Jan.-Feb.**: Finance Committee to have budget hearings on departmental budgets.
- **March 12th**: BOS adopt a budget for capital and balanced budget for operations
- **May 6th**: Annual Town meeting

**Budget Instructions**

The Town will continue to focus on departmental goals and performance indicators. The creation of goals and performance indicators is a collaborative process between you, the department head, and management. Department heads are encouraged to look at other communities’ measures and goals to gain ideas, and then tailor those to your specific department vision.

As all collective bargaining agreements have been settled and finalized, please incorporate the contractual increases for your employees in the budget request. If you or any of your non-union staff are under an employment agreement, please budget for the base amount of your salary and incentives (i.e. car allowance, cell phone etc.), if applicable. However, do not budget for salary increases based upon performance reviews. A budget will be set up for non-union personnel will be allocated to respective departments pending performance reviews.

Developing budgets for each of your line items is a combination of taking historical spending trends and applying what you want to accomplish in the next fiscal year to those trends.

Funding requests will be evaluated based on their service level impacts, the probability of them being implemented, and how they fit into the overall vision for the town. This is also a good time to review the eight Strategic Goals and Objectives, as yours will need to match up with those in one or more categories.
To get started, please prepare a document which includes the following:

1. **Department Descriptions**
   This section should include both the roles and responsibilities of the department and a description of the work that is undertaken within the department. It should be written using terms and descriptions that the public can understand. If your department has not changed over the past year, feel free to copy and paste previous year’s information!

2. **Staffing**
   Please create a staffing level table that details the number of full-time equivalent staff in your department for each of the last three fiscal years. This should be listed as full-time equivalents (FTE’s). For example, if you have one permanent staff member and two staff members that each work 20 hours per week, your FTE number is $2 \times (1+.5+.5)$. The staffing level table should represent your current staffing levels, not any potential additions to staffing in FY21.

3. **Explanation of Budgetary Changes**
   In this section, you should explain any changes in the budget from the previous year, including but not limited to, changes associated with fixed cost increases or collective bargaining agreements. The changes should be broken down into two categories, personnel and other expenses.

4. **Department Goals and Objectives**
   The document should include clearly stated goals and/or performance measures for your department. Once goals/performance indicators have been identified, clearly link the departmental goals to the overall goals of the Town.

   Please utilize the attached document titled, ‘FY21 Goal Template’ as a template and further guidance.

5. **Department Line Items**
   You should have access to historical data of the spending in each department through the MUNIS system. If not, please ask Brittany and she will provide the data.

6. **Organizational Chart**
   An organizational chart which clearly depicts the structure of your department

   All narrative-type information should be typed using 12pt Times New Roman font. Submissions should be made by electronic copy only in a Word or Excel document.

7. **Accomplishments**
   Please list any accomplishments of your department over the last year that you would like highlighted in the budget document.

**Next Steps**
Please be sure to begin your budget work early. Asking questions early in the process rather than waiting until the last minute to do so will result in a better final product.
This calendar describes the steps leading to the adoption of the budget for those accounts overseen by the Town Manager and requiring appropriation by Town Meeting. The School Superintendent and School Committees carry out similar steps leading to their budget submissions and preparation for Town Meeting. Town and School budget dates have been incorporated into this calendar.

<table>
<thead>
<tr>
<th>DATE</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>9/25/2019</td>
<td>Town Manager issues FY2021 - FY2025 capital guidelines to all departments</td>
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<tr>
<td>9/27/2019</td>
<td>Assistant Superintendent issues Capital Guidelines to School Departments</td>
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<tr>
<td>10/1/2019</td>
<td>Town Manager to consult with finance committee on budget schedule per Chapter C, Part VII, Section 7-1 (a) no later than October 1st. Finance Committee meeting has been set for 9/24/2019</td>
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<tr>
<td>10/9/2019</td>
<td>All School capital requests due to Assistant Superintendent</td>
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<tr>
<td>10/10-10/11</td>
<td>Asst. Superintendent and Director of Facilities review capital requests</td>
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<tr>
<td>10/15/2019</td>
<td>Capital request forms from all Departments due</td>
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<tr>
<td>10/15/2019</td>
<td>Town Manager and Finance Director issue operating budget instructions to Department Heads</td>
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<tr>
<td>10/21/2019</td>
<td>Assistant Superintendent issues budget instructions to school principals/directors</td>
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<td>10/23 or 10/30</td>
<td>Capital Plan to School Committee for review and vote on prioritization</td>
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<tr>
<td>10/21-11/26</td>
<td>Principals/Directors work on FY21 budget</td>
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<tr>
<td>11/1/2019</td>
<td>No later than Nov. 1st, the finance committee, after consultation with the BOS, School Committee, and Town Manager, shall issue a policy statement that shall establish the general guidelines for developing the next town budget per Chapter C, Part VII, Section 7-1 (b).</td>
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<tr>
<td>11/7/2019</td>
<td>Per Chapter 63-2, 'Attested copies of the warrant for the Annual Town Meeting shall be posted at least 7 days before the date of hold the same. Attested copies of any special Town Meeting Warrant shall be posted at least 14 days before the time of holding the same.</td>
</tr>
<tr>
<td>11/20/2019</td>
<td>Fall Town Meeting and consideration of FY20 budget amendments, if any and financial articles</td>
</tr>
<tr>
<td>11/27/2019</td>
<td>All budgets due to Assistant Superintendent</td>
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<tr>
<td>12/3/2019</td>
<td>Begin review and ranking of capital project submissions</td>
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<td>12/3/2019</td>
<td>Department Head Budgets Due</td>
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<tr>
<td>12/9-12/20</td>
<td>Administrative meetings to review FY21 budget</td>
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<tr>
<td>12/14/2019</td>
<td>School Committee Saturday budget workshop with administrators</td>
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<tr>
<td>1/8/2020</td>
<td>Public Hearing on School budget</td>
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<tr>
<td>1/22/2020</td>
<td>School Committee votes on bottom line budget</td>
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<tr>
<td>1/22/2020</td>
<td>Governor's Budget - Governor files recommendations as a bill with the House of Representatives. Under the state Constitution, the Governor must submit a proposal by the 4th Wednesday in January or, in the event of a new term, within five weeks later. This bill is called 'House 1' or 'House 2' depending on the year.</td>
</tr>
<tr>
<td>1/22/2020</td>
<td>Finance Committee to receive budget which shall be at least 105 days in advance of the annual town meeting per Chapter C, Part VII, Section 7-1 (a).</td>
</tr>
<tr>
<td>1/31/2020</td>
<td>Finalize capital plan</td>
</tr>
<tr>
<td>1/23/2020 - 2/20/2020</td>
<td>Finance Committee Budget hearings and present capital plan to committee members for feedback</td>
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<tr>
<td>2/20/2020</td>
<td>Incorporate feedback from Finance Committee into capital plan.</td>
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<tr>
<td>February 2020</td>
<td>TriBoard Meeting on Budget, if needed</td>
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<tr>
<td>3/12/2020</td>
<td>Board of Selectmen deadline to adopt a budget for capital and a balanced budget for operations, which shall be, as far as practicable, 55 days in advance of the annual town meeting per Chapter C. Part VII. Section 7-1 (a) iii.</td>
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<tr>
<td>April 2020</td>
<td>Town meeting forum on warrant, which will include the capital plan</td>
</tr>
<tr>
<td>4/11/2020</td>
<td>The House Committee on Ways and Means examines the Governor's proposal and releases its own recommendations for the annual budget for deliberation by the House of Representatives. Prior to release of the House Ways and Means Budget, Joint Ways and Means Committee budget hearings are held across the state.</td>
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<tr>
<td>4/22/2020</td>
<td>FinCom issues recommendation. Per Chapter C. Part VII. Section 7-2, the finance committee shall file a proposed budget and report of its recommendations for action 14 days prior to the scheduled date of the annual town meeting.</td>
</tr>
<tr>
<td>4/29/2020</td>
<td>Per Chapter 63-2, 'Attested copies of the warrant for the Annual Town Meeting shall be posted at least 7 days before the date of hold the same. Attested copies of any special Town Meeting Warrant shall be posted at least 14 days before the time of holding the same.</td>
</tr>
<tr>
<td>4/29/2020</td>
<td>Budget Report posted on website. To summarize, the Town Manager shall issue a budget report which shall include all items in per Chapter C. Part VII. Section 7-1 (e). The BOS shall cause the report and recommendations of the Fin. Committee to be made available to the voters at least 7 days prior to the annual town meeting.</td>
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<tr>
<td>5/6/2020</td>
<td>Annual Town Meeting and adoption of FY21 operating, capital plan, and enterprise fund budgets</td>
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<tr>
<td>5/15/2020</td>
<td>The full House of Representatives considers amendments to the House Ways and Means recommendations and debates their inclusion in the bill. The House of Representatives then approves a final, amended version of the bill which is then sent to the Senate for consideration.</td>
</tr>
<tr>
<td>5/25/2020</td>
<td>The Senate Committee on Ways and Means examines both the Governor's proposal and the House proposal and releases its own recommendations for the annual budget for deliberation by the Senate.</td>
</tr>
<tr>
<td>5/25/2020</td>
<td>The full Senate considers amendments to the Senate Ways and Means recommendations and debates their inclusion in the bill. The Senate then approves a final, amended version of the bill.</td>
</tr>
<tr>
<td>7/15/2020</td>
<td>The House and Senate appoint three members each to a &quot;conference committee&quot; to reconcile the differences between the House and Senate proposals. One member of the minority party must be appointed by each branch. The conference committee reports a final compromise bill to the House and Senate for a final vote of acceptance in each branch.</td>
</tr>
<tr>
<td>7/1/2020</td>
<td>FY2021 budget takes effect. First day of new fiscal year.</td>
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4. 2020 Budget Calendar/Timeline
   • Brittany Iacaponi distributed the Budget Calendar (see attachment) and reviewed key dates with the Committee. She also shared and discussed the Memo re: FY2021 Budget Instructions to Department Heads (see attachment).
   • The Committee discussed the Budget Instructions, as well as the annual budget memo prepared by the Committee. The Committee reviewed the memo prepared for FY2020 (see attachment) and discussed applicable changes for this year.

5. Other Business
   • The Committee discussed procedures for reviewing and responding to emails and other communications received by the Committee.
   • Michel Herbert arrived at 7pm and the Committee discussed the list of items expected to be presented at the Fall Town Meeting.
   • Michael Herbert distributed a draft communication (see attachment) regarding funding for the public safety building.
     o Michael Herbert explained the current funding status and walked through proposed actions to mitigate the tax burden, including raising revenue from non-taxpaying sources and structuring debt to reduce payments in the first three years to stay at or below current taxes paid on debt excluded projects.
     o The Committee asked questions about the plan, including the declining current debt service and significant decrease otherwise scheduled to occur in FY2024.
     o The Committee also discussed and asked questions about the impact and timing of the Mindess School project.
     o Michael Herbert noted that the proposal for the public safety building funding will eventually require a town meeting vote and a ballot measure.

6. Schedule Future Meetings
   • Meeting scheduled for Tuesday October 22, 2019 at 6:30 PM.

7. Approve Minutes
   • None approved at this meeting.

8. Adjourn
   • There being no further business:
     o Motion to close the meeting: Jenn Cooney
     o Seconded: Jonathan Moore
     o Vote 4-0
   • Meeting adjourned at 7:59PM.

List of Documents Presented at Meeting:
Memo: FY 2021 Budget Instructions to Department Heads
Memo: FY 2020 Budget
Budget Calendar
Communication re: Funding for Public Safety Building Funding