

DRAFT MINUTES
Governance Committee
3/17/14 @8am

Meeting was called to order at 8:05 after all members Dick Ward (DW), John Cotter (JC), Jack Angley (JA), Stephen Gray (SG), and Jim Grimes (JG) were present and sworn in by the Town Clerk prior to meeting.

Town Administrator (TA) discussed purpose of Governance Committee (GC) as follows:

PURPOSE:

The Governance Committee shall review the organization structure of town Government and make recommendations to Town Meeting on organizational modifications needed to meet the current times and improve the way Carver delivers services to the Community. As part of the Governance Committee's analysis it shall ensure that efficient and effective use of governmental resources are being used, and that decisions are based with short and long term operational and financial sustainability in mind to promote a sustainable government that Carver can be proud of.

Two phases, first to be completed by Annual Town meeting in June that would include what items can be fully debated between now and mid-May that would be recommended by the Governance Committee and require town meeting approval. Second phase would be after Annual town meeting to do a deep dive into the by-laws and make broader recommendations as determined by GC.

TA to send Carver Financial Management Policy as approved by the BoS to GC (see below)

Town of Carver Financial Management Policies

Approved by Board of Selectmen on 2/11/14

Introduction

Recognizing the importance of sound financial planning for the long-term success of Carver, the following policies set forth the broad framework for overall fiscal management of taxpayers' resources. These policies address both current activities and long-term planning designed to ensure the Town's sound financial condition now and for future generations. These policies are intended to serve as direction for all policy-makers, administrators and advisors. The codification of these principles demonstrates our resolve to affirm to the taxpayers that Carver will conduct business on a fiscally responsible basis.

It is fully understood that Town Meeting retains the full right to appropriate funds and incur debt at levels it deems appropriate, subject to statutory limits such as Proposition 2 ½. It is equally important that the Town maintain flexibility in its finances to ensure that the Town is in a position to react and respond to changes in the economy and new service challenges without measurable financial stress.

Financial Objective

It is the Financial Objective of the Board of Selectmen to demonstrate sound fiscal management of Carver's taxpayer resources through earning the highest possible bond rating that includes developing a sustainable town-wide budget based on a 20 year forecast that

provides the level of service we can afford within our known projected revenues.

Policy Statements

1. The Town Administrator shall annually prepare a sustainable balanced budget with a 20 year forecast with the goal towards obtaining and securing the highest possible bond rating. The comprehensive Budget Message shall include a detailed examination of trends in tax levy, “new growth”, local receipts, state aid, and other available funds.
2. The town will avoid all budgetary procedures that balance current expenditures at the expense of meeting future years expenses, such as postponing expenditures, accruing future years’ revenues, rolling over short-term debt.
3. Ongoing operating costs shall be funded by ongoing operating revenue sources only. This protects the Town from fluctuating service levels and avoids concern when one-time revenues are reduced or removed. In addition:
 - a. Fund balances (stabilization / non-recurring/operating revenue) should be used only for one-time expenditures such as capital projects, long-term existing liabilities, and unexpected or extraordinary one-time expenses.
 - b. New operating costs associated with capital projects should be funded through the operating budget but reflected in the capital improvement plan.
 - c. All new services, equipment, and personnel proposals shall include a full life-cycle cost analysis prior to budget approval.
 - d. Use of single and multiple year grants should not fund operational costs as there is no guarantee the Town will fund future operational liabilities once grants expire.
 - e. The annual unrestricted fund balance shall not be considered in balancing the current year budget. Once certified, however, the “Free Cash” from the prior year shall be available to deposit in the Capital Stabilization Fund that can fund one-time expenses.
4. The Town will maintain a General Stabilization Fund as its main financial reserve in the event of an emergency or extraordinary need. It shall be the goal of the town to achieve and maintain a balance in the General Stabilization Fund of 5% of its town’s annual revenue at all times.
5. The Town will work to program and maintain 10% of its annual revenue for infrastructure investment annually. This will include payment for all internal debt and funding the capital stabilization fund. Debt roll-off and funding below 10% will be reallocated to a capital stabilization fund. The Town should strive to issue debt for shorter periods than the maximum allowable.
6. The School Superintendent and the Town Administrator are directed by the adoption of these policies to explore any and all opportunities to reduce duplications of services that provide either more efficient and effective services to residents and/or reduce expenditures. This direction includes creating town-wide departments that are jointly managed by the School Superintendent and the Town Administrator. New revenue shall be allocated after fixed and shared cost in the following manner: ___% shall be allocated to the schools and ___% shall be

allocated to town services.

7. In order to assure long-term solvency, it shall be the goal of the annual budget to meet the actuarial annual required contribution (ARC) necessary to fully fund the Town's future pension, health care, and other post-retirement benefits. Including Carver will actively identify solutions and begin to fund other post-employment benefits (OPEB) – unfunded liability is currently valued at \$49,600,000 for FY15. In addition, by adoption of these policies labor and management are encouraged to explore opportunities to equally share in health care benefits.
8. With the creation of a capital stabilization fund, it is the intention of Carver to transfer one-time revenue, new personal property revenue compounded into a fund to pay for internal debt service and one-time capital projects through a 2/3 vote of town meeting.
9. The Town will identify options to reduce levy limit below the 2.5% once AA+ Bond Rating or higher is achieved and unfunded liabilities of the Town are funded.

Annually the Town Administrator shall include a statement in the comprehensive Annual Budget Message identifying Carver's progress toward meeting the above goals. In addition the Finance Committee shall include a similar statement in their Annual Report to Town Meeting.

TA recommended that GC review the tape of Jeff Nutting with BoS on 3/6/14 with a copy of the meeting to JA

Also the following web sites were recommended for the committee to explore.

<http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/financial-mgt-assistance/restructuring.html>

<http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/financial-mgt-assistance/regionalization.html>

<http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/financial-mgt-assistance/duty-and-manual.html>

motion by JA to nominate Steve Grey as Chair, 2nd by JG, all approved unanimously

motion by JC to nominate Jack Angley as Vice-Chair, 2nd by JG, all approved unanimously

motion by JA to meet on Tuesday morning at 8am for an hour and a half weekly until Annual Town Meeting, 2nd by JG, all approved unanimously

Next meeting on the 25th at 8am.

motion by DW to invite Lauren Goldberg to next meeting at 8:15 for about an hour, 2nd by JA, all approved unanimously

motion by JA to invite Police and Fire Chief to the following meeting and discuss appointment of Chiefs, 2nd by JC, all approved unanimously

TA suggested seven items that should be analyzed by GC over time including:

Structural issues to be analyzed by governance committee:

1. Treat police and fire chiefs like all other department heads, have Town Administrator appoint and BoS veto as check and balance.
2. Treat DPW like all other town departments. Eliminate elected Board of Public Works and have DPW report to Town Administrator and BoS to act as DPW commission.
3. Given technical nature and extensive municipal finance laws and regulations explore opportunity to appoint current Treasurer / Collector to an appointed position by Town Administrator with BoS veto for checks and balance that would require eliminating this position as an elected position.
4. Given town financial issues for FY15 budget and financial management policies approved by BoS there is a need to explore reorganization of department to improve services provided with the same or less resources, options to explore include:
 - a. Explore the creation of a town-wide facilities and DPW department, jointly managed by Town Administrator / Superintendent (for FY15) that is funded prior to splitting town revenues given critical nature of our infrastructure.
 - b. Explore the creation of a Planning, Environmental, and Inspections department that would consolidate five departments (Inspections, Health Department, Conservation Department, Planning / Community Development, and ZBA) into one more efficient organization that would have one public window that is staffed during all town hall hours to provide better customer service. (for FY15).
 - c. Explore the creation of a town-wide technology department, jointly managed by Town Administrator / Superintendent (for FY15 or 16) that is funded prior to splitting town revenues given critical nature of our technology infrastructure.
5. Explore financial operations of the Town to improve efficiencies and other cost savings including but not limited to a procurement guidelines above and beyond state law as well as purchase order system. Also, look at financial software of the town.
 - a. Explore options to memorialize revised Capital Stabilization Fund as outlined in the financial management policies to pay for town debt and capital projects and equipment.
 - b. Explore future opportunities for North Carver Water District to be financially sustainable (after Town Meeting).
6. Explore structural opportunities with OPEB committee to improve Carver's financial sustainability (after Town Meeting).
7. Explore roles and structure of Finance Committee, Capital Outlay Committee, and Building Study Committee (options going forward to create a more coordinated and strengthen consolidate committee to provide for more transparency and oversight of school and town in a structured format). Future item after Town Meeting.

Committee reviewed all items with discussion of what can be reasonably accomplished by Town Meeting including potentially items 1-4 plus other they may want to include, members are to make suggestions of other future items they may wish to explore by Thursday am so TA can disseminate to entire committee.

Motion to adjourn at 9:30am by JA, 2nd by JG, all approved unanimously