

Town of Southwick, Massachusetts

454 College Highway, Southwick, MA 01077

Finance Committee's Pro's & Con's of STM May 15, 2012

FINANCE COMMITTEE PROS AND CONS SPECIAL TOWN MEETING MAY 15, 2012

Article 1

PRO: This provides an annual pay increase for the non-union town employees

CON: If not approved, this will be the second year in which non-union town employees will not have a pay increase.

Article 2

PRO: A yes vote allows the Town to meet its obligations to contractors and others who assisted with the cleanup from the October storm. There is anticipation that most of these funds will be recovered when the Town gets reimbursements from FEMA.

CON: Failure to approve this article could cause the Town to be in default of its obligations. This could cause legal costs and affect our bond rating.

Article 3

PRO: Transferring the monies appropriated for refurbishing the old water tank to pursuing a new tank will eliminate the need for the Water Department to have to come to the town with another article to do so, thereby delaying the entire project. After appropriating monies to repair the existing tank, it was found that actually replacing the tank would be a better value. E.G., the repairs would cost about \$650K and last 20 years while the new tank would cost \$1.1M but would last 50 years and be eligible for grant money which could be as much as \$450K, bringing the cost of the new tank in line with merely repairing the old one.

CON: Essentially, there is none. Technically, monies should be use for what they were appropriated. Unless there is justification due to more current information for a change to occur (as in this case there is such justification).

Article 4

PRO: The Town' share of the Senior Center construction project exceeds approved funding by \$82,000. It appears that the bids received are representative of the actual cost of the addition, therefore supplemental funds are necessary to make up the shortfall.

CON: The first alternative is to revote and rebid the project. However, it appears unlikely that a rebid will result in lower costs. In fact, any delay could result in higher construction and in the long run result in higher total costs to the Town. The second alternative is not to proceed with the project. The results of this action are to continue the current space problems at the center.

Article 5

PRO: This account was set up to provide Trust Fund a proactive measure, to provide funding for post employment (retirement) benefits to former town employees. It was to be funded with monies which were considered extra or left-over from the previous budget. It is to prevent a situation where the town was unable to meet all of its continual obligations to its retirees.

CON: Earmarking monies to this particular account removes those funds from being used for any other purposes. If there is no demonstrated shortfall in those monies which fund those benefits, then there is little need to make this appropriation.