

FINANCE COMMITTEE MEETING MINUTES
UPSTAIRS MEETING ROOM
1 AVENUE A, TURNERS FALLS, MA
WEDNESDAY, OCTOBER 17, 2018
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The Chair opens the meeting

- Meeting was opened at 6:00 PM in the Upstairs Meeting Room
- **Finance Committee members present:** John Hanold, Jen Audley, Fred Bowman, Michael Naughton, and Richard Widmer (arrived at 6:04). Greg Garrison and Chris Menegoni were absent.
- **Selectboard members present:** none
- **Others present:** Town Administrator Steven Ellis, Town Accountant Carolyn Olsen, and Town Clerk Deb Bourbeau
- The Finance Committee Chair announced that the meeting is being recorded by MCCI and asked if anyone else was recording the meeting. No one else was recording the meeting.

Minutes

Finance Committee Moved:

To approve the minutes of September 5, 2018.

Vote: 4 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To approve the minutes of October 3, 2018.

Vote: 4 In Favor 0 Opposed 0 Abstained

Mr. Widmer arrived at 6:04 PM.

License and Public Records Software

Town Clerk Deb Bourbeau discussed the impact of the licensing, boards and committees, and public records software implementation.

The licensing software is shared between the Selectboard and the Town Clerk and includes Doing Business As, fuel storage, non-criminal citations, liquor licenses, event permits, and miscellaneous licenses. More licenses can be added to the program if needed.

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The boards and committees software, as the name implies, tracks information on members of boards and committees including contact information, appointments, and terms.

The public records software tracks all public record requests and responses.

Ms. Bourbeau noted that the software packages for licenses and boards and commissions are shared between the Town Clerk and Selectboard offices.

The software for business registration is amazing; once information is input it will generate lists of business that need to renew licenses. This makes it much easier to get revenue for renewals.

The public records request software makes it very easy to delegate, oversee the progress of requests, and ensure compliance. It also provides a single archive of all requests answered by the town.

The software for boards and commissions also works very well. Current information has been added, but the process of entering past information is ongoing. Ms. Audley suggested using a student intern for entering past information.

Mr. Ellis and Ms. Bourbeau have been talking with another vendor about reviewing our policies, ordinances, regulations, by-laws, local options and related information, reviewing and updating these for current compliance, and consolidating them into one package. We made be able to use Community Compact grant funding for this project.

Taxing to Levy Limit – review policy

The Finance Committee previously voted to adopt a policy of taxing to the levy limit. In light of the difficulties in the WPCF budget and resulting sewer rate increases, this policy is being reviewed to determine if it makes sense to allow some excess capacity to mitigate the impact on taxpayers.

Taxing to the levy limit is usually accomplished by adjusting the estimated local receipts and or the overlay amount in order to maximize the levy amount. When this is done by reducing estimated local receipts, the end result is a larger free cash amount in the following fiscal year. Since the town has historically depended on a certain level of free cash to fund the subsequent year's operating budget as well as special articles, it has made sense to estimate local receipts conservatively. Given this year's significant sewer rate increases, not taxing to the levy limit, at least for this year, would mitigate the total burden on tax payers.

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Mr. Hanold provided and reviewed a handout providing an overview of the background and impacts (attached). Mr. Hanold would like to change our past policy to allow excess capacity for Fiscal Year 2019.

Mr. Bowman will like to see the town tax to the levy limit.

Mr. Naughton sees a very good chance that, by limiting the tax increase this year, we're just trading a smaller increase now for a larger increase later, which is part of what caused the problem with the sewer rates. Mr. Naughton doesn't see a compelling reason not to tax to the levy limit. Mr. Naughton feels that town meeting members seemed resigned to the sewer rate increase and thinks it would make more sense to leave excess taxing capacity when the debt for the DPW facility hits the tax bills.

Ms. Audley's feeling is that while she appreciates the intent of relief for taxpayer dealing with a major sewer rate increase, she doesn't think it will be helpful to change our policy.

Mr. Widmer is concerned that we need to be able to fund future capital needs, and doesn't think that minimizing our tax revenue will be helpful.

Mr. Ellis would like to offer a gesture that shows the community that we understand that their budgets are strained and said that for some people an additional \$100 of expenses is meaningful. Mr. Ellis also agreed that the time to make the gesture may be in the future.

Mr. Hanold is willing to advocate for the change because even if the gesture is small, it is still philosophically meaningful. Past concerns about unexpected costs to be funded from reserves have been relieved a little by our ability to fund reserves in recent years. While waiting for relief is a possibility, he prefers to do it this year so there is a match in peoples' minds between the sewer rate increase and the mitigation of the sewer rate.

Mr. Naughton said that if the goal is to give sewer users relief, it makes more sense to apply tax money to the sewer budget, noting that this cannot be done until next year.

Mr. Ellis noted that our tax rate has been quite stable and that no matter what we decide for Fiscal Year 2019 we won't be moving to a historic high or low.

Finance Committee Moved:

To recommend taxing to the levy limit for Fiscal Year 2019.

Vote: 3 In Favor 2 Opposed 0 Abstained

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Stipends – Final Recommendations

Finance Committee Moved:

To approve the following stipend amounts for Fiscal Year 2020:

| | |
|----------------------------|-------|
| Selectboard Chair | 2,355 |
| Selectboard Member | 2,140 |
| Board of Health Chair | 1,765 |
| Board of Health Member | 1,540 |
| Board of Assessors Chair | 1,765 |
| Board of Assessors Member | 1,540 |
| Emergency Mgmt Director | 5,765 |
| Moderator | 370 |
| Board of Registrars Clerk | 840 |
| Board of Registrars Member | 525 |
| Tree Warden | 1,575 |
| Forest Warden | 1,710 |
| Animal Inspector | 1,575 |
| Barn Inspector | 1,050 |
| IT Administrator | 2,100 |

Vote: 5 In Favor 0 Opposed 0 Abstained

Should the FCTS Stabilization Fund be included in “Town Stabilization Funds” for the purposes of calculations for Financial Policies?

The Financial Management and Policies and Objectives, in Section IV Reserves, states: Town’s total Reserves, including the Town’s combined Stabilization Funds and Free Cash, should be maintained at between 5% and 10% of the Town’s Prior Year General Operating Revenues.

Past practice has been to include the Town General Stabilization Fund and the Town Capital Stabilization Fund in the “Town’s combined Stabilization Funds” amount, but to exclude the balances of the FCTS Stabilization Fund and the GMRSD Stabilization Fund.

Ms. Audley asked if this was solving a problem. It’s more of a clarification of intent of the policies. Ms. Olsen noted that the GMRSD Stabilization Funds are intended to be used at the behest of the GMRSD while the FCTS Stabilization Fund was established strictly as a means to mitigate the budgetary impact of changing enrollment in the FCTS.

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Mr. Hanold noted 2 points. The formula for the transfers into and out of the FCTS Stabilization Fund is not at issue. The calculation of additions to funds per the Financial Management Policies and Objectives are only for the Town General Stabilization Fund and the Town Capital Stabilization Fund. Mr. Hanold is in favor of including the FCTS Stabilization Fund in the “Town’s combined Stabilization Funds” amount as it would not harm anything or require additional future appropriations.

The only negative to including the GMRSD Stabilization Fund in the total is that if they suddenly use a large amount, the policies could require a significant infusion by the town.

Finance Committee Moved:

To include the FCTS Stabilization Fund in the total town stabilization funds amount for calculations in the Financial Policies.

Vote: 4 In Favor 0 Opposed 1 Abstained

Mr. Naughton asked for similar consideration for the GMRSD Stabilization Funds at a subsequent meeting.

Presentation of budget information to Town Meeting members

Currently Town Meeting members receive multiple handouts with overlapping information for each warrant article. The warrant contains the warrant articles, the motions are a slight re-wording of the article with funding sources identified, background information provides additional information on each article, and the Finance Committee report contains the motions plus the recommendations of the Selectboard, Finance Committee and Capital Improvements Committee (where applicable). A possibility is to consider presentation/consolidation of warrant, motions, background information and Finance Committee report so all relevant information is in the same place, and easier to use by town meeting members.

Mr. Ellis suggested a new page for each article with the article # in the upper right corner.

Ms. Audley noted that when the language in the article is different from the language in the motion it confuses people. Ms. Audley likes the booklets that come from the Secretary of the Commonwealth with information about ballot questions.

Mr. Widmer raised the question of whether the Finance Committee report can be included, making it a larger document, or whether we need to keep a separate document.

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Mr. Naughton like the idea, and Mr. Ellis suggested piloting the change with the winter special town meeting.

Ms. Audley hopes that if we do this it makes transparent that this process is cumulative. Each article begins with a proposal, and the proposal is reviewed by various committees.

The finance committee encourages this approach.

Topics not anticipated within in the 48 hour posting requirements – There will be a Civic Leaders meeting on November 14th. Jo Comerford, Suzanne Whips and Natalie Blais will be in attendance. This will be posted as a Finance Committee meeting 6:30 at Montague Senior Center.

Next Meeting Date: November 7th

As a potential meeting topic, there was a discussion on getting departments to present innovation requests, program enhancements, or anything outside of their work process and current budget. Ms. Audley expressed concern that last year some narratives included ideas, but funding was not requested in the budgets, so the committee could not take action. It was determined that presentation of these items should come through in budget requests. Mr. Ellis will be the point person, as this is a management function, in encouraging department input and providing a preliminary review of requests. Mr. Ellis stated that if there is no money available for these projects, departments should not be expected to spend a great deal of time on the issue.

Meeting adjourned at 8:41 PM

List of Documents and Exhibits:

- Minutes of September 5, 2018 and October 3, 2018
- Example of a warrant article with all relevant information in one place
- Mr. Hanold's handout
- Ms. Audley's stipend chart

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Ms. Audley's Stipend Chart

| Budget Year | | 2024 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------|--------|-------------|-------------|-------------|-------------|-------------|-------------|
| Selectboard | Chair | 2355 | 2355 | 2040 | 2040 | 1500 | 1500 |
| | Member | 2140 | 2140 | 2040 | 2040 | 1500 | 1500 |
| Board of Health | Chair | 1765 | 1765 | 1500 | 1500 | 1500 | 1500 |
| | Member | 1540 | 1540 | 1500 | 1500 | 1500 | 1500 |
| Board of Assessors | Chair | 1765 | 1765 | 1500 | 1500 | 1500 | 1500 |
| | Member | 1540 | 1540 | 1500 | 1500 | 1500 | 1500 |
| Emer Mgt Director | | 5765 | 5765 | 5490 | 5490 | 5490 | 5490 |
| Moderator | | 370 | 370 | 350 | 350 | 340 | 340 |
| Board of Registrars | Clerk | 840 | 840 | 800 | 800 | 800 | 800 |
| | Member | 525 | 525 | 500 | 500 | 500 | 500 |
| Tree Warden | | 1575 | 1575 | 1500 | 1500 | 1500 | 1300 |
| Forest Warden | | 1710 | 1710 | 1631 | 1631 | 1631 | 1631 |
| Animal Inspector | | 1575 | 1575 | 1500 | 1500 | 1500 | 1500 |
| Barn Inspector | | 1050 | 1050 | 1000 | 1000 | 1000 | 1000 |
| IT Administrator | | 2100 | 2100 | 2000 | 2000 | 2000 | 2000 |

Notes:

BoS members 105% of FY19
 BoH and BoA members 75% of BoS
 Chairs = 10% more than members
 5% increase (rounded to nearest 5) for others
 Plan to revisit for FY25

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Mr. Hanold's handout:

LEVY LIMIT DISCUSSION 17 OCTOBER 2018

TIME-LINE FOR ACTION

1. Recommendation affects FY2019, whose spending has been approved by Town Meeting. We are dealing with funding sources here.
2. Finance Committee votes tonight on recommendation to Select Board.
3. Select Board votes Mon 24 Oct, Assessor completes submittal of Tax Recap and rate calculation to Dept of Revenue later in week.

BACKGROUND INFORMATION: FY2019 EFFECT

1. Past practice, including FY2019 budgeting, has been to tax to the levy limit.; Impact is to maximize tax revenue (rates tend to rise) and thereby provide funds for operating budgets, most of departmental Special Articles, and additions to Reserves.
2. Opportunity for FY2019 rate setting is to tax to less than the levy limit, and Assessor calculation indicates residential rates would move lower by pennies (17.09 to 17.06 roughly) and commercial/industrial rates might drop more (due to stronger New Growth in those areas). This means a change in FinComm practice.
3. This step would be possible in part due to strong New Growth; no likelihood that past surge in this area would continue, but this change in approach would not harm us in FY2019. There is room in estimates of Local Receipts to submit a realistic Tax Recap to the DOR. *[CHECK CONCLUSION??]*
4. The opportunity is timely in that Sewer rates are rising sharply, and about 73% of town taxpayers are Sewer rate-payers -- so there is some offset of impact in a year where it will mean the most.

POSSIBLE FUTURE IMPACT: FY2020 AND BEYOND

1. The calculation of the Affordable Assessment states that we use the Prior Year Levy Limit, which has essentially been the Actual Levy. If we continue to use the Limit, but in actuality generate less, we will be apportioning more revenue between Town and GMRSD than we expect to raise - unless we also recommend raising the tax rate to full use of the Limit. To do so would claw back in FY2020 the relief given in FY2019 *[CHECK REASONING??]*
2. If we change to Actual Levy in our calculation it is simpler to determine the AA, but lowers the pot to allocate and it means a change in FinComm practice. We theoretically could raise our New Growth estimate or lower our Overlay provision, but I believe the Assessor would find these steps unrealistic.
3. Regardless of other decisions we make, the share of enrollment between Gill and Montague have moved over the years from roughly 16/84% to nearly 10/90% -- this means an artificial brake on the growth of Montague's AA flows back on the School Committee/Administration, and is not made up by Gill to any degree.
4. The decision for FY2020 does not need to be made tonight, but we owe Gill-Montague a preliminary Affordable Assessment figure in two months so the issue is present.

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Sample Article with all information provided in warrant:

ARTICLE 14: To see if the Town will vote to raise and appropriate, transfer from available funds, borrow or otherwise provide the sum of \$12,000 or any other amount, for the purpose of purchasing and installing a double door security entrance with window and/or camera system at Hillcrest Elementary School, including any and all incidental and related costs, or to pass any vote or votes in relation thereto.

Sponsor: Gill-Montague Regional School District Request

Funding: Taxation

Summary: Hillcrest's entryway is currently set up to have the buzzer system outside the exterior door with a small camera to the office. Since there are already a double set of doors, the district would like to install locks to allow for the security entrance to be between the exterior doors and the doors to the auditorium. This would provide a secure area for visitors to enter the building and then be buzzed through after speaking to the main office. Installing a window would allow the main office to see and speak to the visitor and sign them in prior to buzzing them into the rest of the building. Currently they can be viewed on the small screen, but, after being buzzed in, the district relies on the individual to stop in at the office to sign in and receive a visitor's pass. The district is investigating two options. One in which a window would be installed from the office to the enclosed foyer or a camera with a larger video screen so the office personnel can see the visitor before buzzing them in.

Finance Committee Recommends 6-0
Selectmen Recommend 3-0
Vote Required: Majority