

MONTAGUE FINANCE COMMITTEE and SELECTBOARD

Final Meeting Minutes Wednesday, March 23, 2022 at 6:00 p.m.

This meeting was held via Zoom and recorded: <https://vimeo.com/691682721>

PRESENT: Chair Jen Audley; Vice-Chair Gregory Garrison; John Hanold and Francia Wisnewski, Finance Committee members; Selectboard Chair Rich Kuklewicz, Selectboard Vice-Chair, Chris Boutwell; Matt Lord, Selectboard member.

OTHERS PRESENT: Town Accountant Carolyn Olsen; Town Administrator, Steve Ellis; Ariel Elan, public; Julian Mendoza, The Greenfield Recorder; BettyLou Mallet, Scribe.

ABSENT: Jennifer Waryas and Chris Menegoni

1. CALL MEETING TO ORDER

Chair Jen Audley called the meeting of the Finance Committee to order at 6:00 p.m. The meeting is being recorded by Carolyn Olsen and aired on MCTV. 4 members of the Finance Committee are present which is a quorum.

Chair Rich Kuklewicz called the meeting of the Montague Selectboard to order at 6:00 p.m. All members present.

2. REVIEW OF MEETING MINUTES OF MARCH 16, 2022

The Finance Committee members received the draft minutes of the meeting dated March 16, 2022. There were no discussions. **On a motion by JH and seconded by GG, the Finance Committee members approved the minutes of March 16, 2022. GG, aye; JH, aye; FW, aye; JA, aye.** The approved minutes will be emailed to Wendy Bogusz for the Selectboard's record.

3. DISCUSSION OF SPECIAL REVENUE

a) ARPA Funding

JA stated the purpose for placing this topic on the agenda for tonight's joint meeting with the Selectboard is to have a chance to talk about the town's use of the ARPA funds and the Cannabis Impact Mitigation Fee Revenue.

RK began the conversation stating the town allocated the ARPA funds for small items such as COVID test kits, testing I&I and CSO. Steve continued the discussion describing the purchasing of 1,000 COVID test kits in the amount of \$19,000; \$49,000 for long-term control plan for the sewer overflow and \$250,000 for the purpose of the Montague Comprehensive I&I/CSO study. The net cost to the ARPA funds (\$52,000) is used towards the I&I as well as funds that were appropriated for a past I&I have been added to that fund. The commitment of \$495,000 towards the 5th Street bridge has been rescinded.

RK mentioned that above and beyond these allocations, the Town has approved a Vactor truck during the Special Town Meeting for the first lease payment and the balance of \$400,000 is being considered for ARPA funds to pay it off as this truck serves the town as well as the Waste Water Treatment Facility so it is a town wide item.

Another item that is at the top of the list are the screw pumps (\$745,000) for the WPCF. Although Rich has not had the opportunity to speak with Chelsey Little or Steve about the current price of the screw pumps, he has concerns about escalating costs and if that figure will change prior to the scheduled ATM in May 2022.

RK also stated that the town also wants to invest in other work such as on libraries and some of the town buildings by using the ARPA funds along with Capital Stabilization funds.

CB feels Rich has discussed all of the bullet points to the ARPA funds and Matt Lord would like to continue to pay extra attention to detail on the screw pumps and the Vactor truck utilizing the ARPA funds. The remainder would be diversified for important projects and providing local business support.

JA asked for the total amount of ARPA funds that the Town of Montague has received. Steve stated the town will receive \$2,402,826 in total; 50% has already been received with the remaining balance to be obtained some time in June 2022.

JA asked about the timeline for using the ARPA funds. Steve stated December 31, 2024 and spend against any contracts in full by December 31, 2026.

JA stated that initially, the ARPA funds were designated for a variety of specific uses but now, all Franklin County towns are in a category where there is more latitude of how the funds are used and the Selectboard can now make the decision on how the funds are used. Rich agreed and stated that towns and cities can now claim up to 10 million dollars as lost revenue. It is advantageous for Montague to claim most funds received as lost revenue.

CO asked if it is safe to say at this point that the FY23 budget and warrant to leave all items listed as non-ARPA and if it is decided to make funding through ARPA funds prior to the ATM, to request a no-vote on those articles and later rescind and change the funding to ARPA. Rich stated the Board will have a decision regarding this question within the next couple of weeks. Steve stated it is on Monday's Selectboard agenda to develop a large framework for various types of expenditures as well as these two very specific expenditures so a vote can be taken possibly as soon as Monday.

FW asked the Board about their values for prioritizing the ARPA funding. For example, a stipend for an employee who has gone above and beyond working through the pandemic and if that is being done across the board. Rich stated that all town employees went to extraordinary measures during the pandemic even before the vaccine such as working from home, going to work and bringing work home and that the majority of all town employees worked during that time. The Board wants to be equitable for all and FW asks the Board to please consider it when it is discussed at a Selectboard meeting. Regarding criteria, Rich would like to see the ARPA funds used for tangible items such as the screw pumps, the I&I/CSO and the Vactor truck. Remaining funds can be for other activities that benefit others. FW also asks how the Board insuring community input such as having forums regarding the use of ARPA

funds. Steve stated there was an official public input last Monday which brought out very strong support for affordable housing as well as the local libraries. Steve feels that the town's public notifications has been quite strong. Rich stated he also does his best to allow public comment at all Selectboard meetings.

JH understands that the cannabis and ARPA funds are grants coming from the outside without the town's initiative or solicitation and that the decisions that are made by the Selectboard such as the CDBG grant. ML said JH is correct when it comes to ARPA funding as it is provided through the Federal law and criteria was initially a set of limitations on how the funds could be spent. The limits have now been lifted to qualify up to 10 million in lost revenue. The Cannabis Impact Fee is a bit different as they were fees that were negotiated with the cannabis facilities through a community host agreement and is set in a statutory manner for the Selectboard to work with. Rich stated there is a tax revenue piece that comes into the town for Town Capital Stabilization and the negotiated piece is a 5-year period. It is unclear if there will be renegotiating beyond the 5 year agreement so the town needs to use caution as to how the impact funds are used.

JH urges the Selectboard to make their decisions on the ARPA funding versus Stabilization as well as cannabis funds rather than town funding. It would greatly help CO as well as the Finance Committee to be prepared for the ATM.

JA stated it is going to be great to have the 5-year plan that the Capital Improvement Committee is working on for the town meeting where members can visually see what capital improvements are "coming down the pike" and feels this plan is also useful for the Selectboard to use to plan out the ARPA funds. She asks that the Selectboard go out and speak to people who might not come to Selectboard meetings and give suggestions as public comment.

GG, who is also the Chair of the Capital Improvements Committee stated they are working on a 5-year plan for capital needs. Over the last few years, the town has been very fortunate to have a large pool of money come into its budget. Funds have been allocated towards capital improvements. The ARPA funds are a great opportunity for the town to catch up on capital needs for those projects that take longer periods of time. He would like to see the ARPA funds help catch up the capital needs in the WPCF. The cannabis funds he sees as more of a short-term funding source as the industry matures and competition increases, the funds for the town will dwindle. He also stated that 2 million is actually a "drop in the bucket" with the Town of Montague's capital needs and how it could actually be spent within a year although the ARPA funds will give the town breathing room to improve on certain functions that are needed.

Both the Finance Committee and the Selectboard agree that it is best to not spend all of the money at once and to just spend on the immediate needs and then set funds aside as there may be an unexpected expense that may need tending to as well as take the time to think and discuss other ways to utilize the money in the best needs of the town.

b) Cannabis Impact Mitigation Fee Revenue

JA agrees that the Cannabis Impact Fees are an unusual source of funds where the town cannot count on the revenue being available for certain programs for long periods of time. She feels the guidelines for allocations from the stabilization fund created from the cannabis impact fees are unclear. The draft

warrant for the upcoming ATM shows several articles where the suggested funds are drawn from the stabilization fund and would like to understand how the recommendations came about.

ML appreciates the Finance Committee's thoughts and concerns regarding the cannabis fees but actually has hope rather than concern due to the community to come to the town meeting with ideas for the purpose of this fund; he's looking forward to the engagement of dialogue. He stated although the overall horizon for these funds are limited, the volume of the funds is presently significant. He has brought forth proposals for the use of these funds and these programs do not draw down the account entirely but draw down at a fairly good balance.

Before Matt was a Selectboard member, at last year's ATM, a proposal of the Strengthening Families Program was discussed. He is familiar with the program and felt when the cannabis funds became available, this would be a great project to utilize these funds. Now that the program is put in place, he is looking forward to seeing how the program is doing with the use of these funds.

Beyond the Strengthening Families Program, he is also looking for a variety of ways to engage the youth such as the STEM (Science, Technology, Enrichment, Math), youth and arts culture as well as nature-based programs to include the Parks and Recreation Department. He has reached out to programs who concentrate on substance abuse prevention, youth organizations as well as the potential for infrastructure uses which these funds can be used for. He has had successful meetings with organizations. His proposal to be placed on the town warrant is \$40,000 for the STEM after school enrichment program so hopes to receive bids in that range. He is also in discussion with organizations for the arts and culture programming and nature-based programming. Parks and Recreation along with the Brick House are working towards a nature-based program and he will follow-up to see how that process is moving along.

ML does agree with GG regarding the limited revenue through the cannabis funds however there may be a possibility for the town to create a trust for these funds where a significant amount of money could be saved for future programming such as Strengthening Families or after-school enrichment programs.

Steve stated there is not a definitive limit as to how the town must spend the cannabis funds at this time but there are annual reports that the licensee is responsible for completing as to how the community is using the funds and the Town of Montague has complied every year by supplying the information needed in this report. Legal counsel has advised that the town stay within certain limits in spending.

JH asked what is within the Finance Committee's purview and what is in the Selectboard's purview for the warrant articles and its sources. Steve feels the Finance Committee should give recommendations to these articles. JH also asked if these submissions on the warrant are through community input or through Matt's view for programs worth supporting. Matt stated it is community input and the reason why it has been placed just recently on the warrant as he has been waiting for the school's presentation regarding the substance abuse and drug abuse counselor and in that presentation, the after school programs had been mentioned as well as the sidewalks between the two high schools.

GG asked if it is possible to place these funds in a trust? CO is aware of trusts but not spent through the town meet appropriation but by the trustees. She requests to further research trusts from this sort of funding source.

JA thanks ML for sharing this information and finds it helpful. She hopes the members have obtained more information to be prepared to make decisions in the next several weeks when motions and recommendations are discussed. She also feels the avenue regarding trusts is worth exploring.

4. DISCUSSION OF FY23 ANNUAL BUDGET DEVELOPMENT

a) Finance Committee Recommendations

JA stated since the Finance Committee's receipt of the FY23 budget and many meetings/discussions, the Selectboard and Finance Committee ~~are~~ seem to be in general agreement and support V10 of the FY23 budget. There are a few matters that need to be voted on this evening. Due to the fact that the Finance Committee and Selectboard worked through the budget process differently this year due to the pandemic, tonight's meeting is an opportunity for Finance Committee members to highlight what they have learned throughout the process. She stated she has received comments from JH and FW through email and that information will be forwarded.

GG stated there were numerous funds that came in this year such as ARPA, cannabis and utilities and asks for the Selectboard/CIC/Finance Committee to have a little bit more communication jointly. He also learned through this budget cycle that they often get his with personnel issues such as the dispatcher position and Human Resources issues that have an impact on the budget and possibly there could be some forward-looking on the HR issues similar to what the Capital Improvements Committee does for their 5-year plan.

FW submitted her highlights regarding the FY23 budget process to the Finance Committee and was forwarded on to the Selectboard. She gave a few descriptions of her lessons learned on the budget process. She felt that the new approach during during the COVID times worked well and felt more efficient. She appreciated the presentations that helped them understand as well as the time given to review and discuss the budget developmental process. She feels comfortable tonight to make a decision from all of the information given throughout the process. She really like the part where CO gathered information from all of the departments and submitted the information to the Finance Committee for their review. She also thanked CO for all of the budget information that she had created and gathered for each Finance Committee member to have a binder. She feels there should be more involvement with the community and would like to find ways to disseminate important information to reach the public. She agrees with GG regarding the infrastructure of staffing in the town hall and is in support of building a foundation for the position of Human Resources to help out the Town Administrator.

RK stated both FW and GG mentioned HR as a need and that is a big piece for the Assistant Town Administrator role that has been discussed with the Selectboard. It would be great to have a full time HR Department but this request for a higher level administrator with HR background is the goal. He knows it is an area that the Board needs to strengthen.

JH also submitted his highlights to the FY23 budget process to the Finance Committee and it will be forwarded to the Selectboard for their review. He felt that the meetings and discussions with the departments resulted in an overall consensus. One item that is still in discussion is the DPW discretionary line item which is tentatively \$50,000. His disagreement is still with the Assistant Town Administrator position. He agrees with the half-time assistant to the Executive Assistant as there is a clear need for that position. He also feels there is a common agreement among the Finance Committee regarding a need for HR.

JA stated she believes the Selectboard will be scheduling another public session regarding the proposal for the additional staffing. Steve stated it has been discussed to hold a 1-hour public session on Monday, April 11, 2022 at 6:00 p.m.

JA was expecting to see the new position on the draft warrant and is asking about the process of presenting this to the town. Steve stated he will have to follow-up on the question as this is a brand new position and a non-union contract and will speak with counsel this week to get clarification if a specific motion is need for the warrant.

JA has learned through this year's process is that there is never going to be enough time for everyone to fully understand and for all issues to be discussed. One of the tasks the Finance Committee has before the end of the year is to craft an Annual Budget Process Policy and after this year's process, she does not want this policy to be rigid. She also wanted to reiterate that the way the budget is developed favors maintaining the status quo. There is advantage for larger departments who have staff and there is a disadvantage for newer ideas to "find their way" into the budget process. She thinks doing things differently may be better for the town in the future and would like the Board to consider the thought of approaching the budget process differently.

b) Reconciliation and votes, including General Fund (Town Operating Budget), total recommended spending from "Taxation" and Grand Total (All Expenses).

There are a few recommendations that need to be voted on this evening to be put into the budget document.

One item is the DPW Discretionary Fund. **On a motion by GG and seconded by JH, the Finance Committee agrees to fund the DPW Discretionary Fund in the amount of \$50,000. GG, aye; JH, aye; FW, aye; JA, aye. RK entertains the motion to fund the DPW Discretionary Fund in the amount of \$50,000. CB makes the motion and seconded by ML. CB, aye; ML, aye; RK, aye.**

Policies dictate making a contribution to the Town's General Stabilization Fund if the target established for the fund has not been met. Last year, the calculation indicated that funds did not need to be allocated to the fund as the goal had been met. The same is true this year. In the budget documentation there is an amount of \$67,440 to the Town's General Stabilization Fund so therefore there is a question this evening if the Finance Committee wants to make that allocation or hold off as the requirement for this year has been met again. JH agrees to forgo this contribution and have as a cushion for unexpected expenses. JA would also like to have it added to the surplus. CO suggested contributions to OPEB and JH also asks about the Committee's thoughts on that suggestion. JA feels a very large contribution to OPEB was made in the fall and is not comfortable to make last minute decisions when it comes to this budget. GG and FW agree with JA.

ML feels that if there is money in Free Cash, people are going to look for ways to spend it. The proposed budget that has very large agreements on is very generous in many ways and possibly more generous through the spending of special funding. Therefore, he is of the opinion that allocating to specific funds is advisable given the anticipation of other emergency level funding from other areas. Therefore, he feels opportunities like this is a good time to look at long-term financial stability for the municipality. He agrees to appropriate money for General Stabilization or OPEB. CO pointed out that if the money is not appropriated, it reduces the tax levy. If funds are placed somewhere, it becomes part of

the tax levy, and if nothing is done and it is not spent at the Fall Town Meeting, it flows into excess capacity.

JA's goal is to not tax residents beyond and therefore forgoing will continue to keep the taxes down. RK would like to keep the taxes down and not allocating funds that the Town does not need allows that. He would like to look at OPEB during the Fall Town Meeting. RK also stated that the schools are submitting requests for major renovations to the buildings so healthy funds would help with bond ratings so to keep that in mind. CB spoke to seniors in the community and when they had heard about the changes in the school buildings, increase in staff in the police department and the town hall, they are very concerned about the tax rate. The requests for allocations to reserves come from the Finance Committee request so the outcome of tonight's discussion, is that the Finance Committee is not going to request the allocation from taxation to the Town's General Stabilization Fund.

There is a request to replenish the Bid Over Run Fund for \$21,584 with the funding source as taxation. Steve explained that the Board established the Bid Over Run Account last year which allowed them the flexibility to award funding to a particular project that went through bid and through project over runs or bid over runs, it would allow them to complete the work. Last month, the Selectboard closed the project for the Complete Streets Project and utilize a great deal of this account to complete the project. Another example is the Parks and Recreation repaving and resealing project that came in \$2500 over bid so therefore the town can either not complete the entire project or allocate from the Bid Over Run Account to cover the entire job. Lastly, the COA porch when it was removed, required additional money as it was found to not have a foundation. It was provided to give the flexibility specifically to complete these such projects. This request is to replenish this fund to \$25,000. JH has concern that in a year's time, the account has been exhausted approximately 80% of the funds. He asks for Steve and Walter Ramsey to down-scope or reject future bids should they come in way over bid so not to deplete the funds so quickly. Rich did state there is a lesson learned regarding the sidewalk project in Montague due to the engineering and that is where this account took a big hit this year.

JA asked JH if he would like a vote on the Selectboard's budget request so that there would be a record of his concern about the Assistant Town Administrator position, and at his request, made the motion to recommend supporting the Selectboard budget request \$313, 510 GG seconded. No discussion. FW, aye; GG, aye; JA, aye; JH, nay. Passes by majority (3 aye, 1 nay).

JA stated the budget workbook has suggestions for funding sources for each line which the Finance Committee has discussed previously. CO has asked the FinCom to review and discuss if there are any changes to the funding sources listed. The Finance Committee would like to keep the funding sources listed.

General Fund (Town Operating Budget) JA made the motion that the Finance Committee will recommend the FY23 General Fund expenses are \$11,176,944. JH seconded. No discussion. JH, nay; FW, aye; GG, aye; JA, aye. Passes by majority (3 aye, 1 nay).

RK entertains a motion for the Selectboard to recommend the FY23 General Fund expenses as \$11,176,944. CB makes the motion, seconded by ML. CB, aye; ML, aye; RK, aye. motion passes.

Grand total includes the special articles – JA makes the motion to recommend to town meeting an overall grand total of FY23 budget of \$28,912,866. Seconded by GG. No discussion. GG aye; FW, aye; JH, nay; JA, aye. Passes by majority (3 aye, 1 nay).

RK entertains a motion to recommend to town meeting an overall grand total of the FY23 budget as \$28,912,866. CB makes the motion and seconded by ML. CB, aye; ML, abstain; RK, aye. Passes by majority (2 aye, 1 abstention).

Funding from taxation – CO stated the taxation is \$24,277,163. The surplus is \$289,168.

5. UPCOMING MEETING DATES

Next week, the Finance Committee is going to review the ATM warrant, the motion and the background information. There may be some votes taken on some of the articles. The Finance Committee report on the FY23 budget will also be discussed.

April 6 will be the final vote on the ATM warrant.

April 13 the Finance Committee will finalize their report.

The Selectboard has been invited to join the Finance Committee at these meetings and vote together.

TOPICS NOT ANTICIPATED:

JA stated there is an open topic to discuss regarding the openings on the Finance Committee and discuss the roles of the Finance Committee which could be discussed next week. JH would like to make sure the financial policies regarding budgeting process reserve funds and the capital funding are on future agendas. JA would like to discuss these policies after town meeting in May and June.

6. ADJOURNMENT

RK entertains a motion for the Montague Selectboard to adjourn. CB makes the motion and seconded by ML. CB, aye; ML, aye; RK, aye. Adjourned at 8:07 p.m.

JA asks for a motion for the Finance Committee to adjourn. Moved by JH and seconded by GG. JH, aye; GG, aye; FW, aye; JA, aye. Adjourned at 8:08 p.m.

Respectfully submitted,

BettyLou Mallet
Scribe

Approved by Montague Finance Committee: 03/30/2022

Materials:

Draft ATM Warrant 05-07-2022

FY23 Budget v 10

John Hanold/Highlights and Questions/03/23/2022

Francia Wisnewski/Highlights and learning lessons from the FInCom investigation during the budget process/03/23/2022