

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

March 12, 2014

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Meeting Date: March 12, 2014

Called to Order: 6:00 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Sharon Kennaugh, Lynn Reynolds, Greg Garrison, and Michael Naughton. Lisa Adams was absent.

Selectmen Present: Mark Fairbrother, Michael Nelson and Christopher Boutwell

Others Present: Town Administrator Frank Abbondanzio and Town Accountant Carolyn Olsen

Minutes – tabled until Mr. Naughton can edit the minutes.

Capital Improvements Committee (CIC)

Mr. Garrison presented the CIC recommendations in their report.

DPW

- DPW is still using the discretionary fund for the same types of things, although it is being used less for repairs and more for smaller pieces of equipment. CIC thinks this fund is fairly stable at \$75,000 per year.
- DPW is also looking for the annual lease payment for the 2 dump trucks. Looking at future purchases of loader and dump truck in next few years. The CIC recommends \$43,325 for the Fiscal Year 2015 lease payments.
- Surveying of sewer pipes since the failure of transite pipe failure at the Industrial Park has identified 2 critical sections of pipe on Millers Falls Rd. and Crescent St. which will be relined. Relining the pipes will add 20 to 30 years of useful life, and may decrease some inflow and infiltration. CIC is recommending \$175,000 for relining pipes.

Town Planner

- Planner asked the CIC for a letter of support for continuing CDBG programs, which was provided.
- Two major facilities issues are the Senior Center and the DPW property. The lease for the Senior Center will be up for renewal, and the current location is not adequate. One idea is to make an addition to the town hall. Another idea is to use the basement of St. Anne's Church, which has a commercial kitchen. That would be an ideal location, but CIC is unclear on status of building and ownership. Mr. Abbondanzio said town has permission to study the building for town use, perhaps for a Library as well as the Senior Center.
- The DPW garage issue has been worked on for a while. It is not viable to move the facility to a location near the Public Safety Facility. Purchasing land near the current facility is dependent on the land owner being willing to sell the property, and the owner is currently unwilling to do so.
- The town now has full funding from federal grants and Massworks for the initial road construction for the new industrial park road.
- The Shea Theater would like to update their HVAC system for \$60,000. This project may be eligible for a Green Communities Grant.
- A bank along a section of Millers Falls Rd. needs to be upgraded and stabilized. The total cost is just over \$325,000 with a town share of \$81,679. The CIC supports this request.

Gill-Montague Regional School District (GMRSD)

- The CIC is recommending \$38,000 for security improvements in various school buildings.
- The boiler replacement project was discussed. The current project is for all of the parts to be replaced, in essence creating a new boiler rather than a simple boiler replacement. Mr.

Fairbrother was concerned that the way the project is being done has changed without the Board of Selectmen being informed. While the town is funding the project, the oversight is at the GMRSD.

Parks and Recreation

- The Parks and Recreation Director and the Montague Skate Park community are requesting a skate park adjacent to Unity Park. After grants and donations, the town's share is expected to be up to \$100,000, and the CIC supports this request.

Water Pollution Control Facility (WPCF)

- The WPCF is requesting the replacement of 2 or 4 pump stations. The CIC recommends \$3,000,000 to replace the First Street and Poplar Street pump stations.
- The WPCF also presented a list of future needs through Fiscal Year 2020, which exceed \$12,000,000 through Fiscal Year 2020. Of this amount, \$8,000,000 is for pump stations, including those mentioned above. The remaining requests deal with improvements to the WPCF facility and its operations.
- Mr. Abbondanzio said he was just notified last night that the 2 screw pumps at the treatment plant are going fast and will need to be replaced 6 years ahead of schedule. The pumps cost about \$225,000 each. Mr. Trombley is looking into the option of submersible pumps, which would be much cheaper. This will most likely need to be addressed in Fiscal Year 2015.
- Mr. Garrison tried to estimate sewer rate increases based on projected capital needs. The CIC is not comfortable relying on increasing revenue streams, other than residential and industrial sewer user fees, as a way to fund these future costs.

Other

- Mr. Garrison also asked the FC and BOS to consider and support a building maintenance fund of \$100,000/year. Jensen to inspect all buildings twice a year, coming back with list of things that need to be done in order to stay ahead of the curve – preventative maintenance. Mr. Hanold asked how this would be segregated from regular operating budget items. Mr. Garrison said this fund would be used for capital improvements rather than small maintenance items – replacing windows rather than caulking them. Mr. Naughton noted this presumes a central oversight of town buildings as well as a funding source and suggested separating the two issues. Mr. Naughton also suggesting including the school buildings since the town owns them and is responsible for capital repairs. Mr. Hanold offered a modest start by authorizing the building inspector to do the inventory of issues. Mr. Naughton asked the Selectboard and Mr. Abbondanzio to look into this and come back with a plan.

Schedules I and II

The main question to be addressed is the amount of Cost of Living Adjustment, if any, for the benefited positions. Step increases are already assumed for all eligible employees. A proposal of a 1% COLA was presented at an earlier meeting. The cost would be just over \$15,000 for Fiscal Year 2015.

Finance Committee Moved:

To recommend a 1% COLA for benefitted positions in Schedules I and II.

Vote: 5 In Favor 0 Opposed 0 Abstained

Town Administrator's Budget

Mr. Abbondanzio handed out his 68 page Administrator's Annual Budget and Financial Plan, which does not include line item budgets, department narratives, or program summaries.

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Mr. Abbondanzio provided an update on the project status, went through sections of the handout, and reviewed his Fiscal Year 2015 budget recommendations.

This budget:

- Recommends a total budget of \$23,184,648, with \$19,312,675 for all operating budgets and school assessments.
- Increases the GMRSD assessment to the amount requested in Mr. Sullivan's budget.
- Recommends that the reduction in the FCTS assessment be transferred from Free Cash into the FCTS Stabilization fund.
- Assumes \$3,175,000 in sewer borrowing for two pump stations and sewer rehab on Millers Falls Road and Crescent Street.
- Includes \$100,000 of borrowing for the town's share of the skateboard park.
- Property taxes up to levy limit with conservative \$120,000 of new growth and \$400,000 for the Allowance for Abatements and Exemptions due to pending litigation.
- State aid with a 3% increase in general aid, and other amounts from the Governor's budget. The final numbers will not be known until April.
- Funds most articles from taxation and borrowing with a minimum from Stabilization.
- \$299,058 from Free Cash, including the normal \$250,000 towards town and GMRSD budgets, and the \$49,058 to the FCTS Stabilization.
- Stabilization is only being used for the \$38,000 GMRSD Security Improvements.
- Proposes the following budget reductions:
 - Town Meeting: \$500 for printing and mailing of a Town Meeting Handbook.
 - Selectmen: \$1,500 for printing and mailing the Town Administrator Budget
 - Selectmen: \$2,000 for Streetscape maintenance
 - Public Buildings Utilities: \$10,000
 - DPW: \$9,812
 - Snow & Ice: \$6,000
 - Solid Waste: \$12,000

Future Revenues:

- Local receipts are estimated to be flat into the foreseeable future.
- Excise tax used to grow 17% per year, than dropped to 5%, and is now almost flat due to the drop in value in cars 5 years or older and the increase in people keeping their cars for longer periods of time.
- Building permits have dropped off in both volume and value.
- The sale of trash stickers provides a very consistent revenue stream. The town may have to eventually increase the cost of trash stickers.
- The town may have to reevaluate the costs of various licenses, permits, and other fees.

Future Expenditures:

- Built in results of pay and class study
- Assume wage increases at 3% per year (steps plus modest colas)
- Debt service – coming up with a capital plan and reasonable debt capacity
- Future growth in health insurance costs will be one of the key factors in our ability to afford our budget. The “future” budgets show 3 different scenarios with 3%, 6% and 9% increases in health insurance costs.
- Another major item to be dealt with in the future is Other Post Employment Benefits (OPEB), which consists mostly of retiree health insurance costs. The unofficial plan for Montague is to start funding this in 2026 when our unfunded retirement liability is fully

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funded. The resulting savings in the retirement assessment will be moved to fund the OPEB liability.

Use of Reserves – Tabled until next week

Topics not anticipated within in the 48 hour posting requirements - none

Meeting Adjourned at 9:05 PM

List of Documents and Exhibits

- Minutes March 5, 2014
- Draft Schedules I and II
- Town Administrator Annual Budget and Financial Plan
- Historic Stabilization Fund Activity

Next Meetings:

March 19, 2014	Revenue projections, keep or eliminate Recycling Revolving Fund, Use of Reserves, recommendations for non-operating STM and ATM articles
March 26, 2014	Vote operating budget and funding sources for Town, WPCF, Colle, Airport and school district assessments
April 2, 2014	Draft Finance Committee Report to Town Meeting
April 9, 2014	Reconsider any previous budget votes; review Report to Town Meeting
April 16, 2014	Last chance for changes to recommendations; finalize Report to Town Meeting