

FINANCE COMMITTEE
MEETING MINUTES
UPSTAIRS MEETING ROOM
1 AVENUE A, TURNERS FALLS, MA
SEPTEMBER 13, 2017

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The Chair opens the meeting

- Meeting was opened at 6:00 PM in the Upstairs Meeting Room
- **Selectboard Members present: None.** Richard Kuklewicz, Michael Nelson and Christopher Boutwell were absent
- **Finance Committee members present:** Fred Bowman, Greg Garrison, John Hanold, Richard Widmer, Chris Menegoni and Michael Naughton.
- **Others Present:** Town Administrator Steve Ellis, Town Accountant Carolyn Olsen, RiverCulture Coordinator Suzanne LoManto Town Planner Walter Ramsey, WPCF Superintendent Bob McDonald and Jen Audley.
- 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 August 23, 2017.

Vote: 6 In Favor 0 Opposed 0 Abstained

October 5, 2017 Special Town Meeting

ARTICLE 1: To see if the Town will vote to authorize the Board of Selectmen to enter into a lease purchase agreement in accordance with the provisions of G.L. c.44, §21C for a period in excess of three years for the purchase of a new flail mower and any equipment related thereto, also known as an over the rail mower, and to raise and appropriate, transfer from available funds or otherwise provide the sum of \$24,090, or any other amount, for the first year payment of such agreement, or pass any vote or votes in relation thereto.

Mr. Naughton asked what would happen if we waited another year. Mr. Garrison said the Capital Improvements Committee discussed this issue and found that the current mower is in such poor condition that without the new mower someone is tied up for a full year just doing the necessary work to maintain the line of sight. Mr. Ellis added that at some point we will have access to an additional mower from Eversource, but we will get it last after other communities.

Finance Committee Moved:

To recommend Article 1, to be funded from Free Cash.

Vote: 6 In Favor 0 Opposed 0 Abstained

ARTICLE 2: To see if the Town will vote to raise and appropriate, transfer from available funds, borrow or otherwise provide the sum of \$20,000, or any other amount, for the purpose of funding the RiverCulture program, or pass any vote or votes in relation thereto.

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Ms. LoManto presented several letters of support from various organizations, including the Montague Business Association, Greenfield Savings Bank, the Shea Theater and Friends of the Discovery Center.

Mr. Menegoni would like to see this as a permanent appropriation and department of the Town. Mr. Ellis will take this under advisement when formatting the upcoming budget.

Finance Committee Moved:

To recommend Article 2, to be funded from Free Cash.

Vote: 5 In Favor 0 Opposed 1 Abstained

Mr. Widmer abstained as he is involved with a grant application for RiverCulture.

ARTICLE 3: To see if the Town will vote to raise and appropriate, transfer from available funds, borrow or otherwise provide the sum of \$1,935, or any other amount, for the purpose of increasing the Parks and Recreation FY2018 Budget, or to pass any vote or votes in relation thereto.

Finance Committee Moved:

To recommend Article 3, to be funded from Free Cash.

Vote: 6 In Favor 0 Opposed 0 Abstained

Mr. Naughton would like to see the alternatives to a portable toilet pursued.

ARTICLE 4: To see if the Town will vote to raise and appropriate, transfer from available funds, borrow or otherwise provide the sum of \$5,900, or any other amount, for the purpose of increasing the Libraries FY2018 Budget, or to pass any vote or votes in relation thereto.

Finance Committee Moved:

To recommend Article 4, to be funded from Free Cash.

Vote: 6 In Favor 0 Opposed 0 Abstained

ARTICLE 5: To see if the Town will vote to raise and appropriate, transfer from available funds, borrow or otherwise provide the sum of \$16,250, or any other amount, for the purpose hiring a contractor to provide valuation services relating to the natural gas and electric transmission/distribution utility properties located in town, including any and all incidental and related costs, or to pass any vote or votes in relation thereto.

This is the initial set up plus three years of service, so this item will recur in the future.

Finance Committee Moved:

To recommend Article 5, to be funded from Free Cash.

Vote: 6 In Favor 0 Opposed 0 Abstained

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ARTICLE 6: To see if the Town will vote to raise and appropriate, transfer from available funds, borrow or otherwise provide the sum of \$7,500, or any other amount, for the purpose increasing the appropriation for Article #17 of the May 2, 2015 Annual Town Meeting, which appropriated \$20,000 to repair the Shea Roof, including any and all incidental and related costs, or to pass any vote or votes in relation thereto.

Mr. Ellis said we are leveraging a Green Communities grant for ductwork prior to replacing the roof. We knew we could get one section done with the current appropriation, but the contractor suggested a different roofing material that would allow another section do be done as well for a small additional cost.

Finance Committee Moved:

To recommend Article 6, to be funded from Free Cash.

Vote: 6 In Favor 0 Opposed 0 Abstained

ARTICLE 7: To see if the Town will vote to rescind the vote taken under Article #7 of the May 6, 2017 Annual Town Meeting, which appropriated the sum of \$2,384,214 for the purpose of operating the Water Pollution Control Facility and associated pumping stations, with \$200,000 raised from Taxation and \$2,184,214 raised from Sewer User Fees, and allocated said sums in accordance with Schedule IV, WPCF Budget, and replace it with a new appropriation of \$2,185,683, or any other sum, and a reallocation of said appropriation in accordance with the Revised Schedule IV, WPCF Budget, or to pass any vote or votes in relation thereto.

Mr. McDonald explained that the closing of the paper mill resulted in a large revenue loss and the hoped for revenue from the sludge process is not here yet. These two things are the major factors in a revenue shortfall for FY18. To offset this revenue loss, one position will remain unfilled, additional budget cuts will be made, two special articles will be rescinded, and more reserves will be used to balance the adjusted budget. Regarding the feasibility study, the pilot study won't be finished until June, and it will be a few months after that before we'll be ready to do the feasibility study, so it will likely be requested as part of the FY19 budget. A lot will play out in the next six months regarding the Montague Process. The plant's been running well the last few months, but it is not yet taking in a lot of sludge loads. The current revenue estimates include a 3.5% increase in sewer rates, which is consistent with the planned increase. The results of the pilot test will likely be the deciding factor in whether the plant continues and expands the Montague Process, or is forced to go back to conventional wastewater treatment practice. That decision will not be known for another 12-16 months.

Mr. Naughton asked about the proposed 3.5% sewer rate increase and, given the reduction in Montague Process revenue, whether it should be higher rather than risk another sharp increase next year. Ms. Olsen noted that a 1% rate increase will only generate about \$10,000 in additional revenue. Mr. McDonald said he doesn't want to go to a 5% increase because the future is so uncertain at this time. If we have to go back to conventional treatment, staff changes, operational costs change and waste disposal costs change. Mr. Naughton sees this as a good opportunity to increase rates since, between

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the slowdown of the Montague Process and the closing of the paper mill, there is a very noticeable reason to increase rates. Mr. Ellis said that the recent large rate increases have resulted in a slowdown in sewer bill payments. Mr. Ellis also noted that we cannot repeat the use of reserves and one time revenues to support the operations next year, and that everyone involved is doing a lot of scenario planning to prepare for the different potential outcomes. Mr. McDonald is currently working on 3 different scenarios for FY19 in order to be prepared for any reality.

REVISED SCHEDULE IV, WPCF BUDGET

DEPT NO.	#7 5/6/17 FY18	REVISED FY18
WATER POLLUTION CONTROL		
440 Wages & Expenses	1,573,712	1,418,181
700 Debt Service	495,802	495,802
910 Employee Benefits	264,700	239,700
SUBTOTAL WPCF	2,334,214	2,153,683
DPW SUBSIDIARY		
449 Wages & Expenses	42,000	32,000
Capital Outlay	8,000	0
SUBTOTAL DPW SUBSIDIARY	50,000	32,000
TOTAL WPCF	2,384,214	2,185,683

Finance Committee Moved:

To recommend Article 7, to be funded from \$200,000 from Taxation, \$82,257 from Sewer Retained Earnings, \$91,722 from the WPCF Fund Balance of Legal Settlement, \$50,000 from Article #21 of the May 6, 2017 Annual Town Meeting, and \$1,761,704 from Sewer User Fees.
Vote: 6 In Favor 0 Opposed 0 Abstained

Mr. Menegoni left at 6:52 PM.

ARTICLE 8: To see if the Town will vote to rescind the vote taken under Article #17 of the May 6, 2017 Annual Town Meeting, which appropriated \$200,000 from Sewer User Fees to increase the WPCF Capital Stabilization Fund, or to pass any vote or votes in relation thereto.

Finance Committee Moved:

To recommend Article 8.
Vote: 4 In Favor 1 Opposed 0 Abstained

ARTICLE 9: To see if the Town will vote to rescind the vote taken under Article #16 of the May 6, 2017 Annual Town Meeting, which appropriated the sum of \$85,000 from Sewer User Fees for the purpose of conducting a Feasibility Study, to be titled “Final Clarifier Upgrade/Raw Influent Bypass ,” or

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something similar, for the purpose of analyzing options for addressing sewer overflows, including but not limited to determining whether or not running an additional sewer line before the head works to the intake of the wet weather tank would help control flows during rain events, or to pass any vote or votes in relation thereto.

Finance Committee Moved:

To recommend Article 9.

Vote: 5 In Favor 0 Opposed 0 Abstained

ARTICLE 10: To see if the Town will vote to rescind the remaining \$303,000 in borrowing authority authorized pursuant to the vote taken under Article #26, voted at the May 3, 2014 Annual Town Meeting to fund the Skateboard Park, or to pass any vote or votes in relation thereto.

ARTICLE 11. To see if the Town will vote to rescind the remaining \$957,310.03 in borrowing authority authorized pursuant to the vote taken under Article #17, voted at the May 3, 2014 Annual Town Meeting to fund the replacement of 2 pump stations, or to pass any vote or votes in relation thereto.

ARTICLE 12. To see if the Town will vote to rescind the remaining \$349,486.25 in borrowing authority authorized pursuant to the vote taken under Article #22, voted at the May 7, 2016 Annual Town Meeting to fund the storm drain project, or to pass any vote or votes in relation thereto.

Finance Committee Moved:

To recommend Articles 10, 11 and 12.

Vote: 5 In Favor 0 Opposed 0 Abstained

FY19 budget workflow, schedule, and input on budget requests

Mr. Hanold passed out a draft schedule for the FY19 budget process.

- Mr. Ellis said that December 28th is likely to be the due date for department budget requests.
- Mr. Naughton noted that if a department head foresees major changes in their budget, they may want to have an earlier meeting with the finance committee to see how that change will be received. Mr. Ellis will extend that invitation at the September Department Leader Team meeting.
- Mr. Ellis presented the CIC's framework/timeline for their annual process.
- Mr. Naughton is struck by the number of discretionary funds. Police, DPW, WPCF, and IT all now have discretionary accounts as special articles. He's less and less clear about the justification (he understands the point of being able to carry forward unused balances) and thinks it's worth discussing whether it's better to appropriate this money in the annual operating budget. This is worth discussion prior to the budget message.
- Mr. Ellis noted that it would make sense to have the preliminary revenue estimate prior to determining the budget message, although most preliminary state revenue estimates are not available prior to December. Ms. Olsen suggested, in keeping with practices of some other

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towns, having fewer budget meetings, shorter discussions with departments only to discuss real changes, and using that shorter schedule to have a better beginning revenue estimate which would also eliminate some level of uncertainty going into the budget process. This suggestion was not well received, as it was noted both members and viewers appreciate the opportunity for significant discussion.

- After discussion of the best way to encourage departments to provide more information on budget changes, it was suggested that the budget forms provide an easy way for departments to comment on or explain any changes to specific line item requests. Ms. Olsen will add a new section below the current grid. This will essentially duplicate the line items, but then have columns that calculate the dollar and percentage change of the request to the current appropriation, and provide space to explain each change.
- Mr. Hanold encouraged asking about the outcome of specific appropriations, especially new computer software.

Topics not anticipated within in the 48 hour posting requirements

Mr. Hanold recognized that today is the 18th anniversary of employment for Ms. Olsen and presented a card signed by the committee members.

Meeting adjourned at 7:38 PM

List of Documents and Exhibits:

- August 23, 2017 Minutes
- Draft October 5, 2017 Special Town Meeting Warrant
- Draft October 5, 2017 Special Town Meeting Motions
- Draft October 5, 2017 Special Town Meeting Background Information
- FY19 Budget Schedule
- CIC Scheduling Framework

Next Meeting Dates: None set