

FINANCE COMMITTEE

February 16, 2023
FinCom Zoom: 7:30 p.m.

Members: Chair: My Linh Truong Vice Chair: John Miller
Hafiz Adamjee, Megan Blackwell, Jeff Calabrese, Stefan Carp, Yannis Evrigenis, Lauren Hermann,
Patrick Matteson, Nicole Soto, Enzo Rascionato, Derek Ross, Brian Vernaglia, Kathryn Hughes

Missing: Yannis Evrigenis, Laureen Hermann, Enzo Rascionato, Derek Ross

General Business Chair Truong called the meeting to order at 7:50 p.m.

Roll Call:

Brian Vernaglia
My Linh Truong
John Miller
Jeffrey Calabrese
Hafiz Adamjee
Megan Blackwell
Stefan Carp
Patrick Matteson

Late Arrivals:

Nicole Soto
Kathryn Hughes

Guests- Beth Rudolph, Town Manager

Public Comments-No speakers present.

Review of FY24 Municipal Budget-Beth Rudolph

High Level Overview

- Projected FY24 Expenses-\$149,661,050
- Projected FY24 Revenues-\$148,950,902
- Projected Budget deficit-\$710,148
- Structural deficit beginning FY23
- Select Board committed to funding FY24 deficit with ARPA funds

Revenue Assumptions & Projections

- New growth-\$950,000
- State Aid-\$12,212,573 assumes a 2.5% YOY increase (to be confirmed in early March)
- Local Receipts-\$10,389,000 (YOY increases in the following areas: Motor Vehicles Tax, Meals Tax, Transfer Station & other fees and fines)

FY24 Expenses-Municipal

- Total municipal expenses increased 3.4%
- Increase Health Inspector position from 19 to 35 hours
- Fund a full time IT Network Administrator
- Create a new Financial Analyst position to support online payments
- Add a part time position in the Building Department to support zoning & ZBA permitting.
- Increase Librarian position from 15 to 19 hours.

There were several positions not funded: Deputy Fire Chief, Assistant Town Planner, Part time position at DPW and increased hours for the Community Health Program.

Questions were raised as to why we need to add a permanent position to facilitate online payments. Also, what about digitization of town records and the use of credit cards. These issues will be addressed with the addition of the new Financial Analyst.

Education

- 4.17% increase from FY23
- Does not include funding for special education out of district tuition and costs for transportation moving students from Lynch to the Parkhurst swing space. Remaining ESSER II funds (\$325K) will be used to fund increased tuition costs.
- Vocational School tuition costs expected to rise 5.54% based on historical averages.

A comment was made that there are no excel files supporting the budget.

Clarification was requested regarding ESSER funding for two positions. It was confirmed that the proposed budget includes .6 FTE for Mandarin language programs and 1 FTE for an Athletic Trainer. It is still unclear if ESSER funds are being used for additional hires.

A question was raised as to why Lynch transportation costs were excluded from the budget. It was stated that this is because ARPA funds will be utilized and therefore are excluded from the budget. A comment was made that more transparency is needed for the Education budget.

A question was asked about student enrollment. It is anticipated that there will be 60 fewer students for FY24. The point was raised as to why is the budget increasing.

FY 24 Expenses-Undistributed

- Changed Health care providers from HPHC to MIIA-BCBS. Saving estimates are \$900K.
- FY 24 BCBS increase capped at 5.6%. Estimate a budget decrease of 1.47% FY23 vs FY24.
- Town considering switching from Delta Dental to BCBS. One time reduction of .5% to 5.1%.
- Contributory retirement to increase 7.7% per PERAC.
- Energy cost increase of 4.43% over FY23.
- Workers compensation funded at \$350,000.
- OPEB contribution set at \$350,000

It was asked if there have been any benchmarks of other towns contributory rates. It was confirmed that no recent studies have been done.

A comment was made that each town negotiates union contracts separately under one union umbrella. A question was raised on Lynch electric cost projections. It was stated that a best estimate was used.

FY24 Expenses-Funded Debt

- FY24 Budget includes funding for two General Fund Borrowings
 - Transfer Station debt service payment of \$570K. (increased fees and funds from Capital Stabilization fund)
 - Renewal of the BAN for the Washington and Swanton Street property. BAN interest payment estimated at \$138,418 to originate from General Fund. Remainder ARPA.

A question was raised as to when the Transfer Station will be moved to a "Pay as you go" model. At this point in time, no decision has been made. However, a question was asked as to why are commercial users paying the same fee as residential.

It was confirmed that the interest rate for the BAN will be 5%.

Operating Reserves

- Operating Reserves at the end of FY23 are estimated at 14.78% of revenue.
- Used Conservative, Middle and Best case scenarios to estimate revenue and expense growth.

A question was asked if Lynch is being funded in one borrowing. It will be done in increments. Also, is there a cash management strategy. Hilltop, the towns financial advisor is managing the strategy.

A question was asked about the amount of turnbacks (reversions) for FY22. The committee was advised that this information is tracked however it is not available for this meeting. It was thought that based on historical averages, a \$2M turnback number might be more realistic.

A comment was made if the Town is looking at the budget realistically. Maybe should consider cutting services and jobs. It was stated that the town's policy is to maintain the same level of service.

The goal is not to use free cash to balance the budget. It will be balanced using ARPA funds.

A question was asked if Moody's has been advised of the Lynch project. It was stated that Moody's was aware of the Lynch project.

In light of a potential override, a comment was made that in an effort to minimize the budget impact couldn't new hires be spaced out. (municipal and education) It was stated that the budget model does not get into this level of detail.

A question was asked if any money will be funded to the capital or building stabilization funds. It was confirmed that this would have to be a separate article. It was thought that FinCom needs to know these details in order to finalize the budget.

A question was raised regarding the VFA software (\$150K) which is currently being managed from the DPW operating budget. It was felt that it should be under Engineering.

Waterfield is still moving forward with due diligence extended to March 15.

ARPA is not factored into the budget. However, it will be used for one time uses especially capital type projects. The commitment deadline is Sept 2024.

Beth Rudolph agreed to share with FinCom the ARPA rules. She further added that there is an estimated \$2.5M to \$3M of unallocated ARPA funds available. Beth Rudolph will forward the chart of unallocated ARPA funds.

A question was raised about the legal budget increase. It was agreed that additional due diligence would be provided.

Regarding the Planning Board increase, it was felt by Ms. Rudolph that it will be important to look for ways to increase the town's commercial tax base. Some thought that it is not a level service budget given additional hires and other increases in the budgets. We need metrics and/or KPI's to measure the effect of increases.

Capital Planning Update

FinCom Members Hafiz Adamjee and Stefan Carp attended two Capital Planning meetings. In their view, the main objective of the Committee should be to develop a long-term plan to maintain assets and determine what is the investment gap. The focus of the meetings were on the larger assets. An example was made that playground equipment was recently added to the list. They felt that there are other more important priorities. The capital planning committee feels that a long-term plan beyond 10 years is not helpful and speculative. The thought is that the VFA software investment would help with this process and provide planning capabilities. It was stated that a FinCom article may not be in the committee's best interest at this time. The ARPA monies should be moved to free cash and moved to the stabilization fund. It was recommended that FinCom needs to be aligned on this topic and speak with one voice.

New Business


Regarding future meetings, Chair Truong advised that the goal is to have two meetings per week (every Tuesday & Thursday) up until Spring Town Meeting which is scheduled for April 24 & 27. The Tuesday meeting will be in person while the Thursday meetings remote. Chair Truong will be sending out meeting requests as well as scheduling various department reviews.

A new FinCom representative may be joining the committee in March. Regarding the working groups it was felt that one person needs to be responsible for the meetings and write-ups. FinCom Member Brian Vernaglia will take responsibility for several of the consent agenda budget as agreed with the Chair. Chair Truong agreed to review the working group list.

Adjourn

Brian Vernaglia moved to adjourn the Finance Committee meeting and the motion was seconded by FinCom Member Stefan Carp. The motion passed unanimously. FinCom adjourned at 9:32 p.m.

Respectfully submitted, Gary Lozowski, Recording Secretary of Finance Committee

Approved by: 
My Linh Truong, Chair of Finance Committee