

MONTAGUE FINANCE COMMITTEE
Final Meeting Minutes
Wednesday, January 12, 2022 at 6:00 p.m.

This meeting was held via Zoom and recorded: <https://vimeo.com/665640172>

PRESENT: Jen Audley, Chair; Fred Bowman, John Hanold, Francia Wisnewski and Christopher Menegoni, members; BettyLou Mallet, Scribe.

OTHERS PRESENT: Carolyn Olsen, Town Accountant; Steve Ellis, Town Administrator, Ariel Elan, resident.

ABSENT: Greg Garrison and Jennifer Waryas, members

1. The meeting was called to order at 6:00 p.m. by Jen Audley, Chair. This meeting is being recorded by Carolyn Olsen, Town Accountant as well as aired on MCTV.

2. Approval of the minutes from January 5, 2022 Finance Committee Meeting – The members received the draft minutes of January 5, 2022 for review. There were no questions or discussion. **On a motion by John Hanold and seconded by Fred Bowman, the minutes were approved as written. JH, aye; FB, aye; FW, aye; JA, aye; CM aye. Vote was unanimous.**

3. Updates from Town Administrator and Town Accountant -

Steve Ellis, Town Administrator stated he had received the economic estimate for aid and that the Governor tended to the side of the optimistic range. Although there is still uncertainty, the forecast is between 2.1 – 2.9% increase and his suggestion is to be on the conservative side with 2.0%. The MMA (Massachusetts Municipal Association) will be meeting remotely and that is when the Governor makes the announcement for the final figures at that time which will be in the next several weeks.

SE also shared two updates for the Special Town Meeting. One is that the article from the Cemetery Commission will be cost-neutral as they will be taking from their own funds generated from sales of cemetery plots. The second item he shared was he received word of the supplemental funds for repairing the 5th Street pedestrian bridge and feels it is not necessary now to request the additional funds at the STM.

Carolyn Olsen, Town Accountant stated she received questions for department heads from two committee members regarding their budgets, and that the deadline to submit questions has been extended to January 27, 2022 at noon.

4. Discussion of FY23 Budget Development Process -

JA shared on the screen for members to review, the calendar she created for January –May 2022 and the FY23 budget process and scheduled target dates to prepare for the Annual Town Meeting. On January 26, the Selectboard is to hand over to the FinCom their version of the budget and the FinCom will then begin with review of updated revenue estimates, followed by a meeting with the GMRSD on January 31, 2022 at 5:30pm.

In February, the FinCom will dive into sections of the department requests grouped into categories that mostly align with the organization of the operating budget article on the Town Meeting warrant. Human Services, Culture and Recreation and Public Works will be one category. Public Safety and Board of Health are another; General Government, and then WPCF and Airport as the last category. The Committee also needs to keep in mind that the meetings will continue to be held remotely until at least March. Some of these budget discussions may move quickly and some may need additional discussion and therefore, additional time would be scheduled at a future date.

In the month of March, there will not be a meeting on Wednesday, March 2, but there will be a presentation by FCTS on Monday, 2/28 at 5:30pm and Special Town Meeting on March 3. On March 9, the FinCom will report to the Selectboard and identify their differences should any appear. On March 16 the two committees will hear the CIC's recommendations, and March 23 and 30 will be devoted to finalizing allocations to reserves and balancing the budget. Votes on ATM articles will take place once the articles/motions are available.

JA also brought her ideas on public participation into the budget process. She suggested setting aside time at the beginning of each agenda to allow for the public to express their opinion or ask questions on topics that are on the agenda.

Ariel Elan asked about public participation, and suggested that public comments might be better informed if they came after the Finance Committee's discussion. JA feels that getting public input first will help the Committee more and wants meetings to conclude with the Committee making decisions. Committee members agreed to try JA's proposal for public participation with an informal limit of 2-3 minutes per person for comments.

Communicating with the community was also discussed and suggestions on how to get residents involved. JH wrote an article for the Montague Reporter describing the Excess Taxing Capacity and he intends to write more. JA will create a public calendar and post it on the Town website. She will also write an invitation for participation to the residents and public in the newspaper. Other members were encouraged to do community outreach as well.

5. Discussion of Updates to Financial Reserves Policy -

A-5 Financial Reserves Policy – The chart has been reorganized in A-5 and other copy edits the FinCom has received were reviewed. **JH made a motion to accept the revisions made to the chart, FB seconded. All in favor. FW, aye; CM, aye; FB, aye; JH, aye; JA, aye.**

Other topics in this policy are setting up a systematic way to define the allocation of funds into OPEB Trust Fund, as well as into Enterprise retained earnings and stabilization funds. JA feels comfortable with the suggestions given as well, as FB seconded the suggestions within the policy. JH feels that the way it is set-up may tie the hands of the FinCom a bit but he is willing to accept the committee's overall decision.

CM feels the idea of having critical capital projects are great examples of additional usage. He wants to be able to pay for critical capital projects as identified and to have a multi-year plan showing the needs and then anticipate what to spend the money on.

FW asked about OPEB, its liability and the timing. CO stated that the OPEB policy is not a regulation and that the Town is not bound and that the consistency of placing funds into OPEB is the way to go.

There is a long term plan to fund OPEB after the Retirement System is fully funded; what we are looking for is a more systematic approach to addressing the \$15 million liability until then.

JA also stated that in the chart, there are sections where the usage of funds is not clearly defined and questions what the FinCom's role is in establishing those perimeters. Two examples in the chart are cannabis and the GMRSD stabilization fund.

Lastly, JA discussed questions that came up after the Fall Town Meeting on Free Cash. After her research, she noted that some of these Free Cash comes from budgets that were underspent and some revenues that exceeded estimates. Examples of these are budgeting for snow and ice and how the weather can determine the funds spent. She stated that CO and SE were very conservative last year which resulted in free cash at the end of the year.

JA shared on the screen for the members to review, a chart she created using data from the Department of Local Services site. This historical data showed how budgets had gone up steadily and how certified free cash as a percentage of prior year budget had trended up for the past 3 years.. She felt that the Town stayed pretty close to the target. However, if certified Free Cash at the close of the fiscal year continues to trend come in higher than planned, there should be consideration of whether to allocate some of that excess to the GMRSD.

JH feels Free Cash is funds that is to be used for emergencies such as for sewer or DPW related issues or other unusual situations that may have arisen. The calculation of Free Cash is complicated but would like the FinCom to be ready to explain to the residents where it comes from and how it is used.

6. Agenda Requests and Topics for Upcoming Meetings -

The Sewer Retained Earnings policy will be discussed at a future date when the WPCF is discussed.

On a motion by FB and seconded by JH, the meeting adjourned at 7:23 p.m. FB, aye; JH, aye; CM, aye; FW, aye; JA, aye.

Respectfully submitted,

BettyLou Mallet
Scribe

Voted by Montague Finance Committee - 01/26/2022