

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

March 14, 2012

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Meeting Date: March 14, 2012

Called to Order: 6:01 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Michael Naughton, Andrew Killeen, Lynn Reynolds and Roy Rosenblatt

Board of Selectmen Members Chris Boutwell and Mark Fairbrother

Others Present: Frank Abbondanzio (Town Administrator), Carolyn Olsen (Town Accountant), Greg Garrison, Don Valley, Leslie Cromack (Capital Improvements Committee)

Minutes

Selectmen Moved:

To approve the minutes of March 7, 2012 as corrected.

Vote: 2 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To approve the minutes of March 7, 2012 as corrected.

Vote: 5 In Favor 0 Opposed 0 Abstained

Capital Improvements Committee

Capital Improvements Committee Chair Mr. Garrison reviewed the committee's report and recommendations.

The Capital Improvements Committee recommended the following items:

- \$75,000 for the Department of Public Works new and used equipment purchase and large repair (\$100,000 was requested). Superintendent Bergeron needs a chipper but expects to need no other equipment for Fiscal Year 2013. This amount allows for that plus \$20,000 for extraordinary repairs.
- \$54,055 for payment of current DPW lease. The final lease payment is due in Fiscal Year 2014.
- \$44,000 for the first lease payment of a six wheel all wheel drive dump truck with sander (\$200,000 was requested for the purchase). The interest cost to lease over five years is estimated at \$20,000. This vehicle was originally requested for Fiscal Year 2014, but the request was moved forward due to the condition of the existing vehicle. The plow will be transferred from the existing truck.
- \$15,000 for ADA projects at the Hillcrest and Sheffield buildings of the Montague Elementary School. Mr. Hanold noted that there have been a series of annual projects in this price range for ADA compliance, and after 2014 these projects should be completed.
- \$85,000 to repair and pave a parking lot at Sheffield building. The committee recommends borrowing. This could be done by either short term borrowing with 25% of the principal to be paid down each year, or rolling the debt into a larger bond issue. This was also requested last year it was tabled because there was no

complete plan. This year a plan was presented showing drains (which will not empty into a sanitary sewer line) and egress. There have been some pedestrian falls, and it is very difficult to plow. The Capital Improvements Committee thought that this could be rolled into a long term bond for the DPW garage which is currently forecasted for 2016.

- \$60,000 to purchase a fourth Fournier Press position, to be funded from sewer borrowing. Mr. Hanold earlier asked WPCF Superintendent Trombley how this project would fit into to any future plant expansion to treat Millers Falls' effluent. This press would add to plant efficiency with or without the addition of Millers Falls' effluent. Mr. Abbondanzio said that this would also allow the town to accept septage from other towns as a merchant facility.
- \$35,000 to conduct an Inflow and Infiltration study, to be funded from sewer borrowing. The purpose of this is to identify the larger contributors so they can be mitigated, which in turn will reduce overall costs, and specifically the surcharge that taxpayers pay for treating inflow and infiltration. Mr. Killeen asked if, upon completion of the study, there will be an additional cost for remediation. Mr. Abbondanzio stated that physical separation of storm water is very expensive, but enforcement issues are less expensive to deal with. Mr. Garrison thinks the town could be paid back threefold after low cost fixes like enforcement.

The following items were either deferred or not recommended:

- \$65,000 for a one ton dump truck with plow was deferred to Fiscal Year 2014 by the DPW Superintendent.
- \$30,000 to replace the ceiling and lighting at the Great Room in Hillcrest School. The ceiling has been repaired. The lighting was tabled to await the ESCO phase III recommendations which will likely include upgrading this lighting.
- \$106,300 to repair the lining in the Sheffield School chimney. This has been tabled as there is no safety issue and the chimney will not be used after the Phase III ESCO recommendations.

The 6-year plans for the Department of Public Works, Water Pollution Control Facility and Gill-Montague Regional School District were also available. The largest item is a DPW garage for \$2.5 million scheduled for Fiscal Year 2016. Mr. Hanold asked where the estimate for the DPW garage came from. It is a rough estimate. A study is currently being done on the energy park which will include estimating a rough cost for a new DPW facility. A better number will be known when that study is completed. The goal is to come in at or below that number.

Mr. Hanold asked about the timing of the Capital Improvements Committee meeting and final report, and noted that we may try to fold them into the review process earlier next year. This was acceptable to Mr. Garrison, who noted that this year's process was delayed due to several vacations of members.

Reserve Fund Transfer

Mr. Abbondanzio presented a request to transfer \$15,000 from the Reserve Fund to the Town Counsel budget to pay bills through March. An additional \$15,000 appropriation will be requested at the Special Town Meeting. The budget is \$41,600 and only \$3,000 is left as of today. Mr. Abbondanzio reviewed some of the specific item spent to date. Four items related to downtown Millers Falls total 75% of non-labor expenses to date. Other legal matters included the Strathmore bridge/ First Light and the Erving sewer issue. Mr. Abbondanzio doesn't see a lot more work on the First Light issue, the Erving sewer issue is ongoing, and the town has taken ownership of the Main Street, Millers Falls property. The property owners have until mid-August 2012 to request that land court vacate the finding, so after that time there is a strong likelihood that the town will proceed to dispose of the property fairly quickly. Mr. Killeen asked why this amount was not included in the original budget. The budget was finalized in March of 2010 but the town did not take ownership of property until August of 2011 and the extent of continuing litigation was not apparent.

The Board of Selectmen approved this request at their meeting on March 13, 2012.

Finance Committee Moved:

To transfer \$15,000 from the Reserve Fund to the Town Counsel's legal expense (line item 001-5-151-5302).

Vote: 5 In Favor 0 Opposed 0 Abstained

Mr. Boutwell left, and the Board of Selectmen adjourned at 7:05 PM.

Fiscal Year 2013 Revenue Estimates

Ms. Olsen recently reviewed the estimates for local receipts and made a slight reduction (\$20,000) in the overall estimate based on current year-to-date receipts. There are no other known changes to current revenue estimates. The House budget usually comes out in April, the Senate budget in May. If revenues are good, the state may put back some money into local aid which would likely result in a separate payment next October. The consensus was to continue to reflect Governor Patrick's figures at this time.

Special Town Meeting

The Reserve Fund is now down to \$1,500. The deadline for submitting article requests for the April 4, 2012 Special Town Meeting is tomorrow morning. Mr. Hanold suggested requesting an additional \$10,000 from Free Cash for the Reserve Fund. Mr. Naughton would feel more comfortable putting \$20,000 into the Reserve Fund.

Finance Committee Moved:

To request a supplemental appropriation of \$20,000 to the Reserve Fund budget at the Special Town Meeting.

Vote: 5 In Favor 0 Opposed 0 Abstained

Use of Reserves for Fiscal Year 2013

Current reserve balances available for appropriation are:

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Free Cash	529,456
One-Time State Aid	87,646
Town Stabilization	1,106,069
WPCF Retained Earnings	98,932
Airport Retained Earnings	31,680

Of these, \$250,000 of Free Cash has been earmarked within the budget file for use towards the town's operating budget and the Gill-Montague Regional School District and \$24,000 of the Franklin County Tech School Stabilization Fund is to be applied towards the Fiscal Year 2013 Franklin County Tech School Assessment.

- Mr. Hanold is inclined to use the One-Time State Aid for things related to Fiscal Year 2012 or for one-time expenses to match the one-time revenue.
- Mr. Naughton's general principle has been to fund operating budgets and recurring special articles out of taxation and a certain amount of Free Cash, and non-recurring items from Stabilization.
- Mr. Naughton thinks money should be put into Stabilization annually, and would like to continue the recent practice of transferring unused Free Cash to Stabilization.
- Mr. Killeen referenced the list of future capital expenses and said the more we can add to stabilization the better off we'll be in the long run. Mr. Killeen suggested transferring \$250,000 of Free Cash into Stabilization.
- Funding for special articles was discussed.
- Mr. Killeen would be comfortable using Stabilization for the Pay & Class study as an investment in the efficiency of the assets/labor of the town. Mr. Killeen would like to make one time funds available for overruns in the operating fund that may or may not recur.
- Mr. Rosenblatt questioned why, if we want to add to Stabilization, we wouldn't just fund everything out of free cash and put what's left into Stabilization. It makes no sense to take money out of Stabilization and then put more right in.
- Mr. Naughton suggested taking the one time aid out of consideration, using Free Cash and Stabilization for Special Articles, and then we can either let the One-Time Aid roll over into Free Cash or put it into Stabilization.
- Mr. Naughton supports using Stabilization for the Pay and Class study, Shea lighting and Montague Center School repairs and using Free Cash for the conservation trust.
- Mr. Hanold is okay with using Stabilization for Shea lighting and Montague Center School repairs, but would use Free Cash for the Pay and Class study.
- Mr. Rosenblatt suggested that if the intent is to use Stabilization for large items, spend out Free Cash first, and if you have any left, put it into Stabilization. Mr. Naughton and Ms. Reynolds noted the simplicity of this plan. Mr. Killeen liked simplicity but noted that it's been by principle that we've clawed our way back to funding ongoing items from taxation.

- Mr. Naughton is okay with using Stabilization for the DPW leases and discretionary account, but only if we put the same amount into Stabilization because he considers these ongoing costs that should not deplete reserves.
- Ms. Olsen will e-mail a simplified list of special articles with columns for Free Cash, Stabilization, and Debt. Committee members can allocate items to sources according to their preferences and return the completed list to Ms. Olsen, who will provide a compilation of results at next week's meeting.

Meeting Adjourned at 8:15 PM

List of Documents and Exhibits –

- Minutes of March 7, 2012
- Capital Improvements Committee Report to Finance Committee

Next Meetings

- 6:00 PM March 21, 2012 Make recommendations on STM special articles
 Make recommendations on ATM special articles
 Budget Considerations
- 6:00 PM March 28, 2012 Make recommendations on GMRSD Assessment
 Final recommendations on non-article supplemental
 requests
 Balance the budget
 Assign Finance Committee Report
- 6:00 PM April 11, 2012 Final votes on budget, final wording on report