

JOINT FINANCE COMMITTEE & BOARD OF SELECTMEN MEETING

August 26, 2015

Page 1 of 5

Meeting Date: August 26, 2015

Called to Order: 6:00 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Fred Bowman (arrived at 6:15 PM), Patricia Pruitt, Chris Menegoni, and Michael Naughton. Greg Garrison was absent.

Selectmen Present: Michael Nelson, Chris Boutwell and Rich Kuklewicz

Others Present: Town Administrator Frank Abbondanzio, Town Accountant Carolyn Olsen and Ariel Elan

Minutes

Finance Committee Moved:

To approve the minutes of July 15, 2015.

Vote: 2 In Favor 0 Opposed 2 Abstained

Welcome new members Patricia Pruitt, Chris Menegoni and Fred Bowman

Reorganization of Finance Committee

Finance Committee Moved:

To appoint John Hanold as Chair, Michael Naughton as Vice-Chair, and Chris Menegoni as Clerk

Vote: 4 In Favor 0 Opposed Abstained

Reserve Fund Transfers

The IT Administrator is requesting a Reserve Fund transfer of \$5,000 for the IT Consultant. Previous quotes for Fiscal Year 2016 could not be found, so quotes were solicited. Two were received and the lower was for \$25,000. Only \$20,000 was appropriated in the Shared budget. Since we already owe for work done before a new contract could be signed, it really can't wait until the October Special Town Meeting. This request was recommended by the Selectmen.

Finance Committee Moved:

To transfer \$5,000 from the Reserve Fund to the Shared budget (001-5-159-5247)

Vote: 4 In Favor 0 Opposed 0 Abstained

Mr. Bowman arrived at 6:15 PM

Reconsider threshold for "capital outlay" required to have separate appropriation.

- Capital outlay for this purpose would include non-consumable, physical stand-alone items (as opposed to a replacement part) with a useful life of at least 5 years.
- Capital outlay expenses need to be appropriated separately as a line item in the operating budget or as a special article.

- The current unofficial threshold for capital outlay is \$2,000 and has been the threshold for many years. In the case of the WPCF, this threshold has been overlooked in light of the size and complexity of that budget. Ms. Olsen is now asking for a formal, updated threshold that will meet the needs of departments.
- Because IT, DPW and Police departments have special articles dedicated for large expenses, the only department immediately affected by this threshold is the WPCF. Most other department budgets are small enough that items over this \$2,000 would normally be requested separately from the wages and expenses.
- Several threshold levels and their impacts were discussed, as well as the option of adding a special article for the WPCF similar to the current articles for IT, DPW and Police departments.
- This additional special article will be added to the Fiscal Year 2017 budget for WPCF capital expenses.
- With the addition of a new discretionary account, and considering potential needs of various departments, a \$5,000 threshold met with general approval.

Finance Committee Moved:

To recommend that the threshold for Capital Outlay for budget purposes be set at \$5,000 beginning with Fiscal Year 2017.

Vote: 5 In Favor Opposed Abstained

Selectmen Moved:

To set the threshold for Capital Outlay for budget purposes at \$5,000 beginning with Fiscal Year 2017.

Vote: 3 In Favor Opposed Abstained

Sick Leave and Vacation Payouts

Currently payouts for unused sick leave and vacation time upon retirement is budgeted and expended in the affected departments. Mr. Naughton asked at an earlier meeting whether the town should have a separate appropriation for these expenditures so that individual department expenditures are not skewed.

Some things to consider are:

- a. The town would have to decide if this would be a separate department or a line item in the Benefits budget.
- b. Given that there is not always advance notice of retirements, and given a large range in pay scales and leave time balances, this could require a substantial annual appropriation, or you still end up with an insufficient appropriation. This would be more of an issue if this was to be a separate department.
- c. Timing could also be an issue – there would be more available at the beginning of a year.
- d. The town would also need to consider how to treat vacation time taken in advance of actual retirement date vs. taking unused time as of retirement date, impact of when new person is hired and their pay rate (could be enough in department budget to cover) etc.

- e. Generally, the people most interested in fluctuations in annual expenditures are the Finance Committee. The 2017 budget file will include line item detail back to Fiscal Year 2013, so information on sick leave and vacation buy out expenses will be readily available.

Mr. Naughton thoughts on the subject are:

- It's more work to try and breakout these expenses from individual budgets to compare expenses over time.
- It would make sense to fund these payments from Free Cash since they are not recurring annual expenses.
- Another option would be to have a special article for this purpose that can be replenished as needed.

Mr. Hanold is not in favor of a separate appropriation for this purpose, because he does not see a reason to fund vacation and sick leave paid out of the operating budget as used, or upon leaving employment, while funding a retirement payment for unused leave time from a separate department. He sees less of a problem with year to year comparisons than his instinct is to leave it the way it is and encourages people to plan their retirement in advance when possible.

Mr. Naughton's thinking has changed with the discussion, and considering the retirement expense as a departmental cost is making more sense to him.

No motion was offered to change the treatment of payments for unused leave time upon retirement.

GMRSD Debt in the Affordable Assessment calculation

Discuss how to handle the debt for the Sheffield Windows and Boilers (if appropriated) in the Affordable Assessment.

- The Special Article for Sheffield Boilers (\$145,000) did not pass at last ATM, but still an open item, and if funded by debt, is unlikely to be excluded debt.
- The Special Article for replacing the windows at the Sheffield School is funded by excluded debt.
- Both items will be borrowed by the GMRSD, and will show in the debt section of their assessment to Montague.
- Therefore:
 - i. As excluded debt, the current allocation method will ADD the amount for Windows debt payment TO the 48.5%. (cost shifted to town allocation)
 - ii. As regular debt, the current allocation method will INCLUDE the amount for Boilers debt payment IN the 48.5%. (cost shifted to district allocation)

Mr. Naughton likes the idea of treating any debt related to a town owned building as outside of the 48.5%. After some discussion and explanation of the impact to the town budget and school assessment amount, this was met with approval.

Finance Committee Moved:

To treat debt for a town owned building used by the GMRSD as excludable debt for the purpose of determining the affordable assessment.

Vote: 5 In Favor Opposed Abstained

Selectmen Moved:

To treat debt for a town owned building used by the GMRSD as excludable debt for the purpose of determining the affordable assessment.

Vote: 3 In Favor Opposed Abstained

October 1, 2015 Special Town Meeting

Arial Elan was present to let people know she will be proposing another article related to the pipeline. The bare bones of the issue is that the Town's Director of Planning and Community Development has an article on the warrant to provide funds toward fighting the pipeline on a federal level to influence Federal Energy Regulatory Commission's (FERC) decision. Ms. Elan's article would provide funding to fight the pipeline by influencing the Department of Public Utilities (DPU) to determine that the pipeline is not needed. Ms. Elan will e-mail her article request to Ms. Olsen so that it can go to the Selectmen for the decision of whether to place it on the Special Town Meeting Warrant.

Other articles likely to be requested are:

1. \$7,000 to increase IT Discretionary article for FY16
2. \$63,000 for Triennial Revaluation (funded from Overlay Surplus)
3. \$100,000 of Sewer Retained Earnings to reduce the sewer rates increase
4. \$100,000 of Sewer Retained Earnings to increase the WPCF Capital Stabilization Fund
5. \$4,856 of Airport Retained Earnings to increase town share of Airport Improvement Project (AIP) #17
6. \$18,000 to increase Vets Benefits budget based on current caseload
7. \$5,000 for Cable TV contract
8. \$1,500 to provide Town e-mail addresses for some town board/committee members (taxation).
9. \$15,000 for developing a preliminary design/engineering for DPW
10. \$7,500 for legal representation and technical assistance related to pipeline application
11. Amend the zoning map for a lot in Millers Falls
12. \$250,000 from Free Cash to establish an Other Post Employment Benefits (OPEB) trust fund. This would leave \$250K for FY17 plus \$81K for STM appropriations. Any balance can be transferred at ATM.
13. Rescind remaining appropriation and borrowing authority for Articles #14 and #15 of the 9/12/13 STM (related to the 2013 Industrial Park emergency)
14. Rescind the unused balance, currently \$12,894, of #21 5/2/15 (Montague Center School maintenance – the building scheduled for sale on September 1st)
15. Amend town bylaws so the Finance Committee can have minimum of 3 members

JOINT FINANCE COMMITTEE & BOARD OF SELECTMEN MEETING
August 26, 2015

Page 5 of 5

16. Add an unknown amount to #23 of the 9/12/13 STM for repairs to a Sheffield boiler
17. \$15,000 for repairs to stairs and a ramp at the Carnegie and Montague Center Libraries
18. An unknown amount for repairing brickwork at the Montague Center Library.

Topics not anticipated within in the 48 hour posting requirements-

Meeting adjourned at 8:02 PM

Set Next Meetings:

September 16, 2015 Review and make recommendations on STM articles

List of Documents and Exhibits:

- Minutes for July 15, 2015
- Reserve Fund transfer request for Shared budget