

JOINT FINANCE COMMITTEE, BOARD OF SELECTMEN AND CAPITAL IMPROVEMENTS
COMMITTEE MEETING MINUTES
UPSTAIRS MEETING ROOM
1 AVENUE A, TURNERS FALLS, MA
July 12, 2017

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Chairman John Hanold opens the meeting

- Meeting was opened at 6:00 PM in the Upstairs Meeting Room
- **Finance Committee members present:** Fred Bowman, Greg Garrison, John Hanold, Chris Menegoni, Michael Naughton, and Richard Widmer.
- **Selectmen Present:** Richard Kuklewicz and Michael Nelson (Mr. Nelson arrived at 6:12PM). Chris Boutwell was absent.
- **Capital Improvements Committee members present:** Fred Bowman, Greg Garrison and Steven Ellis
- **Others Present:** Town Administrator Steven Ellis, Town Accountant Carolyn Olsen, Director of Assessing Karen Tonelli and prospective member Jennifer 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.

Mr. Naughton asked that the Finance Committee authorize Mr. Hanold to provide a letter of thanks to Ms. Patricia Pruitt for her service on the Finance Committee.

Minutes -

Capital Improvements Committee Moved:

To approve the minutes of June 7, 2017.

Vote: 3 In Favor 0 Opposed 0 Abstained

Finance Committee Moved:

To approve the minutes of June 21, 2017.

Vote: 6 In Favor 0 Opposed 0 Abstained

Excess Levy Capacity Revisited

Information was e-mailed prior to the meeting explaining Excess Levy Capacity, how it is created, and the pros and cons of having it. Fiscal Year 2018 is an excellent time to consider this option, as the estimated new growth amount used for the Fiscal Year 2018 budget process is lower than the final figures. One of the options for the FY18 Tax Recapitulation is to levy only up to the amount needed using the estimated new growth amount. The other options are to levy to the limit, but reduce Estimated Receipts, or increase the Overlay by the difference between the estimated and actual new growth amounts.

Ms. Tonelli distributed a copy of the Levy Limit worksheet for Fiscal Year 2018 and reviewed the calculation. The current new growth number is \$613,818, but this may continue to change until the final value is determined as of June 30th.

Mr. Nelson arrived at 6:12 PM

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It was noted that in Montague there is a difference of about \$5 million between the Levy Limit and Levy Ceiling. Issues with bumping the Levy Ceiling arise when there are multiple overrides or significant losses of valuation.

Mr. Hanold summarized the pros and cons of not taxing to the limit as:

- If we don't tax to the Levy Limit we're keeping tax bills lower for taxpayers but risk possible reduction of services.
- If we tax to the Levy Limit and put money into reserves, we provide for some future cost increases, or major expenses.
- If we are concerned about Appellate Tax Board case, we can use this opportunity to tax to the Levy Limit and increase the overlay.

Mr. Naughton asked about the cons to taxing to limit. Ms. Tonelli explained that even if there is a lot of new growth, there is not necessarily that much of an increase in total valuation if there are significant losses in valuation in other properties. Ms. Tonelli is concerned about the total tax rate due to the increase in the amount to be raised and appropriated for Fiscal Year 2018. Mr. Naughton asked when she knows the total decrease in current values.

Ms. Tonelli thinks it would not be a bad policy to build up excess levy capacity as an additional "reserve" along with stabilization funds and free cash balances.

Mr. Naughton moved to recommend to the Town Administrator, Town Accountant and Director of Assessing that we continue the policy of taxing to the limit, that these three work together on an appropriate overlay amount, and once satisfied, adjust local receipts to balance the levy to the appropriations.

Mr. Widmer asked what the goal was. Was it our bond rating, transparency, preparing for a rainy day, keeping tax rate low, or a combination.

- Mr. Hanold thinks that preparing for a rainy day is more important than keeping the tax rate low.
- Mr. Kulewicz added that with our likely future needs, having reserves is better than needing to borrow and added that increasing stabilization funds allows us to attend to problems before they become more expensive.
- Mr. Ellis feels it's important to say that it's our responsibility to have reserves, the community should know we've historically underspent on facility and maintenance expenses, we have to decide how to fund needed improvements, and noted that we have almost \$5 million in override capacity. We are not upside down in the relationship of Levy Limit to Levy Ceiling.
- Mr. Garrison noted that we've had decades of not addressing stabilization funds and facility improvements.

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Finance Committee Moved:

To recommend to the Town Administrator, Town Accountant and Director of Assessing that we continue the policy of taxing to limit, that these three work together on an appropriate overlay amount, and once satisfied, adjust local receipts to balance the levy to the appropriations.

Vote: 6 In Favor 0 Opposed 0 Abstained

Selectmen Moved:

To recommend to the Town Administrator, Town Accountant and Director of Assessing that we continue the policy of taxing to limit, that these three work together on an appropriate overlay amount, and once satisfied, adjust local receipts to balance the levy to the appropriations.

Vote: 2 In Favor 0 Opposed 0 Abstained

Ms. Tonelli shared that utilities are valued by their providing a Form of Llist. They tell us what their value and new growth amounts are. What happened recently is that those values were challenged because utilities use net book value, which allows assets to be fully depreciated and to have zero value. The Appellate Tax Board found against the utilities, and Ms. Tonelli is now hearing that assessors need to investigate utility values. It may soon be worth hiring a professional to value utilities – spending money to get more money.

Minutes -

Selectmen Moved:

To approve the minutes of June 7, 2017.

Vote: 2 In Favor 0 Opposed 0 Abstained

Reserve Fund Transfer Requests

Ms. Tonelli is requesting a Reserve Fund transfer of \$5,500 to pay for the final costs of the recent Appellate Tax Board Hearing. Bills have been received from the attorney and expert witness, but the stenographer's cost can only be estimated based on information received to date. Much of the costs for the hearing will come from the balance of Article #2 of the October 1, 2015 Special Town Meeting, which appropriated \$63,000 for the costs of the Triennial Revaluation, including Appellate Tax Board appeal defense.

Finance Committee Moved:

To transfer \$5,500 from the Reserve Fund to the Board of Assessors legal budget, line item 001-5-141-5302.

Vote: 6 In Favor 0 Opposed 0 Abstained

Board of Selectmen Action

The bids for debris removal at the Strathmore Mill Complex were received after the last Selectmen's meeting. Two bids were received from well-qualified vendors, and the low bidder was Allied Moving & Storage Co., LLC, who have a contact with a recycling facility where they will truck the waste. The start date for the cleanout will be by July 20th and there's a 60 day period to complete the work. Mr. Ellis is

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confident that the work will be done in three weeks. Mr. Ellis will start working on the bid request for closing the building on the July 24th. Mr. Ellis credited the DPW with moving a lot of the debris to the lower level to make it easier and less expensive to have it removed.

Selectmen Moved:

To award and execute the contract for the Strathmore Mill Cleanout in the sum of \$30,200 to Allied Moving & Storage Co., LLC of Leominster Massachusetts, with work to start on July 7, 2017 and to end no later than September 18, 2017.

Vote: 2 In Favor 0 Opposed 0 Abstained

Topics not anticipated within in the 48 hour posting requirements

The meeting on July 26th will be held in the downstairs meeting room do to work being done by MCCI in the upstairs meeting room.

Mr. Naughton asked how well we've done in abiding by the Finance Policies. Ms. Olsen will gather this information before the next meeting.

Mr. Ellis provided an update on the ad-hoc group to discuss school financing issues. Superintendent Michael Sullivan has set meeting dates on August 15th and September 6th at 6:30 PM at a location TBD. The meetings will be posted as GMRSD School Committee meetings, but a quorum is not expected. There will be a facilitator present to assist with communication. Mr. Naughton, Mr. Bowman, Mr. Widmer, Mr. Kuklewicz, and Mr. Ellis are likely to attend. Mr. Naughton suggested that Mr. Ellis take the lead in organizing communications.

BOS Meeting adjourned at 7:18 PM

Finance Committee Reorganization

Finance Committee Moved:

To elect John Hanold as Chair, Michael Naughton as Vice-Chair and Richard Widmer as Clerk.

Vote: 6 In Favor 0 Opposed 0 Abstained

Next Meeting Dates:

July 26, 2017 Consider changes to Financial Management Policies, specifically debt service policies, and whether the FCTS Stabilization Fund should be included in calculations for Town Reserves. No BOS quorum, post only as FC

Meeting adjourned at 7:26 PM

List of Documents and Exhibits:

- June 21, 2017 Minutes
- Board of Assessors Reserve Fund Transfer request

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Minutes Approved _____

John Hanold, Finance Committee Chair

Richard Kuklewicz, Selectboard Chair