

Finance Committee Meeting Minutes
Wednesday, December 4, 2019
Upstairs Meeting Room, 1 Avenue A, Turners Falls MA
Page 1 of 5

In attendance:

Finance Committee

Jen Audley, Chair
Christopher Menegoni
John Hanold
Shauna Wallace
Gregory Garrison
Franca Wisniewski (arrived 6:25 PM)
Fredric Bowman

Others in Attendance

Steve Ellis – Town Administrator
Carolyn Olsen – Town Accountant

The Chair Open the meeting at 6:00PM

The Chair announced that the meeting was being recorded by MCTV and asked if anyone else was recording the meeting. No one else was recording the meeting. The MCTV recording of the meeting can be found at <https://vimeo.com/377621872>.

Minutes

Moved: To approve the minutes of November 20th as presented.
Vote: 6 In Favor 0 Opposed 0 Abstained

Town Accountant's Report

There were no updates provided.

Overlay Reserve Fund Release Update

The Dec 2 Assessors meeting was cancelled due to snow, so their discussion and possible vote on this is now scheduled for Dec 9. The Director of Assessing estimates that the amount that will be released from overlay will be between \$850,000 and \$900,000.

Once the amount is released, it becomes Overlay Surplus, and can be used as a funding source for appropriations until the end of the fiscal year in June 2020. At that point the balance of Overlay Surplus is closed out and becomes part of certified free cash. The Finance Committee's role in this process is to make recommendations about how to allocate the funds; the Selectboard will weigh those recommendations in its decisions about articles to place on the warrant for Town Meeting approval.

At the present time, the Town Administrator and Town Accountant do not anticipate a need for a winter Special Town Meeting, so allocations from Overlay Surplus will most

likely be made at the Annual Town Meeting in May. The Finance Committee will aim to formulate its recommendations by February 2020.

There is general consensus that because this is one-time funding, using it for non-recurring expenses is preferred. The potential options we've identified for non-recurring expenses include capital projects (planned and debt avoidance for those underway), allocations to stabilization funds, reducing our OPEB liability, and temporarily reducing the tax levy to mitigate the effects of the increased burden the settlement agreement with FirstLight will place on taxpayers for the next 3 years.

We will discuss all of these options at future meetings and will also deliberate about whether these funds should be shared with the Gill-Montague Regional School District under the terms of the Compact for Education ("The Affordable Assessment"). The decision about the Affordable Assessment will need to be made first, so we will schedule that discussion for January.

Overview of Information Technology (IT) resources, systems, and needs

Chair provided a document with statements from Carolyn Olsen (IT Administrator), Steve Ellis, Mik Muller of Montague Webworks, and Chris Bonnett of the Montague Police Department that summarizes the Town of Montague's IT systems and assets (Network, server, software, data, website, etc.)

We don't have an IT department; our Town Accountant, as IT Administrator, receives a stipend of \$2,100 for IT administration. We pay Montague Webworks \$600 in annual fees for the town's website, which is very competitive and provides the needed software updates. Montague also has a consultant on a \$36k contract to take care of its non-police hardware and software and plan future needs. Carolyn Olsen maintains an inventory of what is scheduled to be replaced.

The consensus is that this method, while untraditional, is working well. The town's current website is relatively new; Montague Works Webs implemented it in Oct 2017. It was built to make it easier to provide information to the public. The website's two main purposes are providing information to the public (information that the town is legally provided to provide, like agendas and minutes), and marketing, as it serves as an entry point and welcoming place for the town. While there are numerous staff members and citizens who have editing privileges, the town doesn't have anyone on staff responsible for orchestrating and overseeing website management.

The Police Department manages their own IT as per their own requirements, they also have their own equipment.

Towns across the Commonwealth are concerned about security and cybersecurity. A local example is the town of Leverett which used the Community Compact Grant for

cyber security issues. Our IT Administrator and consultant feel that we are in good shape.

Ms. Audley expressed concern with our system that there isn't a person looking at the website as a whole over time. There is a need for an overall training plan to support volunteer board members and staffers when they take on website responsibilities.

Mr. Ellis noted that the town's goal in redesigning the website was to make documents available and accessible, and in general, we have a website that is functioning with regard to that goal. Funding a webmaster to manage it is not a high priority. The town's Facebook seems more effective as far as outreach. Ms. Audley suggested using the Google analytics to get data about website visitors' interests and behavior.

Montague Webworks plans to roll out a new fee-based service where they will monitor and maintain town websites, as many of their town website clients are having challenges doing it themselves.

Another concern is that there is a feature on most of the board and committee pages in which you can sign up to be on an email list for news and agendas from that committee and we don't think it works.

FY21 Revenue Forecast and budget message

Mr. Ellis distributed his "FY21 Revenue Estimate and Budget Outlook"(aka Annual Budget Review) and the Budget Message he sent to department heads to kick off the FY21 budget development process, and summarized them for us, noting that:

Montague has taxed to the levy limit for many years, but when reviewing the FY20 Tax Recapitulation Sheet it was apparent that we could retain Excess Capacity, and the Selectboard chose to do retain \$300,000 of Excess Capacity.

The combined effects of increased valuation, increased debt payments in conjunction with the new DPW facility, and the terms of the First Light settlement would contribute to sharp uptick in tax bills; retaining Excess Capacity for FY20 and FY21 helps moderate that.

The town used excluded debt to build the new DPW facility. The FY21 proposed budget includes \$377,500 of new debt expense (principal and interest payment) for the DPW facility. We also have a small amount of excluded debt service that is now paid off.

In January 2020 we are planning a new bond issue that will include the majority of the remaining costs for the DPW building, as we have been advised that this is a terrific time to bond for this particular season. The remainder could be bonded the following year, but you need to accumulate an amount of debt in order to qualify for bonding.

Finance Committee Meeting Minutes
Wednesday, December 4, 2019
Upstairs Meeting Room, 1 Avenue A, Turners Falls MA
Page 4 of 5

Before we bonded our debt in January 2019, we had been carrying some smaller amounts as short-term notes for several years. The delay in permanent financing was the need for a total debt amount of at least \$1 million in order to issue a bond.

As for FY2021, it looks like we can afford a level services general operating budget and capital investments in line with what we have done in previous years without counting on new cannabis revenue.

Talking with Selectboard, everyone preached caution and maintaining excess levy capacity.

Right now we have a significant amount of free cash available to fund special articles.

Head of departments were instructed to submit level service budgets. Two departments have proposed significant changes; we got a preview from them in November.

State aid/unrestricted aid: Consensus estimates are low this year. We will have more information on which to base the estimate in January. For now, we are using an estimated increase of 1.7%.

When revenue exceeds expectations in the state budget we see supplemental bills, IE Chapter 90. Unfortunately, it doesn't sound like the legislature is moving forward as quickly as might be required. The State Treasurer needs a decision by December.

Locally, our revenue from local receipts (motor vehicle, penalties, licenses, meal tax, building permits, etc.), has been estimated very conservatively again this year.

The new growth estimate will be periodically updated until March 1st and then is locked in for the purpose of determining the FY2021 budget. New growth has been exceptional for several years. This is attributed mostly to utilities making once in a generation improvements to property such as poles, transformers, etc., so these are not streams of growth that we expect to see continue. We have a conservative new growth estimate and it's the right thing to do.

In FY21, we plan to continue to carry \$300k in excess capacity. The amount set aside for overlay (an allowance for abatements and exemptions) was substantially reduced for the FY20 tax recap and is expected to remain at a lower amount.

Other budget considerations are wages. Step increases range from 2-4% and COLAs are between 0-1.5%.

Local receipts: We were the only community in the regions that hadn't adopted the local meal tax option. The first year's revenue was over \$53k and we estimate \$55K for FY21.

Finance Committee Meeting Minutes
Wednesday, December 4, 2019
Upstairs Meeting Room, 1 Avenue A, Turners Falls MA
Page 5 of 5

Cannabis revenue is not included in the revenue forecast. The municipal local option tax is 3% on retail sales, which started in Sept 2019 at 253 Farmacy. There is not enough data yet to estimate revenues. We will also receive a 3% impact fee through our host agreement. There is an expectation that the town will use the impact fee for purposes that mitigate the effects of having cannabis sales in Montague, such as funding programs in schools and for parents, but we need more guidance from the state about what is possible and what is required. For now, the tax revenue is general fund revenue.

The Tech school assessment is based on student enrollment, and Montague enrollment has increased significantly for several years now. We have had large classes entering and smaller classes graduating, but soon all of the classes from Montague will be large.

Recycling costs are going up. Most of the cost is in the sorting, so the fact that we have dual stream already and the quality of our loads is good, is beneficial. We pay \$92/ton to get rid of our trash.

Finance Committee budget requests for FY21

Deferred to next meeting: Dec., 11, 2019

Future Agenda requests

Mr. Bowman requested an opportunity for the committee to ask the GMRSD superintendent about the state of the district and his recommendations for it. Ms. Audley will try to arrange for this to happen outside of the FY21 budget development process.

Meeting Adjourned 8:35 PM

Next meeting December 11th, 2019

Respectfully submitted by Francia Wisnewski

List of Documents and Exhibits:

Montague IT Resources and Systems research
FY21 Budget Review
FY21 Budget Message