

MONTAGUE FINANCE COMMITTEE MEETING

Wednesday, February 22, 2023 at 6:00 p.m.

This meeting was held via Zoom and recorded: <https://vimeo.com/801588193>

Chair Francia Wisnewski called the meeting to order at 6:00 PM.

Finance Committee members present: Chair Francia Wisnewski, Vice Chair Gregory Garrison, Clerk Dorinda Bell-Upp, and members John Hanold, Jennifer Waryas, Chris Menegoni, and Fred Bowman

Finance Committee members absent: none

Others present: Town Accountant Carolyn Olsen, Clean Water Facility Superintendent Chelsey Little, and Airport Manager Bryan Camden

The meeting is being aired on MCTV as well as recorded by Carolyn Olsen.

Meeting minutes:

Mr. Hanold makes the motion to approve the Finance Committee minutes from February 15, 2023 as presented. Seconded by Ms. Waryas and approved.

Bell-Upp – Aye, Bowman – Aye, Garrison – Aye, Hanold – Aye, Menegoni – Aye, Waryas – Aye, and Wisnewski – Aye

Review of FY24 CWF budget

- Major changes to the budget reflect known increases in the cost of electricity and heating oil. The CWF is not part of the town's fuel oil contract so they have to pay market rate.
- There is a capital request for FY24 to replace the existing boiler, hopefully before the start of the next heating season.
- The increase in the uniform/clothing line item reflects a change per the collective bargaining agreement. The department is also switching from a uniform allowance where employees purchase their own clothing to a uniform service, which is helpful since the staff deals with nasty spills and the uniform service will allow them to maintain a professional appearance.
- Ms. Little also increased the budgeted surplus, which ends up in retained earnings, to help with ongoing capital projects that will be funded from retained earnings.
- The CSO expenses have been moved to the DPW Subsidiary since the DPW is responsible for those activities.
- Ms. Waryas asked about budgeted regular wages, and the variances between recent requested and actual amounts. There is no increase in staffing level, just steps and COLAs for FY24. Ms. Little noted that there is one budgeted position that is still vacant. Ms. Waryas asked that notes be made in the budget file when positions aren't filled for periods of time to explain the variances between both budgeted and actual amounts for each year and the changes between years.
- Mr. Hanold asked if the percentages used for overhead will change in next few years. It will not.
- Mr. Hanold asked about future upgrades to pump stations that have not yet been upgraded. Ms. Little said we have a current \$169K grant to upgrade the Industrial Park pump station and they are using this process to see if that is a more affordable model to use moving forward to update the remaining pump stations.

- Mr. Hanold asked if the upgraded stations would still require two staff for all work. The new pump station will only require one person because it will be above ground and won't require underground access, but the other pump stations have confined space entry and will still require two staff.
- Mr. Hanold noted the recent news article about the facility accepting sludge from other towns again. That started a few weeks ago and Ms. Little expects to receive about \$100k annually.
- Ms. Waryas asked about remote access to and work on pump stations. Ms Little does not recommend controlling pump stations with the computer system. The remote access allows for easier monitoring, but you still need to check and control the activities of pump stations in person.
- Ms. Waryas asked about the Special Town Meeting (STM) request for screw pumps and who will update STM materials with additional information. Ms. Waryas also wonders about the state changing their minds about in the future about sustainability and if the most recent choice of screw pumps will be compatible to future environmental requirements. Can the CWF navigate any potential changes in state requirements? Ms. Little noted that the type of screw pumps used have been around for thousands of years and doesn't foresee that being an issue.
- Mr. Menegoni asked about uniform and clothing line items and what the uniform would look like. Ms. Little said that the current uniform is a shirt, cargo pants and a jacket. The Lab Manager also wears a lab coat, and all operations staff wear safety boots for which they have a \$350/year allowance. The main cost is for the new uniform service. Staff used to buy their own clothing with a clothing allowance, but it was frequently ruined more frequently than it could be replaces so they are moving to the uniform service.
- Ms. Bell-Upp asked about the composting facility, and what the timeline would be. Ms. Little is using grant funds for that project. The engineering for the 2nd phase must be completed by 2025. After that report is received, Ms. Little and the Sewer Commission will decide on the next steps for the project.
- Ms. Bell-Upp asked if any other projects are expected to decrease rates. Ms. Little is focused on stabilizing rates and notes that one of the biggest impacts is the biosolids handling costs is one of the most expensive line items they have every year. Not only is the market for that disposal quite volatile, but there are also concerns about PFAS and other forever chemicals, so that's put a bit of a wrench in the for a lot of projects, including composting. Anything that can reduce that cost helps and composting has the potential to reduce the amount to be disposed of by up to 80%. Ms. Little still thinks composting is a viable option but that it will be trickier than originally expected.
- Mr. Garrison noted the CIC has asked more questions on the request for a new boiler and for other updates on the other Annual Town Meeting (ATM) articles. The 6-yr plan will have the CWF as one of their focuses for the future as it's one of the most expensive and important infrastructures we have in the community. In the transition of the Water Pollution Control Facility to the Clean Water Facility, the mission has changed dramatically, both with regulations and processes. There will need to be continued investment in the facility which is complicated because the facility must remain in its location cannot be expanded.
- Ms. Wisnewski asked if there is a plan about vehicles. Ms. Little said they have two vehicles in their fleet and plan to update the older one to a more environmentally friendly vehicle.

- Ms. Waryas asked about the process of the screw pump project and how it changed over time. Ms. Waryas also asked if there is a plan going forward such as a maintenance check list. Ms. Little said that facilities all over New England have crumbling infrastructure. Since the CWF is an enterprise fund and don't use taxation for projects, the staff is scrappy and works hard to do a lot with a little. The town only replaced the bare minimum the last time the screw pump was replaced, so now more needs to be done as part of the project to fix, maintain, and update the peripherals. They are hoping to use a Rural Development Grant and ARPA to leverage the ability to get as much done as possible.
- Ms. Waryas summarized that Ms. Little wants to keep costs down because the expense is borne by the rate payers and it makes sense to do project now because we have other revenue sources.
- Mr. Hanold put in a plug for reasonable rates not necessarily being lower rates. Scrappy, if not adequate, is not as good. It is better to do the right thing once rather than an incomplete job two or three times. Mr. Hanold would rather have modest annual increases to take care of maintenance than have large increases later on. Ms. Little agreed.
- Ms. Little noted that two years ago she worked on a capital plan going out to 2031. Ms. Little doesn't want these things to be a surprise to anyone. She plans to be here for at least 20 years and wants to be very thoughtful about how to maintain the plant.

Review of FY24 Airport

- Mr. Camden noted that there will be a significant payroll increase in the FY24 budget. The weekly hours for the Operations Manager are increasing from 30 to 40 the department is also implementing an adequate pay rate for the Operations Manager to recognize and reflect the licenses and certifications that have been obtained. In the last few years the Airport Manager has only modest increases at his own request because he wanted to focus on bettering the facility. Even the new increase keeps him below market rate.
- The FY24 budget included expected increases in utility costs and equipment maintenance.
- Mr. Camden added specific lines for equipment replacement.
- Debt service is fixed and is partially offset by a grant.
- Ms. Waryas noted total 52% overall increase in budget for FY24.
- Mr. Bowman asked about the aviation program at the Franklin County Technical School and how it would impact the airport. It won't generate expenses as the airport won't need to maintain building, and the airport will receive about \$7800/year in land leases. The bigger return will be in making the airport more viable by bringing in more airport users.
- Mr. Garrison asked about the aviation fuel revenues. That's in a separate revolving account and doesn't impact the operating budget.
- Mr. Garrison asked if solar plant is online. It is not yet online, but the land lease agreement states they have to start making payments as of April 1st. It is a 20-year lease with some rights to renewals at the end of the lease. The goal is to execute the lease on or before April 1st.
- Rent collections last year were only 92% and Mr. Camden is hoping to be closer to 98% for FY23. Mr. Camden also noted that a lot of their revenue arrives late in the fiscal year.
- Mr. Garrison about new costs that are being noticed now that they have been operating with more property for a few years. Mr. Camden noted that the December 27, 2022 storm caused

hangar damage leading to some unexpected expensive. Additionally, small things like 25% increases in costs for many maintenance items are not helping.

- Ms. Waryas asked about expected slight budget excess for FY24 and if this will be the first year. Mr. Camden noted that last year we didn't recognize all of the expected revenues. He is hoping for that amount of surplus after FY24, but he can't guarantee it. Ms. Waryas noted that the general vibe is they are progressing. Mr. Camden said they will still have growing pains, and just need to make sure they get all expected revenues.
- Ms. Bell-Upp asked about the increased cost for interns. Mr. Camden says they want to retain the students, but it can be difficult if the airport is only paying \$15/hour since students can easily make \$17/hour elsewhere. The goal is to get qualified individuals who will stay for the whole year and a half and the increased cost for a higher intern pay rate is to try to retain interns.
- Mr. Menegoni said it appears that there is no need for taxation support. This is correct as the budget is proposed, and assuming revenue estimates are accurate.
- Mr. Menegoni asked if the damage repair was done in house. Mr. Camden said the damaged hangar was covered by insurance with a \$5K deductible, but they were able to make repairs within that deductible amount and will probably do more work in it in the spring.
- Ms. Wisnewski asked about the payment challenges with some tenants and asked how that is currently going. The airport has strengthened lease language, and collections are currently higher than last year. Mr. Camden is currently pursuing about \$2K in payments due from transient users.
- Ms. Wisnewski asked about the aviation market. Its very fluid and is definitely impacted by weather. The FAA regulations are numerous and increasing, but they also provide a lot of grant funding for projects. If there were a nationwide aviation shut down, we could probably survive a 2 month shut down.
- Mr. Hanold noted revenues and expenditures depend on both aviation and non-aviation services and asked if the airport will continue to operate mostly in the aviation side or have a mix. Mr. Camden noted that a majority of municipal aviation facilities are usually at least partially financed by taxation. He was hired with the goal of the airport becoming self-sustaining, but that means some of their revenue is not aviation related, such as the leases for non-aviation land and building use. We are fortunate to have the non-aeronautic revenue. Mr. Hanold noted that if things skew too far to non-aviation he would be concerned about whether they should still be an enterprise fund. Mr. Camden said that aviation expenses are very difficult to meet with strictly aviation revenues. We lack the location to have significantly more use and therefore more aviation revenue opportunities.
- Ms. Waryas asked about sky-diving and other activities that diversify their market. Mr. Camden noted that the airport belongs to the town and is part of the community. Mr. Camden is in active negotiation with sky-dive company. This activity has a minimal return but adds income to the community. It has been estimated that everyone coming to town to sky dive spends \$75 in the town. There are also more expensive things to do to bolster revenue like extending runways. Mr. Camden is trying to bridge the gap between the town and airport with projects such as having mountain bikes available for use by pilots to get into town. Mr. Camden invited suggestions for other ideas.

Future meeting topics – none. Ms. Olsen asked if the committee was interested in testing a hybrid meeting format at next week’s meeting, and if they wanted any specific documents uploaded to the website for next week’s general budget deliberation and discussion of how to allocate Overlay Surplus and unused Free Cash.

Topics not anticipated within 48 hours of posting

- Ms. Wisnewski spoke regarding the March 31st end of current legislation that allows remote meetings and that Senator Comerford is requesting input on the best way to move forward.
- Ms. Olsen asked if the committee was interested in testing a hybrid meeting format at next week’s meeting, and if they wanted any specific documents uploaded to the website for next week’s general budget deliberation and discussion of how to allocate Overlay Surplus and unused Free Cash. The committee agreed to have a hybrid meeting on March 1st, and did not request any specific documents for that meeting.

Adjournment

Mr. Bowman makes the motion to adjourn at 7:17 PM. Seconded by Mr. Hanold and approved.

Bell-Upp – Aye, Bowman – Aye, Garrison – Aye, Hanold – Aye, Menegoni – Aye, Waryas – Aye, and Wisnewski – Aye

Respectfully submitted,

Carolyn Olsen