

MONTAGUE FINANCE COMMITTEE, SELECTBOARD, AND CAPITAL IMPROVEMENTS COMMITTEE

Wednesday, March 6, 2024 at 6:00 p.m.

This meeting was held via Zoom and recorded:

<https://vimeo.com/920300839>

Finance Committee Chair Francia Wisnewski called the meeting to order at 6:01 PM.

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

Finance Committee members absent: John Hanold

Selectboard Chair Rich Kuklewicz called the meeting to order at 6:02 PM.

Selectboard members present: Chris Boutwell (arrived at 6:52 PM), Richard Kuklewicz, and Matt Lord

Selectboard members absent: none

Capital Improvements Committee Chair Greg Garrison called the meeting to order at 6:02 PM.

Capital Improvements Committee members present: Greg Garrison, Chris Menegoni, and Ariel Elan

Capital Improvements Committee members absent: Lynn Reynolds, and Jason Burbank

Others present: Town Administrator Steve Ellis, Assistant Town Administrator Walter Ramsey, Town Accountant Carolyn Olsen, Tax Collector/Treasurer Eileen Seymour, Director of Assessing Karen Tonelli, CWF Superintendent Chelsey Little, Director of Libraries Caitlin Kelley, GMRSD Director of Business and Operations Joanne Blier, and Facilities Manager Heath Cummings

The meeting was recorded by MCTV as well as by Carolyn Olsen.

Meeting minutes:

Ms. Bell-Upp moved to approve the minutes of February 28, 2024. Seconded by Mr. Bowman and approved.

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

FY25 Capital Improvements Committee (CIC) Report:

Mr. Garrison explained that the CIC first evaluate requests in light whether they are part of the established plan or if they are outside of the plan. Then the CIC review their requests in terms of public safety, cost avoidance, etc. Of requests that are still on the table at the end of the process, the Committee will vote to recommend, recommend with reservations, or not recommend. The current round of requests resulted in \$1.48M in approved requests ranging from major infrastructure projects to paving an alley and purchasing equipment.

The Montague Center Pump Station Rehabilitation Project would cost over \$1M to replace, so the Clean Water Facility proposes gutting the building and replacing/rebuilding the contents. The last rehabilitation was done in 1982. This is the deepest pump station and extends approximately three stories into the ground. This makes it very dangerous to work in, and part of the rehabilitation will provide for remote monitoring and remote control of the pump and components. This will not completely eliminate the need for staff to occasionally work in the enclosed space but will greatly mitigate the safety hazards involved. Ms. Waryas asked how confident Ms. Little is in the cost estimates. Ms. Little replied that cost estimates are tough so she has included \$25K for contingencies and noted that since staff will be doing most of the work and no engineering is required, there should be fewer unexpected expenses.

DPW Discretionary Account – The largest purchase in the last year was \$41K for a Kubota tractor. This raised the question of why that was purchased from this account while there's a special article request for \$40K for a trailer. The trailer is in a special article both because it was a planned replacement rather than an emergency replacement and also because there are insufficient funds available in the current discretionary account. Ms. Elan noted that over the last several years this item has had more discussion per dollar of value than any other article. Newer equipment requires a wider trailer, and this trailer can be used for more projects like repaving alleyways.

The **Town Hall Parking Lot** is over 20 years old and is in poor condition. This project would remove the metal building and shed and completely replace the paving with curbing added. Parking lots are not eligible for Chapter 90 funds. Mr. Ramsey is still looking into whether a portion of the project would be eligible for CDBG funds. The building removal would not be eligible, but the paving might be. This should be known in time to adjust the request prior to the Annual Town Meeting.

Paving the 1st Street Alley is also not eligible for Chapter 90 funding. The plan is to use the new trailer to transport the paver and roller more efficiently for this project.

Re-lining Manholes and Sewer Lines will be an ongoing project. This year's request started as a larger project but was reduced to the most time-critical repairs. Mr. Ramsey just received some costs for the next round of relining larger pipes. It will cost around \$1M per mile of pipe so next year's project could cost \$2M. Mr. Kuklewicz reminded everyone that when a similar type of pipe collapsed several years ago the cost to repair it was much more than it would have cost to reline. Ms. Waryas asked if we had a clear idea of where the major problems are. The Town now has a lot of information about this, and work was being done in small incremental amounts until the sewer rates increased 70%.

The 10-Wheel Dump Truck would replace a 2002 6-wheel dump truck that was planned to be replaced next year but which is no longer operable. The larger truck is about \$35K more but expected to provide greater flexibility and productivity that will more than offset the cost difference. Ms. Elan said she was sold when she found that the larger truck would only need to make half as many trips for sand. Ms. Waryas asked if there are projects where a smaller truck is better than a 10-wheel. Mr. Kuklewicz noted that we have a few 6-wheel trucks with interchangeable bodies. Mr. Lord has qualms about the way the request moved through the process and had not been aware that it would replace a smaller truck. Mr. Lord suggested the money requested for this could have been used for guardrails. It seems like bad capital planning which makes Mr. Lord think it's not really all that important. Ms. Elan

responded that any vehicle could become non-reparable at any time. Mr. Garrison noted that the town is doing more projects in-house.

Mr. Boutwell arrived at 6:52 PM.

Hillcrest Paving and Sidewalks: Mr. Cummings began by explaining that all of the paving at this school is in bad shape and he is trying to avoid receiving an ADA complaint. The lack of paving in the teachers' dirt parking lot has created conditions so poor that an employee was injured this year because of it. This parking lot is a larger issue in warm winters because the plows create ruts and potholes more easily. There were two options proposed. The first was \$225K for a project complete with excavating and the second option for \$175K included only smoothing cracks and adding an overlay. Ms. Bell-Upp is not motivated to pave a dirt parking lot that has always been a dirt lot when the school may move out of the building in five years. It seems like a lot of money for a short-term need. Mr. Cummings added that the sidewalks were not ADA compliant for anyone entering from Davis St. Mr. Kuklewicz thinks that it's worth paying an extra \$50K to do a better job. It will easily be seven years before the school has a new building and the Town will still own the existing building. Ms. Bell-Upp said the question switches to when the building is no longer a school, are we sure the building won't be demolished. Mr. Ramsey noted it's too soon to decide about future use but acknowledged that it will be difficult to use the property for a different purpose. Mr. Garrison said that this is why the CIC recommends doing the skim coating rather than full replacement, but he also finds the safety concerns compelling enough not to delay action.

The **Main Library Branch Feasibility Study** appropriation is required by the Massachusetts Public Library Construction Program in order to be eligible for its funding program. If Montague is selected for the program, it will cover 52%-77% of the cost of either an addition to the Carnegie Library or building a new library at 38 Avenue A. If Montague is not selected for the program the funds would not be spent.

Discussion of how much of the Town Capital Stabilization Fund to use at Annual Town Meeting and debt service costs for borrowing.

Mr. Ramsey said that the currently recommended for capital projects would use almost \$1.4M of the Town Capital Stabilization Fund and leave less than \$900K. Mr. Ramsey reminded the group that our financial policies recommend that non-excluded debt service costs be at least 2% of the prior year's general operating revenues with a target of 5% and that our current percentage was 0.28%. Funding the four largest capital request through borrowing would bring the percentage up to 0.98%, which is still less than half of our recommended minimum.

Ms. Seymour has consulted with bond counsel and also recommends long-term borrowing to fund the four largest capital requests, specifically the Montague Center Pump Station Rehabilitation for \$283,800, the Town Hall Parking Lot for \$296,000, the 10-Wheel Dump Truck for \$365,000, and the Hillcrest Parking Lot and Paving for \$175,500. The estimated cost for two years of short-term borrowing is about \$106K and total interest costs over an 8-year loan period at 3.8% would be an additional \$187K. Ms. Seymour prefers to keep money in reserves when we have other options.

- Mr. Ellis noted that we are at pace to burn through our reserves within a year. Using debt would allow planned increases in costs.

- We are likely to have significant additional capital needs in the next few years, many of which will also be eligible for long-term borrowing.
- Ms. Seymour will meet with Mr. Ramsey and bond counsel to review the CIC's five-year plan to see what might best be funded from long-term debt.
- Mr. Lord is concerned about the sustainability of the Town Capital Stabilization Fund to meet all of our needs. Debt allows us to fund needs over time. Debt does not allow us to fund more needs and would require additional tax revenue.
- Mr. Lord asked if we are considering an inflation hedge, IE interest costs being lower than inflation. He is more interested in marrying the CIC 5-year plan with a financial plan, specifically adding debt when other debt is paid off, at a later time when there is more time to review the options.
- Mr. Ellis said all of this is us getting on a cycle where we are sustainable. Right now, we're not really sustainable as PAYGO, and we can acknowledge that in order to get to a place either through PAYGO, which is pay as you go capital, or financing, we're going to have to, over time, eat into the excess capacity. He said that Rob Addleson, the consultant who assisted with the financial policies, spoke to the fact that if you don't think about paying for your infrastructure as part of the cost of providing services, you're forever forgetting part of the equation. When we look at a lot of the problems that we have, and he's not saying we should fund all these things now, and he's not saying one way is better, but when he got here every roof in town was leaking and far too many sewer collection pipes hadn't been looked at in 30 years, and he saw what not leveraging our tax rate beyond the levy at the time really meant for this town in terms of its ability to tend to those things. This is another way to do it. You don't have to act upon it. We have enough reserves that if you want to wait another year you can. But we have made use of financing before and something that is generally considered as a best management practice is to, over a period of time, have incremental increases in the tax rate, but then knowing that you actually have the resources you need on an ongoing basis available for the next year's capital. Can we get there? That's our challenge.
- Mr. Kuklewicz thinks this is a good concept, but it needs more study, and asked if we can change a funding source to debt service at a later date. Ms. Olsen will find out if that is possible.
- Mr. Kuklewicz reminded everyone that a lot of the current Town Capital Stabilization Fund balance is due to windfalls.
- Mr. Menegoni thinks borrowing should be reserved for long-term projects.

Next Meeting Date: The Selectboard and Finance Committee prefer not to meet next week and add the remainder of tonight's agenda to the March 20th meeting.

Town Administrator Updates: none

Topics not anticipated within 48 hours of posting: none

Capital Improvements Committee Adjournment

Mr. Garrison moved to adjourn the CIC meeting at 7:48 PM. Seconded by Ms. Elan and approved:

Elan – Aye, Garrison – Aye, Menegoni – Aye

Selectboard Adjournment

At 7:49 PM Mr. Boutwell makes the motion to adjourn to executive session pursuant to G.L. c. 30A, §21(a)(3), specifically to discuss strategy with respect to litigation before the Appellate Tax Board with FirstLight relative to FY22 and FY23 valuations as an open meeting may have a detrimental effect on the bargaining or litigating position of the public body and the chair so declares. Seconded by Mr. Lord and approved. The Selectboard will not reconvene after the Executive Session.

Boutwell – Aye, Kuklewicz – Aye, Lord - Aye

Finance Committee Adjournment

At 7:50 PM Ms. Bell-Upp makes the motion to adjourn to executive session pursuant to G.L. c. 30A, §21(a)(3), specifically to discuss strategy with respect to litigation before the Appellate Tax Board with FirstLight relative to FY22 and FY23 valuations as an open meeting may have a detrimental effect on the bargaining or litigating position of the public body and the chair so declares. Seconded by Ms. Waryas and approved. The Finance Committee will not reconvene after the Executive Session.

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

Respectfully submitted,
Carolyn Olsen

Next Meeting – March 20, 2024 –recommendations for operating budgets and all financial special articles

Documents and exhibits:

Minutes of February 28, 2024