

MONTAGUE FINANCE COMMITTEE
Wednesday, May 1, 2024 at 6:00 p.m.
This meeting was held via Zoom and recorded:
<https://vimeo.com/941773480>

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

Finance Committee members present: Chair Francia Wisnewski. Vice Chair Dorinda Bell-Upp, Clerk Fred Bowman and members Kristi Bodin, John Hanold, Chris Menegoni, and Jennifer Waryas (arrived at 6:51 PM)

Finance Committee members absent: none

Others present: Town Administrator Steve Ellis, Assistant Town Administrator Walter Ramsey, and Town Accountant Carolyn Olsen, and Greg Garrison

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

New Member: Mr. Garrison was thanked for his years of service and new member Kristi Bodin was welcomed to the committee.

Meeting minutes:

Mr. Bowman moved to approve the minutes of April 3, 2024. Seconded by Ms. Bell-Upp and approved.
Bell-Upp – Aye, Bodin – Abstain, Bowman- Aye, Hanold – Aye, Menegoni – Abstain, Wisnewski
- Aye

Reserve Fund Transfer

The Selectboard amended the Town’s financial policies to add a definition that the threshold for capital outlay expense for an operating will be \$25,000. This is now consistent with the threshold for a capital project, and this reserve fund transfer is no longer needed.

Ms. Olsen notified the committee that Ms. Seymour would be requesting a reserve fund transfer at the next meeting for unexpected short-term interest costs.

Updates from Town Administrator

1. The financial policies have been updated to reflect the change just discussed.
2. The DPW was able to identify and correct the source of water flowing into the sewer mains that resulted in excess of 20 million gallons of water going into the Erving treatment plant and caused the \$93K overage charge that is budgeted in FY25. A second water source was also identified and plugged, and the DPW is monitoring upstream to make sure fixing one issue didn’t cause another problem. Mr. Ellis believes this will not only avoid future overage charges but may also be beneficial in the negotiation of the next contract with Erving.
3. The Town has signed a contract with an attorney to assist in the review of the next cable relicensing. These are usually ten-year contracts.

4. 253 Pharmacy sales excise taxes continue to decrease with the increase in competition from dispensaries in other locations. They are also applying for a license to dispense medical marijuana. If granted, this could further reduce the town's revenues as those purchases are exempt from the excise tax.
5. Someone may offer amendments to change the source of funding from long-term debt to the Town Capital Stabilization Fund on town meeting floor. This year's decision could put pressure on next year's decisions on how to fund capital articles. Ms. Bell-Upp said it would be helpful to know what we need to have available to leverage grants.

Finance Committee Speakers for Town Meeting articles

- Mr. Hanold announced that he would be unable to attend.
- Mr. Menegoni offered to answer questions about the Airport budget.
- Ms. Bell-Upp offered to answer questions about the GMRSD articles.

Plan for Review of Affordable Assessment

- Mr. Bowman said that since the affordable assessment was adopted over ten years ago, the cost of everything has gone up and we need to give more money to the schools.
- Mr. Hanold noted that if we're going to look into the future with declining revenues in some areas and heightened requirements in others, like CWF, Airport, and DPW, we have an absolute conflict with lower revenue expectations and pressing funding requirements. As we get into fall and discuss the affordable assessment, we need to take a good look at the basis of the assessment in beginning, how things may have changed, and how our expectations may be different.
- Mr. Menegoni suggested speaking with the originators of the affordable assessment.
- Mr. Bowman noted the need to explain how the assessment came about. Before it was established the school district and town were always fighting about how much money to allocate to the GMRSD. Mr. Bowman repeated that costs have gone up and we need to figure out or get after the state to contribute what they should be contributing and not come up to us in the middle of the budget year and tell us we need to cut \$700,000 from the budget. It's a combination of us figuring out it out on the town level but also our representatives and senators at the state giving more money for education than they're paying right now. It's going to be a battle, but it's got to be done.
- Mr. Hanold said that, looking at this issue, there are three important steps. The first is to look at our sources of revenue. The affordable assessment is a fairly simple calculation that needs revision. Ms. Olsen mentioned some revenues that ought to be treated differently. There are also some new revenue sources, although as Mr. Ellis pointed out, some of this are going to be shrinking. So, the first thing we need to do is look at the revenues and decide what is going to be considered available. The next thing to look at is the way we are spending the money between operating expenses, excluded debt, and special articles. Mr. Hanold observed that the special articles that occur over and over again on the town side are larger than the ones we see on the school side up until probably the next couple of fiscal years at which point it will be huge on the school side. We ought to take a proactive approach on how we deal with that so that we are not caught with the obligation out of our part from the 51.5% to pay for all the special articles connected with the CWF, DPW, and airport, with relatively little similar expenditures required for the school. The third one is the role of the state. When the affordable assessment was created, it

was intended to be tri-part agreement with the town, the school, and the state all participated in it. We got two thirds of that, and he doesn't know what our prospects are of getting anything more from the state. The state does not seem to respond promptly to our requests, but they do respond eventually, with things like the Student Opportunity Act. There are some sources of revenue we may be able to see in the future, but I don't think we are able to count on that. Both the expenditure pattern and the revenue pattern should be examined without any prejudice at the beginning about what the eventual split ought to be. It has been noted previously that the current split of 51.5% and 48.5% was essentially a coin flip at the end of a long and complicated discussion about whether the GMRSD should get 48% or 49%. Mr. Hanold noted that our experience since has been that the school and town both have been spending all the money that they have available, and by and large have done a pretty good job, but we are still dealing with a limited total.

- Ms. Olsen responded to the comments about needing state funding by stating that the affordable assessment calculation is completely separate and deals entirely with what the town can afford to provide for education.
- Ms. Bell-Upp suggested we also need a policy about what to do if we get unexpected revenue and how we split that equitably. Ms. Bell-Upp also noted that an "escape hatch" doesn't exist that would allow additional funding for the school when they are in financial difficulty because they don't receive as much as they expected from the state. If they need it, what is the route to that money?
- Ms. Bell-Upp added that, on the state level, our legislators do seem open to reconsidering Chapter 70, and that is likely to happen within the next decade.
- Mr. Bowman brought up the Six (now Five) Town Regionalization effort and how, if it ever comes about, will change the cost of education a lot more than people think it will. We have to resolve that issue.
- Mr. Ellis added that this means there could be a shelf life to the affordable assessment. Communities that are already up against their levy limits, and potentially their levy ceilings, are not going to have the same flexibility with their budgets that Montague has enjoyed such as maintaining excess capacity.
- Mr. Bowman asked how long we were going to drag out the Six Town Regionalization Planning Committee process, keep spending money on studies, and when we are going to make a decision.
- Ms. Wisnewski asked about the timeline for the process. If the committee plans to have a new affordable assessment, or recommitment to the current one, they need to complete the process by the end of the calendar year so that the GMRSD School Committee can be notified.
- Mr. Hanold noted that we need to have public awareness of the process, and the school needs to be aware of what the change in ground rules might be.

Ms. Waryas joined the meeting at 6:51 PM.

- Ms. Wisnewski will reach out to Jeff Singleton to see if he will be available and willing to discuss the history of the current affordable assessment.

Next Meetings

- It is unlikely that there will be a quorum available next week, and Ms. Olsen will then be on vacation, so the next meeting will be on June 5th with an agenda of a debrief of the Annual Town Meeting, the reserve fund transfer, and a review of the current affordable assessment and its formula.
- It would be best to schedule a meeting for the last week of June (June 26th), as it will be the last day for reserve fund transfers, and the second week of July (July 10th), as that will be the last day for inter-department end of year transfers. These meetings can also include discussions on the affordable assessment.
- The June 26th meeting will also include discussion on whether to adjust the regular meeting date and time, and may be in person.

Topics not anticipated within 48 hours of posting: None

Adjournment

Mr. Bowman makes the motion to adjourn at 7:00 PM. Seconded by Ms. Bell-Upp and approved.

Bell-Upp – Aye, Bodin – Aye, Bowman- Aye, Hanold – Aye, Menegoni – Aye, Waryas – Aye,
Wisnewski - Aye

Respectfully submitted,
Carolyn Olsen

Next Meeting –June 5th Reserve fund transfer, Town Meeting debrief, and begin Affordable Assessment review

Documents and exhibits:

Minutes of April 3, 2024