

MONTAGUE FINANCE COMMITTEE
Wednesday, June 5, 2024 at 6:00 p.m.
This meeting was held via Zoom and recorded:
<https://vimeo.com/954218349>

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 Kristi Bodin, John Hanold, Chris Menegoni, and Jennifer Waryas

Finance Committee members absent: none

Others present: Town Administrator Steve Ellis, Assistant Town Administrator Walter Ramsey, and Town Accountant Carolyn Olsen, GMRSD Director of Business and Operations Joanne Blier, and Ariel Elan

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

Meeting minutes:

Ms. Bell-Upp moved to approve the minutes of June 1, 2024. Seconded by Mr. Hanold and approved.
Bell-Upp – Aye, Bodin – Aye, Bowman- Aye, Hanold – Aye, Menegoni – Aye, Waryas – Aye,
Wisnewski - Aye

Reserve Fund Transfer

The Treasurer has requested a reserve fund transfer as the cost for short-term interest on the revenue anticipated was higher than budgeted. The request is for \$2,973 and was recommended by the Selectboard on May 6, 2024.

Mr. Hanold moved to approve the reserve fund transfer request of \$2,973 to Short-Term Interest (account #001-5-752-5925-000). Seconded by Ms. Bell-Upp and approved.

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

Debrief of Annual Town Meeting

1. Mr. Ramsey noted the need for the Selectboard and Finance Committee to present a united and strong plan for funding capital projects for FY26. Mr. Ramsey plans to start this discussion this fall.
2. The quorum issue was noted and discussed, but there were no immediate solutions.
3. Ms. Elan noted that the Town Bylaws allow for town meeting members from each precinct to meet and appoint residents to vacancies. Following the recent town elections, there are still 15 town meeting member vacancies out of 126 seats.

Updates from Town Administrator

1. So far it looks like no departments will be over expended.

2. The Franklin Regional Council of Governments (FRCOG) had unexpectedly high revenues from grant administration and will be returning part of the FY24 assessment to member towns. Montague expects to receive about \$31,000.
3. Montague should receive an earmark of \$50,000 for senior center facility repairs this fall.
4. Montague received a \$4.9M EPA grant to demolish the Strathmore building. The total project is estimated to cost around \$8M and the town hopes to get additional outside funds towards that total cost.

Updates from Assistant Town Administrator

1. The Selectboard has appointed a search committee to fill the Town Accountant position following Ms. Olsen's retirement. Members will include Finance Committee Chair Francia Wisnewski. The plan is to advertise in June, interview in July, and have the new person start in September.
2. The Selectboard voted to appoint the second finalist for the Assistant Town Administrator after the first appointee withdrew. Negotiations are underway and the new person is expected to start at the beginning of July.

Plan for Review of Affordable Assessment

1. Mr. Hanold is interested in GMRSD administration's opinion of the Affordable Assessment (AA). Ms. Blier said that in the 10 years she's been with the district it's been helpful in building the budgets, but the requested budgets have had to be cut to meet the AA. More funds would be very helpful, but she didn't want to rock the boat by asking for additional funds.
2. Mr. Hanold asked if the AA has hampered the district's long-term development. Ms. Blier responded that the AA forced the district to right-size early in the process, and that the occasional increases in state aid or grants has helped. Some budget years were difficult.
3. Mr. Bowman asked about the probability of a new 6-town regional school district and how the AA would work in that scenario. Ms. Bell-Upp replied that there is no answer to that, but the assessment formula would be part of any new district agreement. Ms. Blier added that when she worked at the Mohawk Trail district, which had 8 towns, all member towns had various swings in assessment amounts, and some were significant due to changes in both enrollment and minimum contribution requirements. Ms. Blier noted it would be very difficult to use the AA formula for Montague in a district with more than two towns.
4. Ms. Waryas acknowledged the importance of the AA historically, but asked if it does enough based on the things we can't anticipate from one year to another. Is there is a framework with variables that are prioritized to look at when we're deciding what goes where without overcomplicating it, still keeping it in the general good faith that the AA was created within and also takes into consideration variables and shifts and from year to year how much we're prioritizing education. How much do we prioritize education and what are the pillars of what that means? Ms. Waryas is glad we are re-evaluating and reconsidering the AA, seeing if it fully looks at all the bits that need to be considered when we're deciding how much the town gives to the public education system. One very important variable is how much do we value the best possible education that we can offer.
5. Ms. Blier believes that Montague supports education quite well. Some towns and district budgets are simply the required minimum contribution. In contrast, Montague's minimum contribution is about \$6.3M but Montague contributes an additional \$5.6M as part of the AA. That being said, she will happily accept any additional funding the Town will provide.

6. Ms. Waryas suggested shifting the approach to having a priority list or targets we want to meet. Is there a framework we can aspire to that could look at the most important variables over time and evaluate them year to year to see if there's any leeway.?
7. Mr. Ellis said that there are some things that can be accomplished in a full meeting but suggests a smaller group of two Finance Committee members and one Selectman from each town meet with GMRSD administration to have informed dialog and work out the details if there is serious interest in changing the AA.
8. Mr. Ellis also noted that a major change is that at the beginning of the AA we were taxing to our levy capacity, and we now have excess levy capacity. When this first happened, we discussed it with the district. Even if we don't change the mechanics of the AA, we need to acknowledge this significant change. This past year we gave the draft AA to the district, the Assessors drastically increased the FY24 overlay, which would have reduced the AA. The Selectboard chose to use additional of the excess capacity to preserve the AA and the GMRSD's basis for their budget process. Most of our AA increases have been fairly robust due to the AA formula and revenue increases due to some significant new growth increases.
9. Mr. Hanold feels that we're running the risk of tearing down the AA to its parts and reconstructing it, which he doesn't think will be effective in getting us to a conclusion. One point that Ms. Blier raised that he also thinks is very important is the predictability and fidelity of the AA that we give them in time for them to prepare their budgets. Mr. Hanold doesn't see the need for the concept to change although we may need to look at the mechanics and re-evaluate the revenues used. The AA no longer represents all of the town's revenues or the urgent needs of the town. Mr. Hanold favors restricting our concerns to reviewing and updating revenue elements and the percentage split. It is still important to note that half of a percentage of town revenue is still a considerable amount. We need a realistic goal and suggests confining ourselves to determining if the AA needs adjusting.
10. Ms. Bell-Upp acknowledged that the AA is tidy but noted that the town has been able to increase staffing in the last few years while the teachers are understaffed. Ms. Bell-Upp thinks some things we can do are evaluate how we allocate free cash and look at the upcoming capital projects. Ms. Bell-Upp's main concern is that if the district needs help, they can't get it.
11. Mr. Bowman is concerned about whether the AA will work with the proposed new, larger district. If we wait too long to go to a six-town district it may not be supported. If it will only be a year or so before we move to a larger district, we should just increase the % to the district by half a percent so the district doesn't have to go through what it did this year.
12. Mr. Menegoni doesn't think we need to tear down the AA, but maybe we need to include more revenue sources. More funds are needed for the district. Mr. Menegoni sees the AA as something separate from what he thinks of as the appropriate assessment. He proposes prioritizing the appropriate assessment and figuring out how to get those things that would otherwise be missed by just having a hard number of what the district gets. This would provide what the district needs to benefit and grow, and this is what would bring back students that have gone to other districts.
13. Mr. Hanold doesn't think we should delay our action based on a potential future different school district because we don't know when that will happen or what the financial result will be. Each time we talk about the program needs of the school we need to balance that against the needs of the town, including the DPW, Airport, and CWF. While there have been recent town staffing increases, they have been partially offset by staff reductions in other departments.

14. Mr. Hanold suggested, as the last member of the Finance Committee who was present at the origin of the AA, that we look more to the future of the AA than its history.
15. Mr. Menegoni feels that the most underfunded department is the school.
16. Ms. Blier suggested including all of the Kearsarge lease revenue in the AA calculation rather than splitting it between operating and capital needs and putting free cash into the capital stabilization instead.
17. Mr. Hanold offered to distribute his summary of thoughts prior to the next meeting.

Next Meetings

- The June 26th - reserve fund transfers (if needed), whether to adjust the regular meeting day and time, whether to tweak the current AA or create a new funding methodology
- July 10th – end of year transfers (if needed), Affordable Assessment

Topics not anticipated within 48 hours of posting: None

Adjournment

Mr. Bowman makes the motion to adjourn at 7:12 PM. Seconded by Mr. Menegoni and approved.
Bell-Upp – Aye, Bodin – Aye, Bowman- Aye, Hanold – Aye, Menegoni – Aye, Waryas – Aye,
Wisnewski - Aye

Respectfully submitted,
Carolyn Olsen

Next Meeting –June 26th Reserve fund transfers (if needed), discuss day and time for regular meetings, and begin Affordable Assessment review

Documents and exhibits:

Minutes of May 1, 2024