

MONTAGUE FINANCE COMMITTEE
Wednesday, June 26, 2024 at 5:00 p.m.
This meeting was held via Zoom and recorded:
<https://vimeo.com/969313302>

Finance Committee Chair Francia Wisnewski called the meeting to order at 5:00 PM.

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

Finance Committee members absent: members Kristi Bodin and Jennifer Waryas

Others present: Assistant Town Administrator Walter Ramsey, Assistant Town Administrator Chris Nolan-Zeller, Director of Parks and Recreation Jon Dobosz, and Town Accountant Carolyn Olsen

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

Meeting minutes:

Ms. Bell-Upp moved to approve the minutes of June 5, 2024. Seconded by Mr. Bowman and approved.
Bell-Upp – Aye, Bowman- Aye, Hanold – Aye, Menegoni – Aye, Wisnewski - Aye

Reserve Fund Transfer

The Parks and Recreation department has requested a reserve fund transfer as the cable vendor recommended an increase in service. The request is \$840. Mr. Dobosz explained that local residents use the hot spot at Unity Park, and our IT vendor recommended upgrading the service. Mr. Dobosz does not know the impact on the FY25 budget as it depends on too many variables.

Ms. Bell-Upp moved to approve the reserve fund transfer request of \$840 to Parks and Recreation Internet (account #001-5-630-5342-000). Seconded by Mr. Hanold and approved.
Bell-Upp – Aye, Bowman- Aye, Hanold – Aye, Menegoni – Aye, Wisnewski - Aye

Review of Affordable Assessment

- Mr. Hanold prefers not to broaden scope of the current Affordable Assessment beyond tweaking individual components based on revenue, and review the GMRSD-Montague split.
- Mr. Bowman asked what caused the issue with the FY25 GMRSD budget. The problem was the unexpected shortfall in anticipated Chapter 70 state aid. Mr. Bowman feels we must have a system in place so that if the school district has a shortfall the Affordable Assessment can increase. Mr. Bowman would also like to see ongoing meetings between the School Committee and the Finance Committee, so the Finance Committee has a better understanding of where the school stands.
- Ms. Bell-Upp noted that the schools have more cyclical swings in their revenues. and thinks we need to look at Free Cash as a potential source of additional school funding. Ms. Bell-Upp suggests allocating a portion of Free Cash over an established threshold to the GMRSD. Separately there should be an avenue for emergency school needs and would like policies around these issues.
- Mr. Menegoni stated that schools need sufficient revenue growth to build program consistency and doesn't feel the current Affordable Assessment meets the needs of the District. No other

department is held to a strict % of total revenues and that the Affordable Assessment eliminates conversations about what the school needs.

- Ms. Wisnewski asked how any changes to the Affordable Assessment can maintain the integrity of the original Compact. Ms. Olsen said that the compact doesn't actually address the Affordable Assessment in detail. Her recollection is that the focus of the assessment is that the school budget is a three-legged stool and needs support from all parties, but we never got the support from the state. The Affordable Assessment was Montague's decision to try to figure out how much we can afford to give the school on a regular basis.
- Ms. Wisnewski noted that the Affordable Assessment increases by a different amount every year. These increases are a result of the changes in the total estimated revenues for the town. Ms. Wisnewski asked if the SB are the final authority on the Affordable Assessment. Ms. Olsen explained that their part in determining the Affordable Assessment is their decision on how much excess capacity to budget each year, which impacts how much revenue is available for distribution.
- Mr. Hanold commented on the Chapter 70 issue, noting that the Affordable Assessment does not account for Chapter 70 aid because it is not town revenue, the amount provided is beyond our control, and the best we can do is advocate for increases.
- Mr. Hanold proposed adjusting the calculation of the Affordable Assessment to account for changes in revenues rather than changing the apportionment and would like to focus on what we can do as a town. Mr. Hanold also reminded the committee that giving the school district more money decreases the amount available for the town budget. If the town decides to give more money to the school via the Affordable Assessment, it must be prepared to make reductions in staff and services.
- Mr. Hanold noted Ms. Bell-Upp's concern about state aid cuts to the district and how the town could provide additional funding to compensate. Free Cash is the logical source, but the district would need to realize that it is a one-time supplement, and the town would have to realize that this is money that would no longer be available for town needs.
- Mr. Menegoni breaks things down into a pie of departments. There is a human element of all the people involved in each department. Some are better funded or adequately funded but not as well funded as you would like, and some are approaching being underfunded, where there is a lot of stress and that is in education. Education is the biggest brick in our financial wall. We need to adjust the numbers, so they work for every department. He doesn't think there's another department in town that struggles as much as the school.
- Ms. Bell-Upp reiterated that town revenues belong to everyone, not just the town budget.
- Mr. Hanold noted that whenever GM receives additional temporary funding, it always struggles to adapt to the loss of that funding.
- Ms. Olsen strongly recommended that if the town were to give additional funding to the school that this be done via a separate special article and not through the Affordable Assessment. Ms. Olsen also noted that in the past large "extra" funds have been allocated between the GMRSD stabilization fund and the town's stabilization funds and that while the intent of the GMRSD stabilization fund is for capital needs, it can still be appropriated for other purposes. Ms. Olsen then pointed out that there was an additional option of requesting the Selectboard to reduce the amount of excess capacity retained which would free up additional funding for the school, but would increase taxes.

- Ms. Bell-Upp said it looks like we'd be having a tax case settlement every few years, and suggested a policy providing the scenarios under which the release of overlay surplus or unexpected free cash would be apportioned between the district and the town.
- Mr. Menegoni suggested annually funding an account that could then be used to supplement a shortfall at the GMRSD.
- Ms. Wisnewski suggested going through the agenda items to see if we have agreement on any items.
 - The first item was the question of whether to continue to calculate a percentage of revenues or develop a different methodology. Consensus was to keep the current % of revenues method.
 - The second item is whether to add or remove any revenues to or from the calculation. Ms. Olsen noted that removing revenues that directly reimburse department expenses would have a small detrimental effect on the schools and would increase the complexity of the calculation. Mr. Hanold noted that the veteran's benefits reimbursement is relatively small now but could grow in future years.

Mr. Hanold moved to remove Veterans Benefits from the revenue included in the Affordable Assessment. Seconded by Ms. Wisnewski and defeated.

Bell-Upp – Nay, Bowman- Nay, Hanold – Aye, Menegoni – Nay, Wisnewski – Nay

- It was decided to postpone the discussion on how to treat the Kearsarge lease payment to the next meeting as some members have to leave soon.
- The third item was whether to address the issue of excess capacity in light of the original intention of the agreement. This was also deferred.
- The fourth item is whether there should be a mechanism to temporarily provide additional funds to the GMRSD. The consensus is that this could be handled via a special article request from the GMRSD.
- Ms. Wisnewski requested that the town administration offer suggestions.

Regular Meeting Date and Time

This will be deferred as the member with a conflict with the current day and time is absent. Ms. Wisnewski would also like to discuss the number of meetings held and possibly reduce them.

Updates from Town Administrator

Mr. Ramsey thanked the committee for including him and Mr. Nolan-Zeller in the discussion. Mr. Ramsey and Ms. Olsen will try to come up with some suggestions for the Affordable Assessment for the next meeting.

Next Meetings

- July 10th – reorganization, end of year transfers (if needed), Affordable Assessment

Topics not anticipated within 48 hours of posting: None

Adjournment

Ms. Bell-Upp moved makes the motion to adjourn at 6:20 PM. Seconded by Mr. Bowman and approved.

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

Respectfully submitted,
Carolyn Olsen

Documents and exhibits:

Minutes of June 5, 2024