

Shutesbury Finance Committee
Tuesday, March 9, 2021, Virtual (Zoom) Meeting

FinCom Members Present: Jim Hemingway, Ajay Khashu, Jim Walton, Susie Mosher, Bob Groves, Melody Chartier, George Arvanitis

FinCom Members Absent: None

Select Board Members present: April Stein, Melissa Makepeace-O'Neil, Rita Farrell

School Committee Members present: Dan Hayes, Steve Sullivan, Lauren Thomas-Paquin

Non-Members present: Becky Torres, Leslie Luchonok, Jeff Lacy

7:01 PM Finance Committee Call to Order

1) Regional School Assessment Update and Planning with Select Board and School Committee

- Updates from BT:
 - i) ARPS Regional School Committee is having a budget hearing tonight. Will be discussing an updated budget that includes a total of \$1.2 Million service cuts.
 - ii) Select Board pushed to have DESE host a forum on statutory method. Mike Morris said he would follow up w/ ARPS Regional School Committee.
 - iii) Andy Steinberg of Amherst Town Council contacted Becky, urged Shutesbury to accept 55% statutory method for FY22. Asserted that the four towns have never committed to a 100% statutory assessment method. He recommends that there should be another working group to look at the issue this summer.
 - iv) Doug Slaughter stated the committee is reviewing the budget tonight and there will be a vote in two weeks. He does not believe there will be another 4-town meeting.
 - v) Plan is for Shutesbury committees to prepare a response based on tonight's discussion.
- April Stein: Thank you to the FinCom sub-committee for preparing their historical summary of the assessment negotiations.
- Dan Hayes: I suggest that we plan our budget using the 75% statutory. Town residents will look at that and decide whether they want to make budget cuts or vote down the assessment method at Annual Town Meeting which would force us into the statutory method.
- April Stein: It is my understanding that the assessment method would not automatically revert to 100% Statutory and that DESE would put the region on a 1-12 budget.
- BG: I think we should hold firm at our original bottom line of 65% statutory. Andy Steinberg's position is to be expected given that he was reluctant to move beyond the 45% statutory position. The difference for Amherst between 55% and 65% statutory is quite small.
- JW asks what the process will be moving forward. What is the process if there is not going to be another 4-town meeting to discuss the regional assessment? I thought our overall team was pretty clear about our position. BT responds that the Regional School

Committee will vote the budget. The 4 towns do not have any authority over the budget and there is no more time for further 4 town discussion.

- BT asks Steve Sullivan, “how do you think the regional school committee would respond if we wrote a letter stating firmly that we expect to be at 65% statutory for FY22?” Steve Sullivan responds, “ we don’t really get into the weeds of how each town is going to be assessed. We are really just focused on the budget.”
- Dan Hayes: In the past we have missed an opportunity to explain to the community that we support the budget. The discussions around the assessment method have created the impression that Shutesbury doesn’t want to pay. It’s not that we don’t want to support the budget, we just want to pay what is equitable.”
- SM: After the 4-town meeting, and we heard how little some members of the Amherst Town Council had understood the process, the FinCom created a subcommittee to review the historical archive of documents and meeting minutes concerning negotiations over the assessment method. It is clear that there has never been an agreement between the four towns on what our direction should be. It is also clear that town representatives have spent so much time working on this. Participating actively in a working group is the only way we can come closer to an assessment method that achieves a fair balance of ability to pay and enrollment factors. In my opinion, we should accept the 55% statutory offer and work with the working group to identify the right balance.
- Jeff Lacy: This has been going on since before 2015. The fact that we have new members on these various committees is to be expected. It is true that we don’t have agreement to go to 100% statutory, so that is why we have to negotiate.
- BT: When I spoke to Mike Morris after the 4-town meeting, he communicated that DESE is very frustrated because they have given 3 different interpretations about what the consequences of a town voting down an assessment method is going to be.
- AK: This process has consumed so much time and energy among the various committees from the four towns. It is not a good process. We need a long-term solution and get away from this annual negotiating process. The long-term goal of getting to 100% statutory is just not realistic because the other towns will not agree with it. I think the end goal should be 75% statutory. I would be willing to accept 55% for this year if it meant we could get to a long-term solution of 75% beginning in FY23.
- JH: I disagree with what you have just said. This is just pure negotiation. We are going to argue about this year after year. A long-term debate on this issue is going to be in our future. We should respond with a request to go to 75% statutory with the understanding that we will likely end up compromising at 65%.
- BG: The statutory method itself represents a balance of enrollment and ability to pay. We already agreed that we wanted a minimum of 65% statutory and we should stick with that. We all believe that the statutory method is a more equitable method.
- April Stein: We are not looking at huge \$\$\$ differences between the various methods. There is another level of this process that we just have not figured out.

- SM: The statutory formula has a per pupil enrollment factor in it. Some towns want to factor that in more. If we end up with a method that is 50% minimum contribution and 50% enrollment, that might make it easier for some participants in our partner towns to compromise. We should use that language rather than “65% or 75% statutory.”
- JH: That will never get passed by Shutesbury voters. Every year this is going to be a negotiation. There will never be a long-term agreement.
- Jeff Lacy: According to DESE 72% of regional school districts across Massachusetts use the straight statutory method. In 2015 we had a summer study group of Shutesbury reps and Sean Mangano, and our conclusion was that the best method for us to advocate for was the statutory method w/ 5yr rolling average. We haven’t gotten there since 2015, and starting FY16 we have spent \$1,160,000 more than we would have under the statutory method. We are entitled to save that money. We need to get tough here and not waffle.
- GA: Before the 4 towns meeting we agreed that our position would be 75% modified statutory with an idea that we would probably have to compromise at 65% or even 55%. I would support 55% with a working group. One of the principles of that working group should be that whatever method is agree upon should go into effect within 1 or 2 years and then cannot be changed for some period of time. Statutory method may hurt us in the future, we don’t know what is going to happen in the long run. The statutory method is not a slam dunk for Shutesbury.
- Steve Sullivan: The 1-12 budget would be based on last year’s budget. And the reason why there are small differences between the different assessment methods is because the district has made drastic cuts in 3 of the last 5 years.
- Leslie Luchonok: I have a simple question. There seems to be pretty strong consensus among our boards. What would it take for the other towns to seriously hear our message? How do we get their attention?
- Dan Hayes: Advocating for the statutory method is a philosophical argument. If Shutesbury became a wealthier town, should we pay more? My feeling is yes, we should. At this point, we are talking about ending the process. The only way this ends is if we go with the statutory method as the state has devised. We need to take a stand. If we don’t take a stand it’s not going to be next year or the year after.
- Lauren: A 1-12 budget at last year’s budget level is not a positive outcome. It’s hard to run a district that way. There are real consequences for the district. At the 4-town meeting it seemed like the Shutesbury was the only town that supports the statutory method.
- BG: The method we are using now is a voluntary method that needs to be agreed on by all towns. The statutory method is a default method is what the State expects districts to do unless all member towns agree to an alternative. That puts it in a different perspective.
- AK: There is a bit of a disconnect in our discussion tonight. The way I understand it, we ultimately have to come to an agreement with our partner towns. DESE is going to put us on a 1-12 budget and force us to negotiate with the other towns. From what I have read, there is not a path where our town can somehow strategically use the assessment vote at ATM to force the region into the statutory method. DESE is going to insist that we come to an agreement with the other towns.

- JW: If we could dictate an outcome we would have done that years ago. We have made a good faith effort over several years to negotiate.
- GA: Andy is not negotiating with us about \$17K, he is concerned about the % distribution.
- SM: A working group would include people that have not been involved in the process. It is meant to educate members of other towns and that in itself can help us reach a compromise.
- BT: At this point we should do one of two things: Either support the 55% statutory or we should put out a strong letter that this year we should go to 100% modified statutory.
- SM: If we go to 100% statutory from where we are, there will have to be cuts in the school budget. We have already had 3 years of cuts to the regional school budget. The town of Shutesbury not only wants to have a reasonable tax system, they want to have a school that is working. And going to 100% statutory will result in further cuts.
- SS: The budget hearing is starting about now. I am wondering if you have anything you want me to say to the region.
- JW: We are out there with a position that we want 75% statutory. What has changed in the past month that would drive us to ask for 100% statutory?
- BG: I support what Jim has said. Going back to all of our discussions we have had over the past months, we achieved consensus that 65% statutory was the minimum we would accept. I don't see any reason why we should change that. I think we should write a letter proposing 75% with the idea that we would accept 65%. I don't see why we have to go to 100% this year. 65% would be reasonable progress towards our goal.
- Leslie Luchonok: I am confused by the statement that if Shutesbury continues to ask for a higher % of the statutory method it will lead to severe cuts to the budget. I thought at town meeting there were separate votes on the budget and the assessment method.
- AK: If the assessment method is voted down by any town, it would essentially invalidate the budget because the budget is calculated based on assumptions about the amounts each town will be assessed. If one town votes down the method, it will change the amounts each town needs to be assessed.
- AK: To follow up on Bob's last proposal, I think it is fair in many ways. The only problem I have with it is it assumes there is more time for us to be going back and forth in negotiating with the other towns. Would you support a strong statement that says Shutesbury is only willing to accept 65% statutory, and we eliminate the need for another round of back-and-forth negotiating.
- **Rita Farrell makes a motion to the Select Board that Shutesbury is willing to accept the 65% modified statutory method and that this is the town's firm and final offer. April Stein seconds. Motion passes unanimously (3-0).**
- **BG submits a motion to the Finance Committee that we support the 65% modified statutory method and that this is our firm position. JW seconds. Motion passes 6-1 (GA, MC, BG, JH, AK, JW vote yes, SM votes no).**

- **School Committee passes a similar motion made by Dan Hayes and seconded by Lauren Thomas-Paquin 2-1 (Steve Sullivan votes no).**
- GA asks if we should take a position on whether we support the working group. Consensus among meeting participants that we do not need to address the working group at this point.

2) Motion to approve 2/23/21 meeting minutes as amended passes unanimously.

3) Finance Committee Reserve Transfers

- Request from Fire Chief concerning a capital request that was approved last year: new garage door openers for the fire station. The quote did not include the electrical work that was required for this project. This ended up being a much bigger job than anticipated. Paciorek Electric sent us a bill for over \$4,000 which Walter was very upset about. There have been several conversations and Paciorek has agreed to reduce the charges to \$3,500. Walter had initially only planned on a \$1,000 cost for the electrician. Therefore, we have to submit a request for a FinCom transfer for the \$2,500 difference.
- BG: That is an outrageous amount of money to install two garage door openers. It is unfortunate that Walter didn't get a price commitment.
- SM: It seems to me that there are already lessons learned so I would approve a transfer for the \$2,500 amount.
- MC: What would happen if we didn't approve the request? BT responds that the town of Shutesbury would be in default on that bill.
- JH: Isn't Shutesbury being taken to the cleaners by companies like Paciorek and Jamrog?
- BT: This is an extraordinary circumstance. These companies have helped us and been fair in the past.
- BG: When we have a project that requires new work, our practice should be to get 2 bids.
- GA makes a motion to approve a FinCom transfer of \$2,500 for the electrical work to install the garage door openers at the fire station. SM seconds. **Motion passes unanimously.**
- SM makes a motion to approve a transfer of \$500 from the Finance Committee reserves to the Conservation Commission budget for cost of legal notice publication. GA seconds. **Motion passes unanimously.**

4) Elementary School Budget Update

- SM reports that the school committee met on 2/25. Bruce Turner, Jackie Mendosa reviewed the budget and determined that they have extra funds from FY21 because of this unusual year and they can spend that on the following FY22 projects:
 - i) Repair shed roof (\$4,000)
 - ii) Installation of outdoor Wifi access points (\$8,000), and
 - iii) School roof design (\$28,700)
 - iv) If there are residual funds available they could be used for the repair of heat controls.

- These projects total \$40,700 of FY21 funds that can be applied to FY22 budget. They want to utilize school choice funds for tuition support for the pre-school program, technology updates, and remedial support for students who have struggled with remote school. There is a possibility that federal funds may be available in the Rescue Plan that could be used to support the FY22 budget.
- SM: On the capital issues listed above they will be coming to the Capital Planning committee to present those requests.

5) Revenue and Expense Projections – Committee comments and questions

6) Agenda planning

- BG has some ideas about ways we can reduce the tax levy.
- SM would like to have a policy-oriented discussion about the use of free cash in our FY22 budget.
- 3/16 meeting: COLA increases
- 3/23 meeting: Broadband, Capital Planning
- Option for meeting on 3/30 if needed
- 4/6 is an open date

Meeting adjourned at 9:31