

Shutesbury Finance Committee
Tuesday, March 23, 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

Non-Members present: Becky Torres, Gayle Huntress (Broadband MLP), Steve Schmidt (Broadband MLP), Mike Vinskey

Leslie Luchonok, Kristen, “Diane”, Robert Seletsky, Ken Lindsay, “geddes”, Jeff Lacy, Kevin Weir

7:02 PM Finance Committee Call to Order

1) FY22 Budget Review: Broadband MLP

- Steve Schmidt reviews Broadband MLP budget (see Attachment 1).
- The overall operating budget for the MLP is \$473,400.
- The most significant change from the FY21 budget is a decrease in the annual maintenance line. Last year, it was set at \$108,500, based on Leverett’s experience running their broadband network. Our maintenance costs have been much lower than that, so the budget line has been reduced to \$60,000. Shutesbury’s broadband infrastructure is different from Leverett’s and appears to be easier to maintain. It may also be the case that the tree trimming that has taken place recently has led to fewer problems.
- Last year’s Employment Overhead budget line was \$4,000, which assumed that the MLP manager’s compensation would include health insurance. This is not the case; hence, the line has been virtually eliminated (\$294).
- Debt service has increased from \$146,495 to \$235,055. We are continuing to pay off our construction debt using subscriber fees. There are two outstanding loans:
 1. 10 Year Note: Original principal = \$883,333 borrowed at 1.25% thru 2025 and 2% thru 2030.
 2. 1 Year BAN: Current balance = \$406,870.

MLP anticipates using the last portion of the State construction grant (\$25,000), retained earnings from 2020, and anticipated principal payment of \$130K to make significant reductions in debt principal.

- There are 761 current subscribers. The MLP voted last year to continue the policy of subsidizing installation costs for new subscribers. We were able to use some CARES Act funding to ensure that all school-age Shutesbury students will have internet access. AK asks if there is a process for subsidizing subscriber fees for families who cannot afford it. Gayle Huntress responds that we do not have the capacity to assess income eligibility which would be necessary to have a program for subsidizing subscriber fees for low-income families. BT was able to utilize CARES Act funds to ensure that some families received support.

2) Motion to approve 3/9 meeting minutes as amended passes unanimously.

3) Motion to approve 3/16 meeting minutes as amended passes unanimously.

4) Regional School Assessment Update

- Steve Sullivan forwarded the FY22 budget document being voted on tonight by the ARPS Regional School Committee (See Attachment 2). Key points:
 - i) Total Funded Budget = \$31,913,777 (Cuts required = \$1,200,000)
 - ii) Total Revenue = \$11,158,357 (Includes \$9.6M of Chapter 70 funds)
 - iii) Assessment required from 4 towns = \$20,755,420
 - iv) Shutesbury's assessment is \$1,611,137 (represents a savings of \$64,736 from FY21)
 - v) The proposed assessment is based on 65% of a five-year average of minimum contributions (FY17-21), with the remainder allocated per the regional agreement.
- AK reports that Peter Demling from the ARPS Regional School Committee expressed that the RSC should take a more significant role in future discussions of the assessment method. There are fundamental disagreements between the towns on what is the fairest methodology to use. RSC members expressed little interest in participating in a DESE-facilitated session on the statutory method.
- BT reports that the town anticipates receiving approximately \$350,000 in funds from the American Rescue Act [NOTE: Final amount to be dispersed to Shutesbury is \$513,219 as per Boston Globe article: <https://www.bostonglobe.com/2021/03/23/nation/chart-how-much-money-will-each-mass-town-receive-american-rescue-plan/>]. BT reports that the town may be able to use some of those funds to pay for the HVAC repairs at the elementary school.
- AK states that the RSC contemplated two budget scenarios using the 55% and 65% modified statutory assessment methods. Both budgets capped Amherst's contribution at a 2.1% increase over their FY21 assessment. To get to the 65% assessment method, the RSC had to reduce the operating budget by \$21,000. AK states that while this may not seem like a significant budget reduction for FY22, it does demonstrate how our advocacy for a particular assessment method can have a negative impact on the region's overall budget. BG responds that ultimately the regional school budget increased while Shutesbury's decreased.
- SM states that the regional assessment committee made a table indicating the breakdown of minimum contribution and enrollment factors for each of the assessment methods discussed.
- BG congratulates the committee on achieving a better assessment method outcome for the town.
- Mike Vinskey: The regional committee voted 7-1 tonight for the budget, including 65% statutory assessment.

5) FY22 Revenue and Expense Projections - Fincom inputs

- BT: We do not have a levy ceiling until we have resolved values for the town. There may be a small increase in levy capacity. Once we hit the levy ceiling, you can't take credit for new growth.
- Kevin will give us an estimate of total values, and we will see if there is room for us to add new growth.
- No changes to the revenue side.
- Expenses that will change: Regional School assessment can be reduced by \$50K, COLA increase for town employees that are being discussed in the Personnel Committee, Police wages (negotiations are underway).
- The school will be able to use CARES support to fund the remediation staff member. The original plan was to fund this through school choice funds.
- BG asks if we can look into using CARES funds to support upgrades to the school temperature controls.

6) Topics for future discussion

- BG: I would like to discuss some items in the budget that I think we should fund with free cash.
- BT: Should we discuss policy issues such as using free cash to fund the budget.
- GA: Best practices

7) Fund Transfer Request: Police Academy

- The police department is asking for \$3,000 for Marcus' stint at the police academy.
- GA suggests the possibility of exhausting the Police Dept operating line and then doing a FinCom transfer for the difference.

8) Next meeting 4/6

Meeting adjourned at 9:00

Attachment 1: Broadband Budget

MLP ENTERPRISE FUND OPERATING BUDGET FY2022		
Expenses		NOTES
Routine network maintenance	\$ 60,000	Annual Maintenance
Truck retainer fee	\$ 12,000	1,000 per month
Insurance	\$ 10,000	Insurance via MIIA with 10K deductible
Backhaul	\$ 30,840	250MB MBI/Backup connection \$850/mo 10GB CrownCastle \$1,750 per month TOTAL = \$30,840
MLP Manager Stipend	\$ 12,000	1,000 per month
Employment Overhead	\$ 294	Medicare: \$174; Workers Comp \$120
Lifeline CAFII Administration	\$ 7,000	\$2K per year flat admin cost plus \$80 for each new recipient application, then \$50 annual renewal for each recipient (estimating not more than 100 applications annually)
Bond fee for poles	\$ 6,750	3K for Ngrid and Verizon; 750 for Eversource
Pole rental	\$ 20,670	\$13.78 x 1500 poles
Calix Essentials Support	\$ 7,595	Annual Maintenance contract with Calix. Provides direct support and emergency electronic equipment replacement.
Supplies	\$ 500	Office supplies, postage, data backup
Legal	\$ 1,000	
Electronics Hut Operations	\$ 1,300	HVAC maintenance \$500, Security Monitoring \$300, Building Maintenance \$500.
Electronic Depreciation (Broadband Capital Stabilization)	\$ 37,895	To replace electronics in 7-10 years (router and ONTs included)
Debt Service	\$ 235,055	\$101,200 Payment (interest and principal) due 4/3/2022 on \$883,333 borrowed at 1.25% thru 2025 and 2% thru 2030. \$3,855 interest payment due 8/20/2021 on \$406,870 BAN. \$130,000 additional principal payment.
Electronics Hut Utilities	\$ 5,200	Electricity to power hut (\$3,600), shared propane (\$600, full tank fill), shared generator maintenance (\$1,000). Indirect Costs reimbursed to town.
Accounting	\$ 1,200	Indirect Costs reimbursed to town.
Treasurer	\$ 1,800	Indirect Costs reimbursed to town.
Auditor	\$ 850	Indirect Costs reimbursed to town.
OPERATIONS SUBTOTAL	\$ 451,949	
Extraordinary & Unforeseen	\$ 21,451	Emergency Reserve Fund
OPERATIONS TOTAL	\$ 473,400	
Income		
MLP Fees	\$ 473,400	MLP Fee: [(Basic= \$52.00/month x 750) + (Vacation=\$45.00/month x 10)] x12

Attachment 2: Final regional school committee budget

AMHERST-PELHAM REGIONAL SCHOOL DISTRICT

Date: 3.23.2021

	Final FY20	Final FY21	65% Stat Proj FY22 Level Services		Change
Operating Budget	32,167,342	32,145,531	33,113,777	3.0%	968,246
Cuts Required			(1,200,000)		
Funded Budget			31,913,777	-0.7%	(231,754)
Revenue					
Chapter 70	9,554,487	9,603,427	9,601,357	-0.02%	(2,070)
SUBTOTAL: available from Ch 70	9,554,487	9,603,427	9,601,357		(2,070)
Transportation Reimbursement	760,000	800,000	700,000	-12.5%	(100,000)
Medicaid Reimbursement	120,000	120,000	70,000	-41.7%	(50,000)
Charter Reimbursement	172,000	350,000	275,000	-21.4%	(75,000)
Interest Revenue	32,000	32,000	32,000	0.0%	-
E&D for budget support	650,000	515,000	200,000	-61.2%	(315,000)
E&D for contingency	280,000	280,000	280,000	0.0%	-
Total Revenue	11,568,487	11,700,427	11,158,357	-4.6%	(542,070)
Assessment Required	20,598,855	20,445,104	20,755,420	1.5%	310,316
Amherst	16,444,279	16,404,120	16,748,783	2.10%	344,663
Pelham	911,736	891,934	929,525	4.21%	37,591
Leverett	1,467,637	1,473,177	1,465,975	-0.49%	(7,202)
Shutesbury	1,775,203	1,675,873	1,611,137	-3.86%	(64,736)
	20,598,855	20,445,104	20,755,420	1.52%	310,316

Amendment to Regional Agreement: Assessment Method (2/3 Majority)

The proposed assessment is based on 65% of a five-year average of minimum contributions (FY17-21) with the remainder allocated per the regional agreement.

VOTED: To amend Section VI of the Amherst Pelham Regional School District Agreement by adding subsection j) as follows: "For Fiscal Year 2022 only, the alternative operating budget assessment shall be calculated as 65% of a five-year average of minimum contributions with the remainder of the assessment allocated to the member towns in accordance with the per-pupil method found in Section VI e) of the Amherst Pelham Regional School District Agreement. The five-year average of minimum contributions will include the five most recent years."; or take any other action relative thereto.

Budget (2/3 Majority)

VOTED: To adopt a budget of \$32,639,531 for Fiscal year 2022 for the Amherst-Pelham Regional School District and to assess member towns according to the method in the just approved amendment as follows:

Amherst	\$16,748,783
Pelham	\$929,525
Leverett	\$1,465,975
Shutesbury	\$1,611,137