

Shutesbury Finance Committee
Tuesday, May 12, 2021, Virtual (Zoom) Meeting

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

FinCom Members Absent: None

Non-Members present: Becky Torres, Mike Vinskey, Paul

6:00 PM Finance Committee Call to Order

1) Motion to approve 5/4 meeting minutes as amended passes unanimously.

2) FY22 Capital Plan Update (School HVAC)/American Rescue Plan Update

- BG reports that Capital Planning will not be meeting on Monday, 5/17. We will move this topic to the next meeting.
- BT reports that the State has not come out with its guidance on how American Rescue Plan funds will be administered. There is some indication in the federal guidance advising that infrastructure projects will be eligible as long as they relate to the transmission of COVID.
- GA asks what other projects may be eligible under the American Rescue Plan:
 - i) BT: Town Hall water supply has high sodium content. American Rescue plan funds can be used to improve water systems. We may need to have a new well dug behind town hall. BT believes that this would be an eligible expenditure under the American Rescue Plan guidelines. MC asks if there has been any discussion of a reverse osmosis system. BT believes that this has been looked into, but will review her notes and make sure it is considered.
 - ii) SM: It might be time to look at the ventilation system for the Town Hall second floor. SM also recommends that we install hand wash systems at the elementary school and town hall.
 - iii) GA asks if these funds might be used to cover lost revenue from homeowners who were unable to pay their property tax bills due to COVID-related economic hardship. BT does not think that Shutesbury will be eligible for this type of use because our revenue shortfall will not meet the required threshold.
- SM says we should be prepared to speak about this topic at Town Meeting.

3) Update FY22 Rev and Exp Docs

- Revenue budget changes
 - i) Kevin Rudden has set new growth estimate at \$10,000.
 - ii) Maximum allowed Levy is \$5,832,642. This is beyond the 2.5% cap.
 - iii) Levy ceiling = \$5,649,760
 - iv) Current proposed tax rate = \$23.50. \$22.61 was the tax rate for FY21 (+.89 increase from FY21 to FY22).

- v) Total State Aid decreased by \$16,415 (- 2.27%)
- Expense budget changes
 - i) Select Board approved a 2% COLA increase for eligible town employees.
 - ii) Town administrator has a 5% increase.
 - iii) Treasurer's hours 22.5 hours to 25 hours per week = \$3,896 increase.
 - iv) BG asks Fin Com what their thinking is about the Select Board's decision to increase COLA by an additional .25% beyond the Personnel Board's proposed formula. GA informs the committee that the Personnel Board's new policy allows the Select Board, Finance Committee and Select Board to come together to consider special circumstances.
 - v) MC disagrees with this action because it does not follow the policy that was just developed by the personnel board.
 - vi) **BG makes a motion to support a 1.75% COLA increase based on the Personnel Board's approved policy. Seconded by MC. Motion passes 5-2.**
 - vii) **SM makes a motion to add an employee bonus line amounting to 0.25% based on the Select Board's recommendation totaling \$1,010. Motion passes unanimously.**
 - viii) Police study group will be meeting through the summer. We are hoping to hire a new police chief in the fall. Leaving the police chief budget line at the current level will give us flexibility. GA reports that other towns in our area pay their police chiefs \$70K+.
 - ix) Small change in the elementary transportation.
 - x) Sanitation landfill line increased by approximately 10%. This reflects our actual expenses as landfill fees continue to increase.
- GA states that he has been reading about neighboring town meetings and has noticed that several towns have made significantly larger contributions to their OPEB funds than what Shutesbury has planned.
- Total Operating Budget = \$6,628,523
- GA is concerned that our free cash line will be getting low over the next few years. Instead, maybe we should decrease our transfer to capital stabilization.
- BG states that our free cash reserves are much higher than they should be. He supports funding some of the miscellaneous items including OPEB, Transfer to Capitalization, out of cash reserves.
- SM recommends that we should not use cash for recurring expenses such as OPEB. This is consistent with both State guidelines and Shutesbury's own approved financial policies. JW agrees that any recurring expenses are not appropriate uses for free cash.
- **SM makes a motion that we accept the proposed operating expense budget for FY22 for no more than \$6,628,523. Motion passes 5-0 with two abstentions (BG and JH).**

- **SM makes a motion that we use free cash to fund the following expenses in the FY22 budget: new library building fund (\$25,000), assistant treasurer (\$1,210), and assistant tax collector (\$2,200) totaling \$28,410. Seconded by JW. Motion passes unanimously 7-0.**

i) The implication of this decision on our proposed tax rate is an approximately \$.12 reduction (\$23.38).

- **BG makes a motion that we zero out the Transfer to Capitalization line. SM seconds. Motion fails by a vote of 3-4 (Yea: BG, JH, and MC, No: GA, AK, SM, JW)**
- **BG makes a motion that we use free cash to fund the OPEB Trust Fund. JH seconds. Motion fails by a vote of 3-4 (Yea: BG, JH, and MC, No: GA, AK, SM, JW)**

4) Upcoming Meetings

- 5/17 – Finalize warrants
- 6/1 – Budget information session

Meeting adjourned at 9:23