

FINANCE COMMITTEE

February 2, 2023

Members: Chair: My Linh Truong, Vice Chair: John Miller

Hafiz Adamjee, Megan Blackwell, Jeff Calabrese, Stefan Carp, Yannis Evrigenis, Lauren Hermann, Patrick Matteson, Nicole Soto, Enzo Rascionato, Derek Ross, Brian Vernaglia, Kathryn Hughes

Late Arrivals: Yannis Evrigenis, Megan Blackwell

General Business Chair Truong called the meeting to order at 7:32 p.m.

Guests- Nick Cacciolfi-Recreation Department, Pete Lawson-DPW, Richard Mucci-Select Board

Public Comments-

- Michelle Prior – precinct 4
 - At suggestion of others, watched Select Board meeting last night. Budget discussion, road map for where cuts can be made. Structural deficits and operating budget need work. We shouldn't be growing operating deficit, try to live within 2.5 to 3% and not necessarily spend ARPA funds. We dodged a bullet with the bond rating. Borrowing is high. OPEB liability is massive. The number is staggering. We should be looking at slowing pace of structural deficit.

Field Revolving Account Limit

- Nick Cacciolfi – Field Management Committee Chair
 - Here in FMC capacity, not recreation
 - Two revolving accounts – grass field account and synthetic turf account
 - Every spring town meeting we set an expense cap. Many years \$75K b/c those accounts never grew. Stagnant. Since I came on, we've worked hard to build those accounts via revenues. Grass 82K. Synth 45,762k. We're at the cap because we invested into Knowlton – safety issues and requests, including 20 foot netting. 50K went to the project initially followed by 12,770 to help with the netting. Total 62,770.
 - Painting, nets, printing, bleachers repairs caused the 75K gap.
 - Ciarcia field needs to be painted. Every year there are emergency repairs that come up.
 - Need to ensure we have contingency funds.
 - By the end of spring we'll have close to 100k in each account.
 - Can we raise the cap on the synthetic turf account? Request to raise it 25K. That would get us to spring Town Meeting.

- Skillings turf will be the next one to be replaced. The goal is to be able to fund a huge amount.
- All revolving accounts must have cap at spring town meeting.
- Significant restrictions exist with ARPA funds.
- The accounts can exceed 75k, but we cannot spend more than 75k at any one time.
- **Vote to raise the cap to 100k.**
 - **Unanimous in favor.**

DPW - Pete Lawson re: RFT

- Rate of inflation, cost of materials, ability to fill HVAC technician
- Requesting 150k reserve fund transfer
- 94% spent out of budget already
- Trimmed down as far as we can go.
- Elevators, HVAC equipment, outsourced cleaning contracts, boilers...these contracts have to be maintained.
- Big hit early with an emergency at Ambrose. Pipe insulation at Lincoln.
- Summer communication loss. Could not perform valve flows. Trained on proprietary person for that. 45k hit.
- Major repairs to AC at high school. Good number of AC units and compressors there and at McCall. These can be 10k per unit repairs.
- Down to 56k right now in the middle of heating season. 20k in invoices per week to keep pace with repairs / maintenance.
- Need to put back into custodial supplies, Grainger, PO's for HVAC vendors, 40k for custodial supplies.
- Other than the regular inflation rate, some suppliers are seeing 50% increases or more. Up to 100 to 150% in some cases for construction materials.
- As we advance our buildings, the old systems require increasing levels of service.
- We've done everything we can to trim costs.
- Don't have enough in the budget right now to buy TP and paper towels.
- Needs on hold: a few AC's, elevator retrofits (5k to 8k per) that were not budgeted for. McCall cannot be retrofitted, so will be 75k replacement.
- Total DPW budget is currently at 70%+
- Current balance 56k.
- The things we were planning to do were thrown off by the unexpected emergencies and the elevator retrofits.
- Reserve is at \$375K
- The reason we don't typically outsource expertise is because they require supervision / project management.
- We do have two outside contracts for HVAC and boiler.
- **Vote: Transfer 150k to 4111 public works into the expense budget line**
 - **Unanimous in favor**

- Consent Agenda – Enzo
 - Too much time is spent on non-value added activities. Similar to Town Meeting no-brainer items, they define the Consent Agenda. Vote occurs much more quickly. Items can be pulled out if anyone disagrees or wants further discussion.
 - The point of doing this in FinCom is being able to commit more time to long term / strategic thinking...acting as the eyes and ears for Town Meeting members and the citizens at large.
 - Smaller budgets that TM members never ask about. Items that are unchanging or formulaic. For example, Medicare, though it's a large number, is purely based on a formula. There is no changing it based on analysis or discussion.
 - Some of the smaller budgets in which you are not changing FTE's, those are 90% personal services, pretty much stay the same.
 - Propose that lower than 3% increase, no change in FTE, no major budget items > \$25k goes to Consent Agenda
 - The purpose of this discussion is to determine how the process will work. What are the criteria.
 - Much of the detailed explanations are already in the handbook.
 - The yellow sheet is cast in stone. It cannot be changed. That's what's voted on. Could there be language that says "no major changes"?
 - If it doesn't save any time, it probably makes sense to just focus on standardization.

Vote to implement "Potential Consent Agenda" slide criteria, first list with the criteria from the 2nd slide

- **Unanimous in favor of Consent Agenda for FY24**

My Linh - Education Budget is out

- FY24 - 4.17% increase was approved – \$63,431,910
- FY23 was 4.73% increase
- Need to look at slide 8 for more detail
- Page 13 – busing for Parkhurst is not in the budget. It's not clear what they're going to do.
- Rich: There's got to be a way to spend ESSER money for things like this. It can also be in the project budget. They didn't put it in the budget because it's such a moving target right now. Discussion about using ARPA.
- Brian: ESSER can only be used for specific uses.
- Rich: Yes, you can use it for transportation, social emotional, education loss due to Covid, etc.
- John: it's tight this year and it seems like the time to dip into ESSER
- Nicole: what's the expiration on the ESSER money?

- Rich: it has to be encumbered by September and the following September.
- Brian: can education come in earlier rather than later in order to answer some of these questions?

Comment on Precinct Meetings:

- General feedback is good. They like that we're providing more communication.
- Repeatedly, people asked for a really high level overview of what are the major things going on.
- Some people want to know what our votes are earlier than later. Could we send out something after voting on warrant articles? Someone suggested a pink book that would be passed out when people enter TM.
- People said they couldn't find the budget book on the FinCom page.
- Perhaps we can post our votes on the website also.
- Having a document with an explanation of votes for TM would be helpful.

Capital Planning – Rich Mucci

- Washington Swanton – at FTM we used \$1.2M from free cash to fill the gap between the acquisition cost and the sale price. There's confusion around whether we should use ARPA for an FY24 operating budget item or part of capital plan.
- Current proposed FY24 Budget has a \$730k deficit. Should ARPA be used to plug the gap?
- Rich's preference is that as much as we can do for capital, we need to do.
- John: question, the \$1.2M we voted at Fall Town Meeting came from free cash. That money is spent.
- Nicole: if it goes into capital, we don't get the offset.
- My Linh: YoY, whether we fill it with ARPA or free cash, that budget trend just grows.
- The assumption is that we've always plugged the deficit with free cash.
- If the money goes into capital, there's a fence around it.
- One time increase.
- We still have \$4.2M ARPA

Straw poll – Should we assign \$1.2M of ARPA to capital? 11 for / 1 against

10pm – Move to adjourn – unanimous

Approved by: _____


My Linh Truong, Chair of Finance Committee