

FINANCE COMMITTEE (DRAFT)

February 15, 2022
FinCom Zoom: 7:30 p.m.
Meeting ID: 781 572 6432

Members: Chair: Megan Blackwell Vice Chair: My Linh Truong
Hafiz Adamjee, Arun Balasubramaniam, Jeff Calabrese, Stefan Carp, Yannis Evrigenis, Bogdan Fedeles, Ruthie Gagne, Patrick Matteson, John Miller, Nicole Soto, Thomas Springer, Enzo Rascionato, Brian Vernaglia,

Missing: Arun Balasubramaniam

Late Arrivals: Stefan Carp, My Linh Truong, Ruthie Gagne, Enzo Rascionato

Guests: None

General Business

Chair Blackwell called the meeting to order at 7:30 p.m.

Roll Call:

Megan Blackwell
Jeff Calabrese
Hafiz Adamjee
Brian Vernaglia
Bogdan Fedeles
Nicole Soto
John Miller
Patrick Matteson
Yannis Evrigenis
Thomas Springer

Public Comments-No speakers present.

Introduction of Jeff Calabrese

Chair Blackwell welcomed FinCom's newest member Jeff Calabrese. Jeff gave a brief introduction of himself.

Budget Planning Process FY23

Chair Blackwell began by reviewing the Town's Department Budget Summary for FY23. She will inquire about adding FY22 YTD actuals. FinCom Members were asked as to who would like a printed copy of the budget. There were six requests for a printed copy.

Chair Blackwell presented the FinCom working group assignments. The goal is to review and question each department's budget request. She further added that working groups do not have to post public meetings. The detailed schedule will be rolled out to all FinCom members by February 17.

Department head contacts can be found in last year's budget template write up. Chair Blackwell has agreed to update and distribute to FinCom each template for FY 23.

FinCom member Thomas Springer asked for a high-level overview of the process. Chair Blackwell stated that the process should consist of the following steps:

1. Review last year's budget
2. Compare to this year's budget
3. Review line-item detail
4. Ask yourself what has changed year over year
5. Working group heads contact Functional department managers
6. Conduct an interactive meeting between Working group and Functional Department

Chair Blackwell encouraged FinCom members to shadow other department interviews in an effort to get a better understanding of the process.

Education Budget Update

Vice Chair My Linh Truong reviewed the major updates below:

- School Committee voted on a 4% increase over last year's budget
- Two major cost increases are special education and teacher salaries
- Enrollment will not increase from last year. Estimated to be at 2012 levels.
- Lots of data and many unknowns
- New interim superintendent
- Concern: budget is large for a declining enrollment

FinCom Member John Miller requested that the budget be shown in excel. FinCom Member Hafiz Adamjee questioned how this budget compares to other communities. FinCom Member Jeff Calabrese asked if there exists an organization chart for the entire school system. He was referred to the School Department website.

Committee Representative Updates

1. Education Facilities Planning and Building Committee (EFPBC), FinCom representative John Miller
Phase I is in process. They are looking to streamline construction and design costs. Chair Blackwell questioned if moving Central Office to Lynch is still on the table. FinCom Member Miller stated that it is still an open topic. There is a fear that any change in scope might complicate funding from the MSBA. (Massachusetts School Building Authority)
Current thinking is to leave Central Office out of Lynch but it is subject to change.

2. Town Audit-FinCom representative Thomas Springer
Overall audit was “clean” with one finding. Auditors faulted the Education Department for not documenting pay rates for contractors hired to do remote learning programming. FinCom Member Springer agreed to send a link to the completed audit report to all FinCom Members.
3. Retiree Health Insurance-FinCom representatives Stefan Carp and Brian Vernaglia
Medicare buy in. Looking to increase the advisory committee from seven to eleven. No direct financial consequence but having eleven committee members may be cumbersome.
4. Energy-FinCom representative Bogdan Fedeles
Grant monies available and being submitted. Received a grant for four, level 3 electric car charging stations. Contract language submitted to the EFPBC in an effort to prioritize electric versus gas for the new Lynch.

FinCom Member Nicole Soto asked if the new Sustainability Director has started his tenure with the town. It was confirmed that Ken Pruitt is the new Sustainability Director and has started his position. He has been participating on the energy committee.

5. Capital Planning-FinCom representatives Hafiz Adamjee and Stefan Carp
Water and Sewer topics have been the primary discussion. Some of the topics being discussed are:
 - South Reservoir Dam studies, will bring to Spring Town Meeting
 - MS4 seeking about \$200K
 - Lead Neck money request being finalized
 - Water and Sewer will be requesting a truck
 - Carbon Filter replacement at South Reservoir dam to filter out magnesium
 - North Reservoir Dam project, monies still to be determined
 - Replacement of Fire Alarm Systems at DPW and Town Hall, DPW a priority
 - Update 5-year plan.

Chair Blackwell requested that a summary of each committee meeting be circulated. This will help create a documented record and provide transparency for all.

New Business

Waterfield

Chair Blackwell advised that a special Select Board meeting was held on Civico. Revised terms were presented. There was no vote and a third set of numbers was presented.

Four documents have been placed into drop box for FinCom Members to review and comment by Feb 16:

1. Revised 25-year proforma
2. Waterfield schematic

3. Cover letter from Beth Rudolph
4. Financial memo from Lynne Sweet

Key changes are:

1. The Chamber of Commerce Building will not be renovated. Parking will be increased by 31 spaces.
2. No change to the number of affordable units (60) but 40 units now proposed as 60% AMI versus 32.
3. Increase in the purchase price from \$1 million to \$1.5 million with \$1 million to be paid at construction closing and remaining \$500K paid over 12 years to the town. Increase in the supplemental ground lease payments from 10 to 15%. Increase in the Town's refinance share/sale proceeds from 15 to 20%,

FinCom Member Calabrese questioned why the town is providing a \$500K interest free loan. Chair Blackwell responded by stating that the \$500K Affordable Housing Trust (AHT) loan will be paid back with interest. The second \$500K will be paid to the town in a priority cash flow position. This was documented in Excel file.

FinCom Member Yannis Evrigenis asked what happened to the retail space. Chair Blackwell stated that the town prefers parking versus retail. The loss of commercial tax revenue has a small impact and was considered.

FinCom Member Miller disagreed that construction costs are declining. He further questioned why Civico lowered the AMI and raise the number of units at the lower AMI thereby reducing revenue. Former Chair Rascionato thought that Civico is trying to get more revenue with more affordable units thereby receiving a higher government subsidy. This question needs to be researched further. FinCom Member Adamjee recommended a longer time period for review as well as the need for scenario analysis.

FinCom member Miller felt that the amount of time for review was inadequate and unfair to FinCom. Chair Blackwell and Former Chair Rascionato stated that this is a first pass only. Will have until the Spring Town Meeting to review and vote.

Undistributed Costs

FinCom Member Miller began by stating that undistributed costs (revenue, expense, pension, OPEB) are growing in comparison to many of the total budgets of various Town Departments. In 2022 this cost represented \$23M. Back in December 2020 it was motioned and agreed to by the Town Manager to identify these costs allocated between Education and General Government. Better accountability and transparency are needed for the FY23 Budget and for Town Meeting. FinCom now has the authority to mandate. Chair Blackwell agreed to bring this forward to the Acting Town Manager Beth Rudolph for review and action.

Adjourn

FinCom Member Yannis Evrigenis moved to adjourn the Finance Committee meeting and the motion was seconded by FinCom Member Carp . The motion passed unanimously with 9 in favor, 0 opposed and 0 abstained. FinCom adjourned at 9:02 p.m.

Respectfully submitted,
Gary Lozowski, Recording Secretary of Finance Committee

Approved by:  _____
Megan Blackwell, Chair of Finance Committee