

Minutes, February 26, 2020

## **FINANCE COMMITTEE – Meeting, February 26, 2020**

A scheduled meeting convened at 7:00 p.m. at Town Hall in Room 7.

Present: Mr. Creighton, Ms. Harrison, Mr. Weld and Mr. Pratt. Ms. Mellish joined following ZBA meeting.

Absent: Mr. Oldeman

Board of Selectmen: Mr. Boling

Staff Present: Town Administrator, Mr. Federspiel, Finance Committee Clerk, Ms. Hunter

Mr. Creighton called the Finance Committee meeting to order at 7:00 p.m.

### **Review and Approve Meeting Minutes –**

Minutes for January 29, 2020 were approved. Minutes for January 22, 2020 were held for review at the next meeting.

*Ms. Harrison moved to approve the Minutes of January 29, 2020, Mr. Weld seconded the motion. The motion passed unanimously.*

### **Review of DPW Budget & Stipend Request for Tree Warden**

Tree Warden's stipend will be absorbed in the DPW salary budget line.

Mr. Creighton asked about updated Capital Budget which was approved on February 12, 2020 and confirmed the Harbormaster Office had been deleted for FY21. Harbormaster Office is no longer in the FY21 Capital Budget.

Mr. Creighton confirmed the CPC projects including the \$8,500.00 for the Housing Production Plan had also been approved in the February 12, 2020 meeting. Mr. Federspiel stated it had.

### **Review of Remaining Items FY20 & Long-Term Budgets**

#### Expenditures to Date FY20

Mr. Federspiel stated to date the Town was operating in the black. There is one exception the Professional Services line item which will likely require a Reserve Fund Transfer of at least \$25K. The overage is the result of additional legal expenses related to Old Wenham Way and funds used for design and renovation of the Cornerstone Church.

Police and Fire Department line items always run close.

Snow and Ice will likely come in under budget this year with the possibility of \$100K unspent Health Insurance is also under budget with a savings anticipated of \$75K to \$100K.

Ms. Harrison asked why the Town did not receive a firm quote from MIAA prior to Annual Town Meeting given we are a major insurer. Ms. Federspiel stated the Town is a small part of the MIAA municipal consortium 300 people out of millions. Rates are calculated in late January with underwriters working on policies through March, delivering new premiums in early April.

- Information Technology is encumbered dollars set aside at the start of the year
- Workers Compensation is paid up front at the beginning of the year. The Town receives a discount for paying in advance.
- School Department is funded, and transfers are no higher than approved funds
- Sanitation is running high due to recycling, the Town is paying out more than projected. Trash is more expensive due to increase in costs for recycling. Committee recommended considering regionalization and competitive quotes from all companies like Waste Management.
- Water Treatment – Woodward and Curran contract is paid at beginning of the year.
- Sewer sledge removal is encumbered and paid in advance.
- Mr. Weld asked about Parks & Recreation and how projects for Parks & Recreation are handled. Mr. Federspiel stated at this time Mr. Desrosiers is playing catch up with the number of projects in Town. Ms. Marshall continues to handle small P&R projects and Mr. Desrosiers will handle the larger projects. Sweeney Park parking lot is on hold waiting to address the underlying issues of drainage in the area. Mr. Weld specifically mentioned Tuck's Point building repairs budgeted for \$30K with an unencumbered \$9K remaining in the budget for a total of \$39K. Mr. Weld also noted the Harbormaster Office study is  $\frac{3}{4}$  completed. Mr. Weld complimented Mr. Desrosiers work stating he is terrific to work with and does a great job.

It was agreed Mr. Federspiel will work to annotate the report highlighting areas of concern and provide the report for the Finance Committee quarterly.

#### Multi-Year Model

Mr. Creighton stated it was important for the Finance Committee to review the multi-year model prior to submitting the Committee's report for Annual Town Meeting. Mr. Federspiel is prepared to make the presentation at the next Finance Committee meeting.

- Mr. Federspiel stated projections are still working.
- The Town has an excess levy capacity due to not using funds voted for school bonds.
- School funding remains below the 3.3% level needed to maintain the integrity of the model.
- New growth had been projected based on \$20M in new construction, new construction is projected at \$12M to \$13M for FY21.
- An estimated \$500K will likely flow into the Fund Balance at the end of FY20.
- Mr. Federspiel needs to recalculate projections for FY21 with the Cornerstone Church purchase postponed to FY22.

- Mr. Federspiel stated at the end of FY21-FY22 the Fund Balance could be closer to 10%. To maintain the Town's AAA rating it is best to maintain 8%-12% in the Fund Balance. He went on to state consistency and a demonstrated plan contribute to a AAA rating, and the Town maintains both.
- Mr. Boling stated the Town is going into the sharper side of school debt payments and he would like to see the Town use reserves to blunt that cost for taxpayers.
- Mr. Weld requested an updated solid 5- and 10-year Capital Plans.
- Ms. Harrison pointed out the church sits badly with the Capital Plan. Mr. Weld stated there is a robust group in support of the Senior Center. Ms. Harrison pointed out it was not in the Capital Plan.
- Mr. Creighton asked if there were any flags in the multi-year model specifically asking about staffing increases. Mr. Federspiel stated Fire Department staffing with increases to each crew having 4 on is the most significant increase anticipated.
- The Committee went onto discuss Fire Department staffing:
  - ✓ Simultaneous calls require 4 on. Mr. Federspiel stated there are 70-100 times in a year when simultaneous calls come in.
  - ✓ Mr. Pratt asked if marketing was being developed for Call Fire Fighters. Mr. Federspiel stated materials are being developed.
  - ✓ Ms. Harrison suggested eliminating the second ambulance and utilizing contract service to cover simultaneous calls.
  - ✓ Mr. Creighton stated it is important to continue to have conversations with neighbors the world is changing, and budgets are getting tighter.
  - ✓ Call Fire Fighter numbers in Essex is dropping according to the Essex Town Administrator.
  - ✓ Mr. Federspiel stated consideration is being given to Police Officers becoming Call Fire Fighters to earn a stipend for participating on calls. There are a couple of officers interested. This would apply to on duty and off duty calls.
  - ✓ Mr. Creighton asked how long the Fire Department could fend off the additional hires. Mr. Federspiel stated 3-5 years and the hiring's could work in conjunction with Dispatch moving to the regional center with the savings used to fund the additional positions.
  - ✓ Mr. Pratt asked about the search for the new Fire Chief. Mr. Federspiel stated the Town is starting over.

Mr. Creighton asked for a copy of the model to be forwarded to the Committee. Ms. Harrison requested the model in an Excel spreadsheet. Ms. Mellish joined the meeting.

### **Finance Committee Report Recommendations**

- Mr. Creighton will confirm there will be 3 new hires in DPW, 2 new hires in anticipation of retirements and the additional new hire in DPW the result of cutting back on

outsourcing work to sub-contractors. There is an additional half time person in TA office replacing the half time position in the Town Treasurers office.

- Discuss things are running smoothly concerned about staying at 2 ½%.
- Long term concern about School and sustainability of staying below 3.3%
- Ms. Mellish would like to highlight the Town is coming in at less than 2 ½% this year which is worth mentioning.
- Size of Reserve Fund and effort to budget less conservatively.
  - ✓ Mr. Pratt would like to see the Reserve Fund balance more often than annually. Mr. Creighton stated we are trying to get back to a quarterly review of the budget which will provide the Committee with the necessary information. Mr. Creighton did point out the Committee does not see the revenue side and that would be helpful.
  - ✓ Mr. Federspiel stated the Town reconciles monthly and it is possible to provide the information.
- Mr. Weld would like to mention the 5-year Capital Plan as part of the Committee report. Use the reserves for this Plan.
- Mr. Weld would like to state there is a concerted effort on the part of the BOS, Finance Committee and Town Departments to continually refine and monitor the Capital Plan.
- Mr. Weld would like to see the report more readable with bullet points.
- Mr. Creighton plans to provide the draft to the Committee prior to next week's meeting for review and comment.
- Ms. Harrison suggests mentioning the Cornerstone Church purchase and provide informational pieces as handouts at Town Meeting and in the report distributed in Boy Scouts.
- Mr. Boing will mention the Cornerstone Church in his statements. The BOS are positive about the opportunity.

### **Review of Proposed Town Meeting Warrant Articles**

Local Room Occupancy Excise Tax – local option communities can impose up to 6% on short term rentals (state definition) adopt the tax across the board. Ms. Mellish stated this will pick up all weekly rentals in the summer not only the Air B&B rentals. Ms. Harrison confirmed the State collects and remits the tax to the Town. Mr. Federspiel stated that is correct. Mr. Federspiel is attempting to get an estimate from the State. Mr. Pratt asked if there was an argument against. All surrounding communities are at 6% with the exception of Essex.

Finance Committee will take a position.

Tenure of Trustees – eliminate language requiring Town Clerk record with the Registry of Deeds and filed with the Land Registration Office.

Finance Committee will take a position.

Lien on Property – for overdue and unpaid water service charges and commit such unpaid amounts to the property tax bill for said property.

Finance Committee will take a position.

“Christian Hill Lot” in the Western Woods – 12 acres with the goal to protect area from development. Committee reviewed the map of the proposed parcel. Many parcels are owned by Manchester Essex Conservation Trust, Ms. Mellish asked if their lands are open to the public. Mr. Federspiel confirmed that is correct. The proposed lot is primarily surrounded by Town owned land. There are 500 acres in the Western Woods. The Town owns 140 acres some conservation some not conservation. The Trust owns 200 acres protected. Long term plan is to protect this area from development.

The 12-acre piece is one more piece of the puzzle. This land would be permanently protected. Mr. Weld asked if the Committee reviewing this will be asking to make this conservation land. Mr. Boing stated the acquisition of the land in the Western Woods will be part of a comprehensive multi-year plan for conservation and passive recreation. The land is owned by a family trust.

Ms. Mellish asked if the group proposing this agrees with changes to the LCD. Mr. Federspiel stated he does not have an iron clad agreement, but it has been discussed and agreed to.

Mr. Pratt stated he is not in favor.

Mr. Creighton stated in the past couple of years the Committee has been presented with a Warrant Article on short notice. Working with BOS, Planning Board, Conservation Commission and Town Planner we will avoid this issue in the future. A comprehensive responsible approach is being developed and is a responsible approach for the Town to take.

Ms. Mellish asked if private entities will assist in procuring the land. Mr. Federspiel stated several groups have expressed interest in acquiring parcels. It will be a combination of efforts. Ms. Harrison summarized if we use CPC funds we are committed to conservation if we use Town funds it is Town held. If it is in conservation it is more attractive to outside organization who are committed to conservation.

Ms. Mellish stated she is fine with the proposal. Final decisions on the Warrant Articles will be made when final language is presented at the meeting on March 4, 2019.

**Other Business, as may not have been reasonably anticipated by the chair (discussion only).**

*Mr. Harrison moved to adjourn the meeting; Mr. Pratt seconded the motion. The motion passed unanimously.*

Meeting Materials: FY 21 Preliminary Budget and Meeting Minutes, January 22, 2020 and January 29, 2020 and Preliminary Warrant Articles