

Finance Committee Meeting Minutes
January 24, 2024

Finance Committee Members Present: Larry Cervelli, Lee Manchester, Carol Jolly, Justin West, Sarah Hamilton, John Follet, Marianne Drake

Town Officials and Public Present: Roger Fuller, Select Board Co-Chair; Matt Smith, Highway Superintendent

Scribe/Recorder of Minutes: Nancy Doucette

1. The meeting was convened at 6:00 PM by Mr. Cervelli, who welcomed Ms. Doucette as the new recorder of minutes. Ms. Doucette has been recording minutes for the Planning Board since June 2023.
2. Discussion of Reallotment of Highway Department Wages

Mr. Cervelli welcomed Mr. Smith, who was seeking to increase the salaries of the lowest paid Chesterfield Highway department employees. The intention is to prevent employee turnover, because they are worth more than they are currently being paid. The highway foreman position is currently vacant, and Mr. Smith's proposal is to redistribute that unused salary to the three employees by giving them all a raise now, bringing them to \$26/hour on April 1st. Under this plan, there would be no net increase to the budget for this year.

Ms. Jolly questioned the equity of this approach, since the employees who currently have higher wages relative to the other(s) would no longer have higher wages. Mr. Smith, who has researched the salaries of other hilltown highway departments, explained that other towns such as Westhampton do this, so that after six months on the job everyone makes the same amount. Mr. Smith noted that he did want to leave room in the budget to potentially have one of these three become the highway foreman in the future, which would put that person at a rate of \$1/hour more than the others. Mr. Fuller agreed that they did not want to limit the option to appoint a foreman, but that at this point they are not sure which employee might become the foreman. Ms. Drake agreed that a position like that should not be eliminated. Mr. Smith explained that the town accountant did not want him paying someone out of the foreman line if they were not a foreman. Mr. Manchester asked to clarify that Mr. Smith was asking to keep the line item for the foreman, but next fiscal year pay the other three from that line item. Mr. Fuller confirmed that yes, the third employee would need to be paid out of that line item without being the foreman.

Mr. Cervelli asked how the overall compensation package offered by Chesterfield compares to the other nearby towns. Mr. Smith stated that the town pays 60% of the insurance package. Mr. Follet wanted to know if all of the highway department employees took the benefits, and Mr. Smith clarified that one employee did not, as he was a veteran, which made him eligible for other health insurance. Mr. West asked why, based on the handout that was provided, the

Town of Windsor's hourly rate (\$31.77/hour) and insurance percentage (80%) were so much higher than the other towns. Mr. Smith explained that a few years ago, Windsor was having trouble filling the positions, and their research showed that most drivers were getting \$25/hour, so they offered \$30/hour and received many higher-qualified applicants. Mr. Smith also mentioned that the state highway department pays their employees more (\$28-\$34/hour, plus other state benefits), and the towns are seeing turnover of employees going to work for the state.

Mr. West summarized the three issues for discussion: (1) elimination of the current foreman position to pay the other three employees more wages; (2) raising the three employees to \$26/hour; and (3) looking toward a situation in which the town would pay a higher percentage of the insurance cost. Mr. West suggested that Mr. Smith do a scan of pay scale and insurance for the next 3-5 years, to give a sense of what it would look like for future budgets. Each individual budget request is reasonable, but over a period of time the amounts can creep up; this would allow the Finance Committee to be proactive. Mr. Smith added that he has been asking for the bare minimum, and that ended up being below average. Mr. West acknowledged that we do want to be able to retain high quality employees, so we need to know what that entails for both salary and insurance costs.

Ms. Jolly asked for confirmation that if the insurance percentage were to be increased for the highway department, it would need to be increased for all town employees. Mr. Fuller confirmed this, pointing out that school staff were included, although he thought the school staff percentage might have already been increased to 70%, leaving the rest of the town staff behind. This is because members of the negotiation committee alternate between Chesterfield and Goshen each year, when the town negotiates with the teachers. Ms. Jolly opined that we should consider increasing the insurance benefit to 70%; Ms. Drake and others agreed. Mr. Smith commented that he thought the current highway department budget could pay them all 75% since there was an unfilled position, but Mr. Manchester pointed out that that only applies to this year. Mr. Fuller reminded him that it either remains as-is or goes up, year after year. Mr. Manchester also pointed out that we have town employees who do not currently take town insurance, but if we raise the percentage that the town pays, they may decide to enroll in town insurance coverage.

Mr. Cervelli returned the conversation to the pay increase plan that Mr. Smith had provided for the highway department employees. The newest employee is currently making \$24/hour, and Mr. Smith wants to increase it to \$25/hour immediately, and \$26/hour in the new budget season. Mr. Manchester asked Mr. Smith if there was a highway foreman when he started working in the department; Mr. Smith said he started as the foreman, and once he was promoted, the position was vacant. He would like to have someone be in charge when he is unavailable. Mr. Cervelli asked if the Select Board had checked all the math on Mr. Smith's proposal, and Mr. Manchester said that he checked it himself. Ms. Jolly offered to make a motion but was unclear what it would be; she asked if the committee needed to approve the

immediate increase in salary. Mr. Smith said no, he just wanted the committee's input on the whole plan. The committee members agreed that no motion was needed.

Before Mr. Smith and Mr. Fuller left the meeting, Mr. Manchester asked if there was any news about resuming meetings in the Conference Room at Davenport. Mr. Fuller said that most repairs in the room are done, with the exception of construction of a small wall or partition, which would likely be contracted to Skip Valencik, who had redone the floors. Other than that, they are waiting for furniture, which he had just found out would take 4-5 weeks to arrive. Mr. Manchester said the Finance Committee can continue meeting in the Community Center, and may also include a Zoom option.

3. Approval of Previous Meeting Minutes

Everyone had reviewed the January 3, 2024 meeting minutes in advance. Ms. Jolly made a motion to approve the minutes. Mr. West seconded the motion. All voted to approve the minutes.

4. Review and Approval of Special Town Meeting Warrant Articles

There are eight articles on the warrant for the Special Town Meeting on January 25, 2024. Mr. Manchester opened the discussion, stating that the first four articles were fiscal, and the next three were not. Ms. Jolly pointed out that the eighth article is a placeholder in case anyone has anything else to bring up, and said she was unclear if Article 7 was fiscal or not. Article 7 is a vote to create a new special purpose stabilization fund, to hold funds received by the town. Ms. Jolly suggested endorsing it, and Mr. Follet opined that since the money is already here, the Finance Committee does not need to weigh in.

Mr. Manchester noted that the first four articles are to transfer money from Free Cash, all in small amounts. Ms. Jolly added that the largest amount is \$800. Mr. Cervelli stated that the committee needed to take a vote on each individually.

Mr. Manchester made a motion that the Finance Committee vote to recommend approval of Article 1. Ms. Hamilton seconded the motion. All members voted to approve.

Mr. Manchester made a motion that the Finance Committee vote to recommend approval of Article 2. Mr. West seconded the motion. All members voted to approve.

Mr. Manchester made a motion that the Finance Committee vote to recommend approval of Article 3. Ms. Drake seconded the motion. All members voted to approve.

Mr. Manchester moved that the Finance Committee vote to recommend approval of Article 4. Ms. Jolly seconded the motion. Mr. Cervelli asked if there should be any discussion on the

purchase of “Right-to-Farm Community” signs. Mr. Follet commented that he was trying to remember the background on this article. Mr. Manchester explained that originally, someone was going to donate the money to purchase the signs but they withdrew that offer, perhaps because they found out that the town had Free Cash. Mr. Follet asked if the Finance Committee had recommended that they ask for Free Cash, and Ms. Jolly confirmed, stating that it is a one-time expenditure. Ms. Hamilton asked if anyone, such as the Historical Commission, reviewed signs for the town, but that is not the case. Ms. Jolly speculated that there might be standardization by the state for the Right-to-Farm signs. Mr. Cervelli called for the vote, and all members voted to approve.

Ms. Hamilton asked to discuss potential financial impacts of Article 6, which would authorize Select Board land rights, including by eminent domain, along North Street and Damon Pond Road. She posited that if the town is authorized to make purchases of land, there is a connotation of a funding requirement. She asked if anyone knew how much money or how much land this might involve. Mr. Manchester said they did not know, and added that the town used to have a land acquisition account, but it was used for purchase of land on North Road. Ms. Jolly noted that when Damon Pond Road was laid out, there was no right-of-way granted to the town. Ms. Hamilton asked if approving this article was approving an “open checkbook”. Mr. Manchester clarified that if the article does not commit the town to any financial measure, it just gives them permission to pursue it. Mr. Follet added that it has to do with funding, i.e., if there is no right-of-way established, it does not qualify for funding from the state for road improvement. Ms. Hamilton raised some other questions and concerns about the article, but Mr. Manchester was confident that approving it does not give the Select Board access to new financial reserves. Mr. Cervelli invited Ms. Hamilton to report at the next Finance Committee meeting about what she foresees as the future financial implications of this issue.

5. Three-Year Budget Look-Back Process

Prior to the meeting, Mr. West shared an updated spreadsheet that identified those departments whose median expenditures over the last four years were 50% or less of the amounts approved at the Annual Town Meeting. Over four years, about \$50,000/year that was approved was not expended. Mr. West highlighted 15-20 line items to look at as a committee, not including capital budget expenditures. Ms. Jolly asked if the purpose of this review was just to inform the Finance Committee as they review proposals or if, as she would prefer, we share our findings in advance with the boards and committees that in the past haven’t spent large amounts of the money they had been allocated. Mr. Cervelli agreed with the latter suggestion. Ms. Hamilton suggested that budget items with over \$2,000 in unexpended funds be flagged to keep an eye on, and any boards/committees with over \$5,000 in unexpended funds be asked for justification for continued budgeting at that amount.

There was discussion of the challenges with the Major Repairs budget line, since it changes year to year, is difficult to predict, and it cannot be carried over from year to year. Unexpended funds

go to the Free Cash account, so it is taxation without a clear plan for expenditure of those funds. It was noted that 50% unexpended funds is more extreme than is usually found in the budget. Mr. West noted that either the repairs that are budgeted are not getting done or the amount needed is being significantly overestimated. He also pointed out that the issue here is not for the Finance Committee to enforce anything, but to do due diligence on budget requests. Mr. Cervelli agreed. It was agreed that inviting department heads to a Finance Committee meeting to explain their pattern of under-expenditure puts the responsibility on them, and shows that the Finance Committee is not just rubber-stamping everything that is requested as they care about the taxpayers' interests.

Ms. Hamilton said that in the spring each year, the Select Board walks around town buildings and develops a list of necessary repairs, but either the timing may be too late in the budget year for the funds to be expended or they don't have the staff capacity to get the work done. She suggested doing the walk-through earlier in the year, suggesting perhaps the fall, so that quotes gathered could be incorporated into the budget. Ms. Jolly pointed out that if it were done too late in December or January, that would not be ideal due to the weather. Mr. Follet and Mr. Cervelli voiced support for the plan, and Ms. Drake suggested that a member of the Finance Committee should participate in the walk-through as well; she will bring it up to Mr. Fuller and the Capital Planning Committee. Mr. West suggested that the walk-through develop budget estimates for each line item, then add 25% to the total to account for unplanned expenses, and submit that as the budget for Major Repairs. Mr. Cervelli offered to draft a memo to the Select Board to request that the Finance Committee be involved in this process, and that it be done earlier in the budget cycle.

Mr. Follet said that someone from Pioneer Valley Planning Commission had asked about Chesterfield's road drainage culverts, including how many we have and if they're in danger. Mr. Smith provided a list of a dozen culverts that failed, which points to a need to make culvert maintenance replacement bigger budget items. There is grant money available.

The line item for Clerical Support was understandably unexpended, because the position was not filled. Mr. West marked it as a line item to keep an eye on.

Ms. Jolly commented on the line item for the Annual Audit. Mr. Manchester pointed out that any annual items needed to be kept, and not added and deleted year-to-year. Even if something only happens every other year, the amount cannot be divided in half because each line item zeros out every year. Mr. Manchester would like to know why the annual audit was not being done every year; Ms. Drake commented that the Town should be audited every year.

It was agreed that the line item for Advertising was difficult to predict, as it depended on how many bids for work or job openings needed to be posted.

There was some discussion over what the line item for General Maintenance Wages entailed,

whether it was for Teresa and Scott (Mr. Manchester said they are paid out of Custodial Wages) or if it was an estimated amount to be used for lawn mowing and other types of casual contract work. In the last four years, 50% had not been spent, so the Finance Committee will ask the Select Board to re-estimate it, and define what it is used for.

For Finance Committee Expenses, Mr. West said his mission is to redesign the booklet for better clarity and have it professionally printed. Mr. Manchester agreed that more money should be budgeted, especially considering the budget was overspent last year after Finance Committee members started going to state-sponsored conferences again.

The Fire Department will be asked to come talk to the Finance Committee about their budget.

The Highway Temp Wages line was noted to vary from year to year. Mr. Smith will be asked for suggestions on how to shrink it, as well as provide clarity on how this funding is used.

In regard to Broadband debt service, Mr. West explained that it is the intention of the Municipal Light Plant (MLP) Board to contribute to paying the annual debt service on the debt incurred by the Town for the broadband build to the extent their budget allows. The Federal Connect America Fund II (CAFII) grant provides about \$50,000 a year for 10 years. The MLP board has indicated that they would be willing to contribute the balance owed (approximately \$29,000) if possible. Sometime this year the Town should receive about \$176,000 as the first three years' distribution. The MLP Board indicated that, since the funds need to be used only for MLP purposes, that any balance from this first distribution be used to pay against principle. It is important to note that taxes have not gone up because of broadband.

Mr. Cervelli will draft a memo to the Select Board, and will circulate it for comments from the other members. Mr. West will add a column to the spreadsheet for annotations, and will retain the document for reference in future years.

Mr. Manchester asked about the line item for Fourth of July, which hasn't been getting spent. Ms. Jolly pointed out that they get a lot of donations, and that Leslie Kellogg is the contact; perhaps she does not know that there is a budget available for parade activities.

6. Discussion of the Finance Committee's Contributions to the Annual Town Meeting Report

Mr. West sent out a first draft two days ago, and prior to the meeting had received a change from Mr. Manchester. Mr. Follet asked for a change from present to past tense in the third paragraph, since it refers to a report from a previous year. Also in the third paragraph, Ms. Hamilton asked if they should raise issues of concern for the near future, since the school budgets were uncharacteristically low and the low taxation levies may not be able to be maintained.

Ms. Jolly commented on the unknown enrollment numbers for the schools, such as Smith Vocational, and said that past performance is no guarantee of future performance, and future enrollment numbers are unknown.

7. Unforeseen Issues

Mr. Manchester shared that two meetings were coming up for preliminary school budget hearings. Hampshire Regional High School's meeting is February 5th at 6:00 PM. New Hingham Elementary School's is February 7th. Mr. Manchester said that he usually goes to these meetings. They are preliminary, which gives the Finance Committee a month to look at the data and ask questions before they meet in March to approve their budgets. Once approved, they can decrease but not increase their budget request to each town. Mr. Manchester also noted that the high school regional budget office is in turmoil; Ms. Lessard, Chesterfield Town Administrator, forwarded an email from the high school's Regional School Committee that was addressed to the Finance Committee. Mr. Cervelli supposed that they wanted everyone up to speed with what's going on. Mr. Manchester pointed out that they haven't settled on a contract with the teachers, so he is not sure how they will be able to come up with a budget.

8. Next Meeting: Wednesday, February 21, 2024 at 6:00 PM at the Community Center.

The meeting was adjourned by Mr. Manchester at 7:24 PM.

Respectfully submitted,

Nancy Doucette

Accepted by: Finance Committee

Date: 3/7/24

Submitted by: Nancy Doucette

Date: 3/11/24

Attachment 1: Materials submitted by Matt Smith

Attachment 2: Spreadsheet of 3-year look-back