

## Finance Committee Meeting Minutes

March 7, 2024

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

**Scribe/Recorder of Minutes:** Nancy Doucette

1. The meeting was convened at 6:00 PM by Mr. Cervelli.

2. Meeting Guidelines.

Since no members of the public were present, the reading of the meeting guidelines was skipped. Due to several attachments being listed on the current version of the meeting minutes, review of the meeting minutes was moved to come after the discussion regarding meeting minute attachments.

3. Guests to Invite to Meetings

Ms. Jolly reminded the committee about the need to invite representatives from the departments and committees who hadn't spent ~50% of their budget in recent years to come to a meeting for a discussion. Mr. West will provide the list of those who need to be invited, as discussed in a previous meeting. Mr. Cervelli and Mr. Manchester will invite two representatives per meeting to the next three scheduled meetings, beginning with the Fire Dept. as a priority.

4. Discussion of the FY2025 Town Budget

- a. School Assessments

Mr. Manchester reported that the New Hingham Regional Elementary School Committee budget meeting scheduled for Wednesday, March 6th was canceled at the last minute, because they did not have any new budget figures to share. Mr. Manchester had been hoping to share with them Chesterfield's request to reduce the budget by \$300,000, as decided at the previous Finance Committee Meeting; he will email Don Willard, Chair of the School Committee, to inform him of the Finance Committee's position. The next School Committee meeting is Thursday, March 14th and Mr. Manchester cannot attend, Ms. Jolly and Mr. Cervelli intend to go instead.

Mr. Manchester attended the budget meeting for the Hampshire Regional School Committee on Monday, March 4th. They did not have updated budget figures either, however they committed to vote on a final budget on March 18th, so they will likely have new figures by then. Their budget must be approved at least 45 days prior to the first annual town meeting of their member towns, which is Chesterfield's on May 13th, and it must be approved no later than March 28th.

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The discussion returned to the elementary school, because Dawn Scaparotti of Goshen prefers a budget reduction of \$325,000, and would like Chesterfield to stand in solidarity. The committee members were hesitant to agree to the lowest common denominator (Goshen's figure), out of concern about the impact on quality of the school. It is unknown what the School Committee would cut if they are not able to increase the revenue in the budget to cover the \$300,000+ decrease in town funding. Concern for protecting teaching positions and salaries was repeatedly cited by committee members.

Mr. West suggested asking the School Committee to come up with a five-year plan to operate the school at the best possible level, giving the towns the time to build up the resources to operate the school at the level the public expects. The plan could include planning for teacher raises, and projection of demographics of the towns. It could also include implementation of some of the capital planning projects that have not yet happened, such as replacing the parking lot and the furnace. Ms. Hamilton pointed out that NHRES is not the only school system facing these issues, and expressed a need for problem solving to also happen at the state level for small, rural school districts. Ms. Jolly mentioned that former state representative Stephen Kulik of Worthington worked for years on rural school aid, and produced a report and recommendations.

The consensus was to keep the budget reduction request to \$300,000.

### b. Revenue Sources, including MLP Budget and Loan

Mr. Manchester calculated \$55,000 in unbudgeted revenue. Mr. Manchester showed that the budget for the last five years had estimated \$160,000 in revenue from excise tax; last year the actual revenue was \$195,000 and the year before that was \$178,000, so the current estimate is too low. New Growth estimates could also be adjusted upward to \$54,000 to reflect actual experience. The major repair line item was increased last year to cover expected Davenport Building expenses related to the Police Department space and in the upcoming year could be adjusted down to \$25,000.

The draft budget, after inputting everything except increases to wages and salaries, showed a deficit of \$149,000, but the broadband debt numbers were impacting the total because their revenue numbers had not been entered. This would result in a \$30,000 surplus. Mr. West elaborated that the broadband debt is a town debt and not a Municipal Light Plant (MLP) debt, and that any money that the MLP puts toward the debt is completely voluntary. However, the MLP is trying to put as much money as possible towards the Town debt so subscribers of the service are paying the cost, rather than the taxpayers.

Federal funding from the "Connect America Fund Phase II" (CAFII) is scheduled to provide approximately \$500,000 in funding over 10 years to the Town, approximately \$50,000/year. No money has been received over the past three years, though the Town is expecting to receive \$175,000 in CAFII funds soon which represents the payments to date. The plan has been to take

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the annual \$50,000 from the CAFII funds and combine it with monies provided by the MLP to completely pay the Town's broadband debt for the year.

The MLP currently has about \$500,000 in retained earnings, and therefore the board recently voted to reduce the subscription rate by \$10/month. The MLP board has reviewed the impact of the rate reduction and feels confident that the reduction will not impact the MLP's ability to contribute to the Town's broadband debt. Mr. West also said the CAFII funds are not guaranteed each year; they are granted only if the MLP passes an annual assessment.

Mr. West shared that last year, since the CAFII funding did not come through in time, Roger Fuller of the Select Board used Town funds to pay the difference between the monies that the MLP provided and the amount that was due. It is unclear how the Town portion was obtained because the Finance Committee was not aware of it, and there was no vote to take it from Free Cash. Mr. Fuller also took out a single year loan instead of taking out a 10-year loan. It is still unclear how all of this is being structured, and Mr. West said they are working to resolve this by March 15. He wanted to make sure the Finance Committee was aware and could monitor how the debt is being structured. The general feeling of the MLP Board has been to pay the debt so that it was not paid by taxpayers but offsetting contributions should not yet be put into the FY25 budget.

Mr. Manchester entered the amount of \$177,000 (taken from the Capital Plan) into the budget, which then showed a surplus of \$28,000. That figure includes the requested \$300,000 decrease in the elementary school budget. The high school budget is also likely to decrease from the amount input, which would create a greater surplus.

### c. Possible Increases to the FY25 Budget

Mr. Manchester obtained an estimate from the town treasurer for increasing the Town's insurance contribution for employees from 60% to 65%, and the increase amounted to approximately \$4,000. Given this relatively small amount, committee members asked Mr. Manchester to request an estimate for if the town contributed 70%. The 65% contribution amount was added to the draft budget.

Mr. Manchester shared a chart of stipends and salaries with calculations for cost of living adjustments (COLAs) of 2%, 3%, and 4%. Those percentage increases would result in \$12,000, \$19,000, and \$25,000 increases in the budget, respectively.

Ms. Hamilton shared a chart of the Social Security Administrations' COLA's from 1975 through 2023, and calculated that the three-year average of 2021-2023 in 2024 was 5.48%. She also shared data from the U.S. Bureau of Labor Statistics for New England, metropolitan areas of less than 2.5 million people, showing a three-year average COLA of 4.5% currently. These were the two indexes and the methodology the committee referred to for calculating COLAs in the FY24 budget.

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Mr. Manchester noted that the 3% raise would be achievable based on the current surplus in the budget estimation. Ms. Jolly posited that more is likely to change that would create more of a surplus. It has been the practice of the Finance Committee to address COLAs at the end of the budget formulation. The policy for COLAs is currently written that the Finance Committee will make decisions based on consideration of data, but is not specific as to what data would be considered. Further discussion on this topic, including whether to stipulate what metric is considered, was tabled until the next meeting.

### 5. Discussion of Intern for the Committee

Mr. Cervelli shared that several months ago, the idea of launching an “internship program” to get young people interested and engaged in town government came out of a discussion with Rus Peotter, the Town Moderator. The possibility of getting grant funding for such an internship program was also mentioned. Mr. Cervelli asked if the Finance Committee members would support pursuing the idea.

Ms. Jolly was interested in the idea, but stressed the need for a job description. Ms. Hamilton suggested making it a work-study program for someone studying finance or public administration. Mr. Cervelli clarified that he initially wasn’t thinking the person would necessarily be in college, but rather just a young person who could potentially have a role on the committee in the future. Mr. West noted it can be hard to fill vacant positions on the committee and it could be even harder to find someone to shadow the committee without being on it. Mr. Follet suggested getting Associate Members as back-ups.

Mr. Cervelli summarized that the committee was not opposed to the idea, however the concept would need to be developed more to figure out what was being proposed, and how to promote it in a way that would attract interest.

### 6. Disability Coverage for Town Employees and Volunteers

Mr. West added this to the budget discussion based on the town librarian’s recent health experience. Mr. Manchester suggested that it would be set up as something employees could opt-in to receive. There was no further discussion at this time.

### 7. Policy re: Meeting Minute Attachments

Mr. West raised the question of whether draft or internal documents should be attached to meeting minutes. Though he acknowledged that the public is welcome at any meeting, he was concerned about people reviewing draft documents attached to minutes, and being upset if something didn’t make it into the final version. Ms. Hamilton clarified that the meeting minutes attachments have not been sent for posting on the website, until the attachments are final; they are just cited at the bottom for committee member reference. There was consensus with this

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approach, that only final versions of documents are published on the website and draft documents are only filed in the town offices. Ms. Jolly added that when someone submits a Freedom of Information Act (FOIA) request, they only receive the final version, not drafts.

### 8. Review of Meeting Minutes

Two meeting minutes were reviewed, January 24th and February 21st. The minutes had been circulated prior to the meeting, and edits from the committee had been incorporated.

Ms. Jolly noted that the January 24th meeting minutes said that Mr. Cervelli would send a memo to the Select Board, and she asked if that had been done; it had. Mr. West suggested that the committee members be copied on such emails, to keep everyone in the loop. Mr. Cervelli agreed to do this from now on, and added that the Select Board had not yet replied to that memo.

Ms. Jolly moved to accept the meeting minutes from January 24, 2024. Mr. West seconded. All were in favor.

Mr. Manchester moved to accept the meeting minutes from February 21, 2024. Ms. Hamilton seconded. Mr. West and Ms. Drake abstained; all others voted in favor.

### 9. Next Meeting

The next Finance Committee meeting will be Tuesday, March 12th at 6:00pm at the Community Center. Mr. Manchester will ask the Tax Collector, Lenore Pittsinger, to attend for a discussion about changing the tax software, as was recommended by the accountant. The current software is outdated and will soon no longer be supported.

Mr. West moved to adjourn the meeting at 7:21 PM. Mr. Manchester seconded the motion, and all were in favor.

Respectfully submitted,

Nancy Doucette

Accepted by: Finance Committee

Date: 3-12-24

Submitted by: Nancy Doucette

Date: 3-13-24