



Town of Sterling

Joint Finance and Capital Budget Committee BUTTERICK MUNICIPAL BUILDING 1 PARK STREET, Room: B13 Thursday, January 18, 2024, 6:30 pm MINUTES

Finance Committee (7):

George Handy, Chair (FinCom)

Joseph King, Vice Chair (FinCom)

Members: Paul Austin, Ezequiel Ayala, Mark Gauthier, Christina Lashua, Lynne Sheppard

Capital Budget Committee (7):

Lynne Sheppard, Chair (CBC)

Liz Pape, Vice Chair (CBC)

Members: Paul Austin, Ezequiel Ayala, Mark Gauthier, Joseph King, Christina Lashua

Recording Secretary: Valerie Handy

I. PRELIMINARIES

- Finance and Capital Committee called to order at 6:30. Attendees: George Handy, Lynne Sheppard, Joe King, Liz Pape, Paul Austin, Ezequiel Ayala, Mark Gauthier and Christina Lashua
- Approve prior 1/9/2024 and 1/10/2024 prior meeting minutes. Motion to accept minutes unanimously approved.

II. AGENDA ITEMS

- **Discuss initial Omnibus Budget submissions to Town Administrator Bill Caldwell.** This first draft shows an increase of expenses of \$1.4 M over FY24 budget numbers. FinCom is targeting a maximum \$800k increase to preserve the town's excess levy capacity. As the total budget is comprised of about 50% municipal and 50% school, It was motioned and approved that FinCom will convey to TA that they would like to see the Budget presentation limit municipal spending to a \$400,000 increase over FY24.

To facilitate a clearer understanding of the regional school budgets, the FinCom will be suggesting that the school warrants be broken down by each region and then again by non-discretionary costs (Minimum Local Contribution as dictated by the DESE, transportation and debt service allocations), and discretionary spending. This breakdown will be detailed in the FinCom ATM report.

Other factors impacting the budget discussed: Fire Department looking to increase headcount by two (2). Fire Chief increase in pay due to contractual union changes, election expenses will decrease in FY26, Council of Aging \$4k generator repair will be added to the budget annually (preventive planning). It was suggested by Liz Pape that this yearly Omnibus Budget expense would be better reported coming out of an overall facilities fund or Town Reserve Fund. A discussion ensued regarding the \$100k Town Reserve. To access the funds (usually for emergency and unforeseen expenses) the Department Head writes up a request for monies as well as documenting the need. The Town Administrator reviews the request and then it is forwarded to the Select Board for their sign-off. It is then forwarded to the Finance Committee for signature as the FinCom controls the Reserve Fund. Reserve Fund amount is voted on at Annual Town Meeting. To be further discussed at a future meeting.

Discuss department by department Budget vs Actual results submission. Prior to moving this agenda item to the next meeting date of Wednesday, Jan 24 there was a brief reminder of the timing difference between fiscal and calendar year for budgeting purposes. The Town Fiscal Budget for FY24 consists of the following calendar months. July 2023, August 2023, September 2023, October 2023, November 2023, December 2023, January 2024, February 2024, March 2024, April 2024, May 2024, June 2024. It was noted that the payroll information Fincom recently received from the Town Administrator was on a calendar 2023 basis.

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It was noted that the Town Accountant has requested \$50K in the Capital Budget. The committee will need additional line-item by line-item detail on the \$50K request. In conjunction, the Accountant Expense line item has decreased by \$10K. Also Line 110 in the Budget shows an increase of \$7.5K for IT. IT falls under the jurisdiction of Accountant.

Approved: Motion for FinCom to advise the Town Administrator that the goal of the FinCom is to keep the Municipal Operating Budget for FY25 at \$400K or less. Seconded, discussed, and unanimously approved. Along with the approved motion, it was decided that the next meeting should include an agenda item for detailed suggestions focused on decreasing the budget. Committee liaisons should bring recommendations for their departments.

Review and approve Capital Funding Sources recommendation coming from 1/10/24 CBC working meeting.

Approved: Motion to approve the amended the Capital Funding Source Spreadsheet created by Joe King and approved at the CBC meeting on 1/10/24. Seconded, discussed and unanimously approved. The amendment referred to an increase in Police Taser expense from \$12K to \$15K/year for 5 years.

Approved: Motion to forward the Capital Funding Sources Recommendations spreadsheet to the Town Administrator and request the TA present to Select Board. Seconded, discussed (Joe K. will forward) and Unanimously approved.

Review items on Capital Request List for potential removal. To develop a FinCom/CBC position. It was agreed that the CBC liaison for the Town Accountant inquire about the \$50K line item in IT. As this request may be a sum total of many line items, we need a breakdown of the \$50K capital item by item and how it interfaces with the Operating Expenses in the Operating Budget. This line item may be more appropriate to Free Cash.

Discuss returning residual unused Free Cash to reduction of FY25 Tax Levy. \$180,350 represents the amount of residual unused Free Cash, using the Capital Funding Source recommendations, and it is available to be rolled forward to Free Cash for the following year or utilized to reduce the tax levy. Free cash represents a bucket of monies for capturing underspent or over revenue spending.

Approved: Motion to Recommend any residual Free Cash be rolled over to the FY26 Free Cash Balance. Motion seconded, discussed, and unanimously approved.

Discuss draft updates to Sterling General Bylaw wording requested at 1/9/24 meeting for sections 70.3 and 180.8.

After a brief update of the Bylaw changes detailed at our last meeting, it was decided that FinCom accept the wording changes. Joe King will send recommendations to the Town Administrator to be reviewed and forwarded to the Select Board.

Discuss any further concerns about FinCom Report in Town Annual Report due 2/2/2024. As Debt Service impacts the Tax Levy, it is appropriate for the FinCom to voice an opinion. Paul A. and Ezequiel A. will ask for the breakdown on Debt Service that the Town underwrote for last year's bond. Regarding Water and Municipal spending how does the Town Accountant allocate. Regarding non-excluded debt, Lynne S. will send out guidelines per debt exclusion.

Approved: Motion to move forward by January 26 on the Annual Report complete as written with the exclusion of the section devoted to Debt Exclusion. Seconded and unanimously approved.

Any additional Liaison updates. Liz P. reported on Council of Aging removing request for freezer from their budget. The committee will request from the Town Administrator a copy of the Department Head Omnibus Budget Justifications,

Next Meeting: January 24, 2024

Other/new/old business:

Approved: Motion to take forward two articles for each of the two schools, WRSD and Monty Tech. For each school district there will be a breakdown between fixed costs (85%) and discretionary costs.

Voting resulted in 3 in favor (Paul A, Joe K., Mark G.) and 2 against (George H., Ezequiel A.) with 2 abstaining, (Lynne S. and Christina L).

Finance and Capital Committee adjourned 8:00pm