

Town of Sterling



Joint Finance and Capital Budget Committee BUTTERICK MUNICIPAL BUILDING 1 PARK STREET, Room: 205 Wednesday, January 24, 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

- Attendees: George Handy, Joe King, Paul Austin, Ezequiel Ayala, Mark Gauthier, Lynn Sheppard,
- Absent: Christina Lashua, Liz Pape
- Other Attendees: Bill Caldwell, Town Administrator; Maureen Cranson, Select Board; Patty Page, Select Board and Building Department; Dick Maki, Economic Committee
- Approved prior 1/18/2024 meeting minutes. Motioned and 2nd. Unanimously approved.

II. AGENDA ITEMS (time permitting)

Discuss FY25 Omnibus Budget goal with TA, Bill Caldwell. Bill acknowledged that FinCom has the 1st draft Budget as a starting point. Bill has set aside placeholders (Schools, Worcester County Retirement, and Insurance) until numbers are finalized. Bill gave a summary of the Governor and Lt. Governor's Keynote Speech on the Filing of the Governor's Budget. Unrestricted Aid will increase by approximately 3%. The Student Opportunity Act has been fully funded. The Municipal Empowerment Act has been filed for. Bill noted this is a good bill for the towns as it will increase the expansion of taxes that can be used, i.e. procurement. The TA reported the additional Millionaire's tax revenue will be used for roads and sidewalks and will provide approximately \$167K in addition to the Chapter 90 money the town receives for roads. The Millionaire's Tax funding is calculated using "Fair Share Funding and Total Road Miles" whereas Chapter 90 funding is calculation using "Population and Road Miles". Chapter 90 is free use and can be used for road equipment as well as road work.

Regarding the Omnibus Budget Personnel, Bill mentioned there may be some compromise regarding the Fire Dept request for two additional personnel. Also, use of Shared Services may shift to more towns. Conservation Agent may be shared with another town. As the Department of Conservation and Recreation is paying for Lifeguard Training and bonuses, Bill noted that Sterling cannot compete with DCR. DPW personnel budget increase of 13% was due to merit adjustments because of the Town Compensation Salary Study. Bill noted that if we are bonding Debt, it will change the debt line item.

The TA was asked his opinion regarding the FinCom goal of maintaining municipal budget growth to \$400,000. He noted some obstacles, but the FinCom believes it is essential to achieve this goal to eliminate the erosion of the town's excess levy capacity and to avoid proposition 2 ½ overrides.

The Worcester Retirement for Municipal Employees (excluding the schools) was also discussed. A breakdown of the OPEB liability, the direct payment to retired employees (pension and OPEB), the current employer contribution, and a breakdown of retired employee benefits was requested. This will allow the committee to fully recognize department costs: this breakdown should be allocated back to the departments, versus being lumped together as one line item in the budget allowing full understanding of departmental costs.

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Discuss Capital Request Financing matrix with TA, Bill Caldwell. Bill Caldwell, TA, commented on the Capital Funding source spreadsheet provided by the CBC. Bill had several recommendations that the CBC would explore and discuss at a future meeting.

Review items on Capital Request Matrix for potential removal. Form FinCom/CBC position, recommend item by item committee vote. CBC requested TA comment regarding items subject to removal on the Capital Budget request. Bill stated that there is a consulting group from U Mass working on constructing a five-year Capital Budget Plan regarding department requests, available funding sources and prioritization. It was asked if the CBC would be included in these discussions and Bill replied, "No." The consulting group is contracted at \$29,500 and this amount is being paid via a grant. The TA was clear that this group would be working independently of the CBC. Their final product is scheduled for release in mid-April.

It was determined that it was premature to discuss prioritizing capital projects at this time and would move forward at future meetings.

The TA was excused, and the meeting resumed.

Recap of Fire Department Omnibus Budget Submission (FinCom and Capital): It was decided to resume discussions of the departmental Omnibus budget submissions commencing with the fire/ambulance department. There was a detailed discussion regarding the spreadsheet submitted by Chief Hurlbut outlining the expenses and receipts of the ambulance department over the previous five fiscal years. Paul Austin commented it was important for the Chief to explain the specific criteria he used in hiring more people. And this should be done in all departments. It was determined that Lynne would consolidate any questions the committee had to forward to the Chief for further comment.

A discussion ensued on Excess Levy Capacity (the difference between what the town can raise via real estate taxes and the amount allowed in compliance with Proposition 2 ½.). The Omnibus Budget is split between 50% for Schools and 50% for Municipality. The Excess Levy Capacity is approximately \$500K. Protecting this is critical to prevent a 2 ½ override.

Final committee review comments for FinCom Report in Town Annual Report due 2/2/2024. P. Austin confirmed that the Town's Debt and Financial Targets were highlighted in the report as well as Bond Rating. Consensus is that FinCom's submission to the Annual Report was good and should be forwarded to the Town Clerk's office for inclusion.

Other/new/old business – All. Joe King brought up a Citizen's Request which had been discussed and voted on at the previous meeting. It was recommended that each school district have two separate articles. One for required spending and one showing the discretionary spending request.

MOTION NOT APPROVED: After discussion on revisiting last meeting's vote, a motion was made by George Handy to maintain the current one article per region structure with an explanation within the article detailing discretionary and non-discretionary spending. .Vote: .Aye – E. Ayala, Aye, G. Handy ; Nay – J. King, Nay- P. Austin, Nay- M. Gauthier, Nay- L. Sheppard. With a vote for 2 for the motion and four against. It was once again affirmed that two articles per region would be recommended by the finance committee

III. NEXT MEETING: Jan 30, 2024, 6:30pm

IV. BUSINESS AND CORRESPONDENCE

V. PUBLIC SESSION: Dick Maki asked if the state funding formula for WRSD was identical to Monty Tech. G. Handy explained some of the factors of each (one single location versus being spread out, a high school versus grade 1-12) and how that impacted the funding; however, the formula was identical.

MEETING ADJOURNED 8:30PM