

Approved: 4/12/22

TOWN OF WINCHENDON



WINCHENDON TOWN CLERK
RCUD APR 13 2022 AM 10:06

Finance Committee

Telephone (978)-297-5419

**Joint-Board Meeting
Board of Selectmen and Finance Committee
March 28th, 2022 6:00PM
Town Hall 2nd Floor Auditorium**

Board of Selectmen Members Present:

Audrey LaBrie, Chairwoman
Richard Ward, Vice-Chair
Danielle LaPointe
Barbara Anderson
Amy Salter

Justin Sultzbach, Town Manager
Linda Daigle, Executive Assistant
Joanne Goguen, Town Accountant

Finance Committee Members Present:

Tom Kane, Chairman
Maureen Ward, Vice-Chair
Doug Delay
Phil Levine
Adrian Guerrero

Others Present:

Brian Croteau, DPW Director
David Walsh, Chief of Police

6:00PM: Chairwoman Audrey LaBrie called the Board of Selectmen meeting to order.

Chairman Tom Kane called the Finance Committee meeting to order.

All stood for the Pledge of Allegiance.

Water Sewer Rate Discussion and Determination:

Justin Sultzbach started the presentation by explaining the sewer scheduled for FY23 will be refinanced over a 5 year period, stretching out the payment to limit the impact of FY23. Running the Write Pierce Recommendation with usage estimates, they are predicting a deficit for water in the amount of \$25,000 and a surplus for sewer of \$185,000. Running the Raftelis Recommendation with a flat rate with

usage estimates, they are projecting a surplus for water of \$80,000 and a surplus for sewer of \$143,000. Running the Raftelis Recommendation with a split rate with usage estimates, they are projecting a deficit of \$90,000 for water, and a surplus of \$95,000 for sewer.

B. Anderson suggested discussing placing a flat percentage on all town citizens versus just the town water users. In the past there have been incidents where places such as the cemetery, the park, or use of fire hydrants fall on the town water users bill.

A. LaBrie asked if there was a way to build in a flat rate fee for the town's portion of water. J. Sultzbach said it isn't common but it is possible.

R. Ward made a motion to increase the existing water rate 18% for FY23 from \$6.01/100 cubic ft. to \$7.09/100 cubic ft. and an additional 3% increase annually for FY24 and FY25, and also to increase the existing sewer rate 10.01% for FY23 from \$10.49/100 cubic ft. to \$11.54/100 cubic ft. and a 3% increase annually for FY24 and FY25.

J. Sultzbach added that the 10.01% sewer increase would be dependent upon a town meeting vote to take an existing \$400,000 debt payment to refinance and stretch it out over 5 years.

A. LaBrie seconded the motion.

Anderson (N) LaPointe (N) Ward (Y) LaBrie (Y) 2-2

The motion failed.

D. LaPointe made a motion to increase the existing water rate 9% for FY23 using the alternative rate structure from the consultant at the 3/14 meeting, from \$6.01/100 cubic ft. to \$6.55/100 cubic ft. and an additional 3% increase annually for FY24 and FY25, and also to increase the existing sewer rate 5% for FY23 using the alternative rate structure from the consultant at the 3/14 meeting, from \$10.49/100 cubic ft. to \$11.01/100 cubic ft. and a 3% increase annually for FY24 and FY25.

A. LaBrie asked to clarify if the alternative rate structure proposed includes a flat rate charge. J. Sultzbach referred to the rate structure on the presentation and confirmed.

B. Anderson seconded the motion.

R. Ward did not agree with the proposed motion. He stated he had a problem with keeping the deficits going along, being an enterprise fund- the revenues collected are supposed to match the budgetary expenses and the deficits have been ongoing for a long time. In June 2020, there was a water study done that cost about \$20,000, and the company stated the town needed to take action to stop the deficiencies. In March 2022, another study was done and paid \$19,000. Almost \$40,000 paid for the water studies and they both stated action needed to be taken in order to stop the deficiencies. R. Ward concluded that he would not support any motion that would result in more deficits.

T. Kane supported R. Ward's comments. He agreed that the town has spent a lot of money for these studies to not take any action and thought any decision resulting in more deficits would be irresponsible.

Dr. M. Ward questioned if there was a \$90,000 deficit in water and \$95,000 surplus in sewer, would there be a way to alter the percentages so they both come out even. J. Sultzbach replied it could be possible, by

having water borrow from sewer but he was not comfortable coming up with those numbers and percentages on the spot. He also mentioned the numbers were projections and if the accounts were to net zero, it would still further prolong building up retained earnings.

D. LaPointe commented that she feels its irresponsible for the town to propose these drastic increases at the end of a pandemic when a lot of citizens have lost their jobs and livelihood.

B. Croteau asked to clarify D. LaPointe's motion, stating there may have been confusion between the proposed and current water rate. J. Sultzbach agreed and asked D. LaPointe if she meant to propose the flat rate or split rate.

D. LaPointe asked to rescind the motion to give the board more time to look into it and discuss further at the next meeting. A. LaBrie stated the motion had been rescinded and the board would revisit at the next meeting on April 11th. J. Sultzbach mentioned in terms of impact on a larger timeline, that would mean skipping over the water and sewer portions of the budget presentation that evening.

Presentation of the Final FY2022 Town Operating Budget:

J. Sultzbach started the presentation by thanking his staff for their collect effort in putting the town operating budget together. The budget book includes; an updated transmittal letter, the general water, wastewater, and transfer station budgets, estimated revenues for state aid, local receipts and other available funds, a breakdown of the indirect cost calculations for school, water, sewer, and transfer station.

Budget Priorities: Present a balanced budget that meets the needs of the community while setting the Town up for future success. Provide the resources necessary to adequately fund critical services. Accurately and equitably calculate indirect costs for the Enterprise Funds and School Department. Provide the public a transparent and digestible view of all information used in the development of the budget.

Future Budget Goals: Adhere to financial policies approved by the Board of Selectmen and Finance Committee. Proactively identify and prepare for future community needs. Build stabilization funds to insulate the Town from financial liability and future unforeseen expenses. Build on and maintain a Capital Improvement Plan that paints an accurate picture of existing capital assets and future needs. Explore opportunities to share resources with Winchendon schools and regionalized efforts with surrounding communities.

Budget Process: Town Manager's Draft Budget- March 14th, 2022

Town Manager's Final Budget- March 28th, 2022

Town Meeting Warrant Closes- April 4th, 2022

Finance Committee Public Hearing- April 26th, 2022

Town Meeting- May 16th, 2022.

J. Sultzbach reviewed the Anticipated Warrant Articles and stated it was not a final list.

Article 6, Annual General Fund Budget Summary: T. Kane asked if the COVID Funds (SPED Transportation Increase) under the Budget Reconciliation, were coming from the school department grants. J. Sultzbach

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replied yes, due to an increase in expenses the grant was used to cover the high costs but it is a one time use this year due to the pandemic.

Debt Exclusion: One of Management's important goals is the adequate stewardship of municipal infrastructure. It is challenging for the Town to carry out a sufficient capital improvement plan without assistance from the taxpayer outside the boundaries of proposition 2 1/2. This is accomplished through debt and capital exclusions, which when approved by the voters allows the Town to assess taxes above the 2 1/2 limits set by law. Debt exclusion amounts for FY23 equals \$312,160. This is reflective of appropriations approved at prior Town Meetings for the Fire Ladder Truck and Sally Port Addition.

Estimated State Aid: State Aid- The Governor's Budget. The Governor has included State Revenues of \$15,077,235 for FY23. This budget needs to be approved by both the House and Senate Ways and Means Committee. Modification to Winchendon's budget will be proposed if changes are made to the proposed Governor's budget. Future changes are not expected to have a significant impact on the budget.

Indirect Charges: These are charges incurred by the General Fund on behalf of the Water, Sewer, and Transfer Station Enterprise Funds. They are allocated back to these Enterprise Funds based on a reasonable and methodical allocation process. This is primarily in the form of staff support provided by our Accounting, Treasurer/Collector, and Data Processing teams.

Transfer from Other Funds: On an annual basis funds are transferred from various available sources to supplement the operating budgets. FY23 amounts are as follows:

\$20,000- Stabilization Infrastructure Transfer- Used to offset debt service associated with the landfill cover and other landfill associated costs incurred by the general fund.

\$3,344- Cemetery Trust Transfer- Used to subsidize a portion of the costs incurred by cemetery operations.

\$16,581- Title V Lien Redemption Transfer- Used to subsidize a portion of the debt service associated with this activity.

Explanation of Significant Changes in Funding Requests:

Public Works- a decrease of \$33,000 in the Highway Materials and Supply line is reflective of bringing Cracksealing surfaces in house. An apparent \$28,000 increase in Fleet Maintenance as a result of removing those lines from Police, Fire, and the Council on Aging. In actuality the cost is not increasing. **Police-** a \$26,000 increase in Dispatch Salaries is due to the proposed addition of a part-time Dispatcher. A net \$8,000 decrease across the Per Diem, Overlap, and Overtime lines helps absorb some of this increase.

Pension and Fringe Benefits- This line saw an adjusted 6.5% increase for active and retired healthcare costs.

General Trends- Heating fuel for a buildings incorporates a ~15% increase across the board for projected increases in fuel cost due to global unrest. Vehicle fuel also saw an increase.

Town Hall- An \$8,500 increase in Town Hall Building Maintenance should be noted and is in response to the conditions assessment provided last summer. These funds will help slow but not stop further damage while the community continues to discuss our growing list of capital needs on a broader scale.

B. Anderson asked if it would be worth replacing the old police cruisers with electric vehicles. Chief of Police, David Walsh, replied that they ordered 2 hybrid cruisers last year and they are still on back order.

T. Kane stated his concerns with the calculation of the Worcester County retirement fund as it has been an ongoing issue in the past. J. Sultzbach replied that J. Goguen had been looking into it and they will continue to investigate and calculate further for future years.

Proposed Transfer Station Budget: The Transfer Station Fund was established as a self supporting fund, similar to the Water and Sewer Funds. This operation is on target to produce a small profit for FY22, and is projected to do the same in FY23. It is recommended to build up retained earnings equaling 5-10% of the operating budget for capital needs or unforeseen expenses. The proposed Transfer Station Budget is based on single stream recycling in an effort to reduce costs and improve recycling rates.

A. Labrie asked if there was a plan to recycle glass in the future. B. Croteau replied no, its more expensive to separate and recycle glass.

Public Input: Tina Santos came forward with a question regarding hiring new personnel/salary increases. She stated in previous meetings the school department was told they would not be receiving the retained earnings from the solar panels and that the budget was "tight". She questioned the ethics of hiring new employees or increasing salaries when the school department is struggling with their budget.

T. Kane explained the discussion regarding the solar panel earnings and how the board was split with their decisions on how the revenue should be allocated. Dr. M Ward replied that in FY20 \$50,000 was given to the school department, in FY21 another \$50,000, and in FY22 \$63,000. T. Santos asked why revenue was not being distributed to the school this year and instead adding more personnel and increased salaries. J. Sultzbach replied that in FY22 the total appropriation for the General Fund was \$32,998,000 and even with all the setbacks the Town has faced, their team was able to get the General Fund for FY23 to \$32,714,000, which is significant reduction. The 3 items T. Santos referenced were discussed at previous meetings, one being a part-time recreation cooperater position that is a grant funded role. Regarding the part-time dispatcher, there was a demonstrated increase in call volume resulting in necessary addition of a part-time dispatcher. The third item was a tech for the I.T. department, which is satisfying a piece of the report from the 2015 division of local services study, recommending the Town implement a help desk. Dr. M Ward mentioned the school recently employed 7 new employees for FY23 and the department has been very fluid with their spending, the Town is collectively adding 3 part-time employees for a total cost of around only \$20,000.

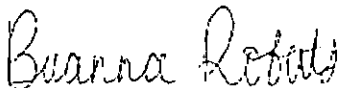
Dr. M Ward motioned to adjourn at 7:23PM, 2nd by D. Delay. The board unanimously voted aye.

Delay (Y) Guerrero (Y) Levine (Y) Ward (Y) Kane (Y) 5-0

ADJOURNMENT:

The Finance Committee adjourned at 7:23PM

Respectfully submitted:



Brianna Roberts, Finance Committee Recording Secretary



Tom Kane, Chairman

Maureen Ward, Vice-Chair