

# TOWN OF WINCHENDON



## Finance Committee

Telephone (978)-297-5419

### **JOINT MEETING: Finance Committee & Board of Selectmen**

Finance Committee Minutes

March 11<sup>th</sup>, 2019

Town Hall 2<sup>nd</sup> Floor Auditorium

109 Front Street, Winchendon, MA 01475

#### **Board of Selectmen Members Present:**

Audrey LaBrie, Chair

Michael Barbaro, Vice-Chair

Barbara Anderson

Keith R. Hickey, Town Manager

Linda Daigle, Executive Assistant

Joanne Goguen, Town Accountant

Lindsay Kuchta, Administrative Assistant

#### **Finance Committee Members Present:**

Tom Kane, Chair

Dr. Maureen Ward

Charles C. Corts

Douglas Delay

Charles (CJ) Husselbee

Amy Salter

Brianna Roberts, Recording Secretary

#### **Absent:**

Christian Orobello, Vice-Chair

#### **Guests:**

Joan Landers, Superintendent

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#### **List of Documents Presented at Meeting:**

- Finance Committee 2/19/19 Meeting Minutes
  - YTD Budget Report through February 2019
  - Town Manager's Recommended Fiscal Year 2020 Budget
  - Fiscal Year 2020 Budget Presentation
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#### **6:30PM- Finance Committee Meeting before the Joint Meeting with the Board of Selectmen**

Chairman Thomas Kane called the Finance Committee meeting to order at 6:31PM followed by the Pledge of Allegiance to the flag of the United States of America.

Dr. Ward motioned to approve the 2/19/19 meeting minutes. Mr. Husselbee seconded. Chairman Kane voted aye.

**Ward (Y) Corts (Y) Delay (Y) Husselbee (Y) Salter (A) Kane (Y) 5-0-1 Abstain**

Joint Meeting - Board of Selectmen & Finance Committee

Finance Committee Minutes – March 11, 2019

### **Y-T-D Budget Report through February 2019:**

Chairman Kane stated the year-to-date report seems to be on target for the year as there was not a big difference between expectations and actual revenues. The building department had exceeded the expected revenue by \$40,000 due to the influx of building permits from solar projects.

Dr. Ward commented there were a lot more parking tickets, which seemed to be from new police officers firmly abiding by the law.

Sped Medicaid reimbursement had reported under the projected amount for the last few years. Dr. Ward asked if that was due to the turn around time? Mr. Kane said he was not sure if it is because it takes longer to receive or if it is delayed from the federal government, especially this year from the government shutdown. The records are filed to the school but the reimbursements are received through the town.

Dr. Ward commented that was concerning, as it seems there is not enough money to fund these requests based on the special education population. Mr. Kane stated it is based on the particular therapeutic services the children receive and whether or not they qualify for Medicaid. The school department files for the reimbursements and the services are billed in 15-minute increments. Dr. Ward explained the service provider has to fill out the paperwork to submit to the case manager, which forwards it to student services to send in. Ms. Salter asked if the services are full or partially reimbursed, Mr. Kane stated they are partially reimbursed.

Mr. Husselbee asked what would be categorized under treasured miscellaneous revenue? It was projected to be about \$163,000 and the actual revenue is only \$35,000. Mr. Kane was not sure of the answer at the moment but the board would have the chance to ask later following this meeting. He noted the local cable access line item added up to the number in the treasured miscellaneous revenue. Dr. Ward also stated the Munis software program was having issues adding in new categories and that could be a possibility as to why it was not added as a separate line item.

Mr. Kane spoke to Mr. Hickey recently and he will be requesting to use the snow and ice reserve money to fund the budget, which is currently overspent. Mr. Hickey is hoping to not have to use it all but it is still March and New England has very unpredictable weather.

Veteran services had decreased their budget in the past few years, but due to more of a need this year it has increased. It is still on track to be within the projected budget.

Mr. Kane was looking at the enterprise budgets for next year when he noticed the wastewater treatment plan line items had been combined into one lump sum. The town has contracted it out to the same company that manages Ashburnham's water department. It had been increasingly difficult to find and keep licensed professionals. It is mandatory by law to have licensed professionals working on the wastewater treatment, and if the town is out of compliance there are large fines involved. Dr. Ward commented the town still pays for the chemicals and electricity, and asked why there is so much budgeted for overtime if it is being contracted out. Mr. Kane replied that would be a good question to ask the town manager. Dr. Ward also mentioned that the town manager overtime budget does not make sense since he is a contracted professional. Mr. Kane replied that the overtime is for his staff.

**Dr. Ward motioned to recess and reconvene in the auditorium for the joint meeting with the Board of Selectmen at 6:54PM.**

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**Chairwoman Audrey LaBrie called the Board of Selectmen meeting to order at 7:06 PM.**

**Chairman Tom Kane called the Finance Committee meeting to order at 7:06 PM.**

Keith Hickey began the presentation of his recommended 2020 operating budget for the general fund of water, wastewater, and transfer station funds. He thanked the board and department heads for their help and cooperation in creating this budget. He pointed out this was the first fiscal year since he has been Town Manager that they did not have to budget for a deficit bond. This has allowed the school department and town departments to utilize just over \$400,000. He listed the outline of the contents, which included:

- Transmittal letter outline proposals included in the proposed budget
- Balanced, detailed budgets for the General, Water, Wastewater and Transfer Station Funds
- Revenue information- estimated Cherry Sheet revenues, local receipts and other available funds.
- School, Water, Sewer, and Transfer Station Indirect Cost calculations and supporting calculations.
- Town Managers PowerPoint Budget Presentation.

The priorities of the budget are to:

- Meet the needs of the community without impairing the future financial condition of the town.
- Provide the necessary resources to adequate level of critical services.
- Fairly and accurately calculate indirect costs for the Enterprise Funds and School Department.
- Provide all information used in the development of the budget to provide transparency.

Mr. Hickey explained the importance in creating a budget that meets the needs of the community without drastically impacting future years budgets. A number of policies have been put in place and adopted by the Board of Selectmen and Finance Committee to support the budget process. The town is currently in the process of replenishing the stabilization fund to 5%. \$94,000 was borrowed last year and \$100,000 was repaid. With future revenues from Marijuana and Solar Pilot Agreements, Mr. Hickey is hoping to use that money to address some needs of the community and also replenish the stabilization fund for the future.

The budget process began with the Town Manager's proposal by March 6<sup>th</sup>. It was then presented tonight to the Board of Selectmen and Finance Committee. The warrant closes on April 8<sup>th</sup>. The Finance Committee is holding a public hearing on April 30<sup>th</sup>. Finally, the Town Meeting will be on May 20<sup>th</sup>.

Mr. Hickey proposed a special town meeting to discuss four particular warrant articles.

1. Committee Reports
2. Demolition of sections of a dilapidated, privately owned building on Lincoln Ave. Extension funded with FY18 Free Cash in the amount of \$79,000.
  - Originally proposed transferring snow & ice reserve money to fund the demolition, but actually need to transfer the money to use for snow & ice now. The budget is set low due to restrictions on over-budgeting. If next year the amount was increased to reflect this year's numbers, and a mild winter occurs, that excess money cannot be transferred or used otherwise.
3. Amend the FY19 Wastewater Fund budget to fund unanticipated employee separation in the amount of \$12,894.
4. Amend the Fy19 Transfer Station budget to fund increased cost of disposing of recyclable materials in the amount of \$17,000. Fees to fund this request were increased in July 2018.

Dr. Ward commented that some communities in NH and VA have decided to not recycle all together and questioned if a committee had been put together to see if Winchendon was heading in that direction. Mr. Hickey stated he believes The Commonwealth of MA requires the community to recycle. The Public Works Director has taken every opportunity to save money and reduce costs to operate the transfer station. The general fund could have subsidized the transfer station but a decision was made to increase the sticker fee. Ms. LaBrie commented that at the MMA meeting there was a workshop on the recycling crisis so the state is aware of the problem and is working on alleviating the financial burden placed on communities for requiring recycling.

Regarding Article 2, the majority of the cost of demolition is for the disposal of the asbestos. Ms. LaBrie asked for the current balance of the free cash account. Mr. Hickey replied about \$330,000. Dr. Ward questioned if there could be any revenue generated from recycling the metal in the catwalk. Mr. Hickey replied that due to the recycling crisis right now it would be very minimal. A lien will be placed on the property for all incurred expenses but the chance of receiving that money is slim. There is grant money to take care of the brown fields and cleanup of the grounds but no grants to fund the demolition. Mr. Hickey met with Representative Zlotnik last week and asked if there was any opportunity to move \$79,000 into the state budget for this purpose but there are no guarantees.

#### Annual Town Meeting Articles:

1. Hear and act on the report of the Finance Committee
2. Appoint or discharge committees
3. Authorize New Revolving Funds- CDBG Program
4. Raise and appropriate \$8,800 for the Senior Work-Off Program
5. Raise and appropriate \$25,000, an increase of \$7,000, for the Community Action Committee.
6. FY19 Town Operating Budget of \$15,074,999.85

Mr. Hickey stated the total amount of appropriations being requested is \$30,123,634.83. Just under half of the funding is from State Aid followed by 40% from real and personal property taxes. The Levy Limit for 2019 is \$11,873,546 with a proposition 2.5% increase equaling \$296,839. New growth estimate is \$65,000, which is a drastic decrease from last year's number of \$145,525. The debt exclusions for the police station and fire truck total \$336,481 leaving a maximum allowable Levy of \$12,571,866. The state revenue for FY20 is \$14,015,605 compared to FY19 of \$13,952,354. The state and county assessment came in at \$1,417,225, which is an increase of \$69,816 from last year.

Indirect Charges are incurred by the General Fund on behalf of the Water, Sewer, and Transfer Station Enterprise Funds. This includes administrative feed such as Accounting, Treasury, Collector, and Data Processing, employee benefits, etc. The total indirect charges in FY19 were \$322,886 and are \$282,198 for FY20. Mr. Kane asked if the change in the wastewater enterprise funds to contracted service had an impact on the indirect services. Mr. Hickey replied yes due to not having to budget for health insurance, retirement, etc. Everything is outsourced now besides chemicals and electricity due to the reduced cost.

A total change in \$314,271 from FY19 to FY20 for budget uses. Mr. Kane brought up the total number under the 2020 Proposed Budget is \$29,746,892, which is different than the \$30M number presented earlier. Mr. Hickey stated it is because of the cherry sheet offsets and overlay. The change in general government of \$63,581 includes \$125,000 for compensation adjustments for union and non-union personnel and \$93,000 for the snow and ice reserve which will be transferred from the finance comm. to snow and ice fund. There was a reduction in the amount of money they had to budget for as part of the deficit legislation. There was a requirement to fund an amount of money based on a percentage of budget

that was for a supplemental reserve account. The bond was paid off early and no longer required to budget the supplemental reserve. In 2 years the money in the supplemental reserve could be reallocated to stabilization or another purpose if desired and voted on by the committees. In public safety, there is an increase in police electricity of \$13,500 for the new communication tower. 6 months of funding of an admin/dispatch part time position was budgeted in FY19 since there was not enough money to fund the entire year. \$21,000 is being requested to fund the other 6 months. The town received a SAFER grant through Tom Smith of \$83,000 to hire 3 firefighters. A budgeting error occurred in FY19 and the town has to absorb the full \$83,000. \$77,678 is requested to fund two new Equipment Operator positions. An increase in Veterans Benefits of \$17,684 is requested and higher than the last few years. An increase in pension costs of \$161,668 is significantly higher and is occurring across the county in other communities as well. The 3-year term with the current health insurance program was put out to bid and will be saving the town \$67,476 this year.

The increase in the school budget is \$402,034. An Estimated \$100,000 will come from solar pilot agreements. Mr. Hickey recommended half of the solar pilot money go to funding the school budget. School articles have decreased by \$105,684 and regional assessment has decreased by \$72,180 due to the significant decrease in freshmen going to Monty Tech.

Mr. Kane asked about the school department transportation and why there is a significant increase in the homeless transportation. Ms. Joan Landers came forward and commented that the state as a whole is seeing a large increase in homeless transportation. Mr. Hickey and Ms. Joan Landers will investigate more and find out in more detail the explanation for the increase.

This year the town was able to budget capital items, which has been an issue in the past. There are three capital items being requested: \$90,000 for two police cruisers, \$20,000 for leasing a cemetery dump truck, and \$75,000 for the repair of the retaining wall on the middle/high school property, for a total request of \$185,000. Dr. Ward questioned the retaining wall as it states repair and at the last meeting it was conveyed to fund the engineered study. Mr. Hickey stated it is to repair the wall.

Ms. LaBrie asked how much was spent on capital planning items in the past few years. Mr. Hickey stated \$145,500 in 2017, \$507,287 in 2018, and \$302,000 in 2019.

If all seven solar farms are built, it will result in a profit of about \$270,000 after the first year. Marijuana is also a future source of revenue but the town is still unsure of when the facilities will be up and running.

The recommended water budget requires an increase to the current water rate of 12 cents per thousand cubic feet, from \$5.27 to \$5.39. This equates to a 2.32% increase in rates. A three year term lease to purchase of a water emergency response truck in the amount of \$21,000 is being requested. The current emergency response truck can no longer be inspected. Property owners are paying their water bills and not being shut off so there is a decrease in extra income from late payments, etc.

Ms. LaBrie asked if there would be a drastic increase in water consumption when the two potential marijuana facilities begin cultivation. Mr. Hickey was not sure on the specifics but assumes there will be an increase, which will generate extra income.

The wastewater budget reflects the outsourcing of all operations required within the wastewater property to Veolia North America. Veolia began managing the wastewater operations in February 2019.

The Transfer Station Fund was established as a self supporting fund, similar to the Water and Sewer Funds. This fund also has run in a deficit over the past few years and has only recently begun covering costs through user chargers. The proposed Transfer Station budget is based on single stream recycling in an effort to reduce costs and improve recycling rates. The Transfer Station schedule would no longer be open on Wednesday.

The proposed school budget includes Chapter 70 Funding of \$11,477,410 and Local Contribution of \$5,080,095 directly from the state. \$50,000 from half of the solar PILOT revenue, \$339,423 from the prior override with inflation adjustment, and minus indirect costs of \$3,165,832.02, equals \$13,781,095.98.

There has been a significant decrease in students attending Monty Tech due to the 27% decrease in freshman applicants and other surrounding communities filling the available spots.

The Department of Public Works roof desperately needs to be repaired. The DPW director submitted a grant request to Robinson Broadhurst for \$250,000. It still needs to be accepted, and if it is not, the town will not repair it if necessary funds are not available.

Dr. Ward commented she had some points to clarify. The town manager overtime is for the staff, not the town manager. The town clerk is retiring in October so an added line item of \$58,000 is to fund a new clerk. The figure for sewer overtime was questioned and answered with if there was a break then the town is responsible for the wastewater infrastructure on the outside of the facility, therefore there needs to be funds set aside to pay overtime in case of emergency.

Ms. LaBrie thanked Mr. Hickey for his presentation.

**Member Comments:** None

**Public Comments:** None

Mr. Barbaro called for a five-minute recess for the Board of Selectmen at 8:39PM.

Dr. Ward motioned to adjourn. Mr. Husselbee seconded. The Finance Committee unanimously voted aye.

**The meeting was adjourned at 8:39PM**

Respectfully submitted,

Brianna Roberts  
Finance Committee Recording Secretary