

WEST NEWBURY FINANCE COMMITTEE

Meeting Minutes

WEST NEWBURY CLERK
23 FEB 16 AM 11:01

Date & Time: Wednesday January 11, 2023, 6:00 PM
Location: 1910 Building 2nd Floor Hearing Room
Attendees: Rob Phillips (RP), Chris Wile (CW), Walter Burmeister (WB), Dan Innis (DI),
Ross Capolupo (RC), Angus Jennings (AJ),
Absent: Jim Sperelakis (JS)
Guests: Dave Archibald (DA), Wendy Reed (WA), Jennifer Walsh (JW)

AGENDA

1. Call to Order

2. Public Comment.

- Dave Archibald (DA) – regarding the start of budgeting season:
 - Free Cash (FC) currently at \$1.75mm or 10% of annual budget. Higher than other places but its done us a lot of good. DOR recommends at least 5%.
 - It's a savings account that's more flexible than any other kind. Can tap it for any kind of use with vote of Town Meeting.
 - Just got AAA bond rating from Moody's – for a town of our size, that is phenomenal. One reason is, a lot of reserves, conservative budgeting, good liquidity.
 - Some argue we shouldn't have so much FC, not budgeting enough – he thinks we've been doing very well and rewarded with 2 agencies giving us very good bond ratings.
- CW – Its not just FC, Its that and unencumbered stabilization, which is about \$4mm. When they flipped it and sent back \$250k for taxes, he didn't see the justification. Moody's, S&P and town auditor have some threshold for stabilization, after which rating could drop. What is that threshold?
- DI doesn't the ratings report state the threshold? AJ there is a 45 page report from them.
- RP looking at capital needs, he thinks we will be glad to have the extra funds.
- CW thinks it should go back to Select Board, if they want to use FC to off set the budget, and it comes to us, we will be asking what is it based off of.

3. Approval of Minutes

Meeting of December 15, 2022- Jim S.

- Approval of Minutes -Under Item 4A, last sentence remove "didn't alter document".
 - Motion to Approve: CW
 - Second: WB
 - Approved 5-0

4. Monthly financial review – Rob Phillips (RP)

- Revolving funds such as P&R or Library, who has authority? Not up to any of us, but we can ask the question.
- RP sometimes it makes sense for something to be covered from revolving fund.
- Always going to be interplay with stuff that isn't directly in the expenditure budget.

5. Tax rate vs valuations – Rob Phillips (RP)

- RP – On the tax rate recap sheet, the first page tells us everything we need to know, What are we going to raise by the tax levy. He looked at last 3 years to see what we've done. For next 3 months, what are we going to raise as tax levy, that is end result.
- Concept is that at end of day, we get measured on how much were going to raise, that's big deal. Understanding how you calculate tax rate brings a lot into focus.
- Prior Town Meeting booklets, in the front of them they changed how they were writing stuff up. Did really good job of calling out things, ranking depts.
- RP wants a historical record of where we landed in a simple table format like what has been done in recent FinComm booklets.
- RP part of what the public perceives our job is the tax levy. Wants to always be able to get it to a table where a person can look at it and see the average change.

6. Free cash discussion – Walter Burmeister (WB)

- WB additional comment
- Table in FinComm booklet every year which says if we approve these projects, this is what FC will be. It has no relationship to reality, must find a better way.
- DA it doesn't matter what we say, it must go to Commonwealth and be certified in the Fall anyway.
- AJ hasn't seen other towns do it, think its good, not audit quality but good snapshot. Can put in a foot note if need be, not trying to mislead anybody.

7. Expectations of FinComm members on subcommittees – Rob Phillips (RP)

- RP when Dan went to Investment Committee and came back with observations, WB went to School Committee, RRC going to Capital Improvements
- RP wants factual unbiased report of what went on, and ideas about what we should be thinking about.
- DI went to IC meeting. Report out for all various funds, pretty factual. Quick summary of topics discussed. They didn't ask any opinions of FinComm committee, just reporting out results.
- Those people should participate as members of those secondary committees, separate the wheat from the chaff, and come back to Fin Comm as report back at a high level.

8. Page School walk through. Follow up – Chris Wile (CW)

- 12/27 WB requested to see Page School to see deficiencies.
- WB, CW, Rick Parker, Bob Danford, Christine Wallace, Emily, RRC showed up and did walk through
- CW stunned by 4 issues:
 - Relationship of kitchen to cafeteria, rolling food across the hall – when put addition on, why wasn't addressed? No answer
 - When project done, very expensive air conditioning unit installed that's not working properly, and they never had warrantee.
 - Windows are having issues, CW remembers spent a little over \$3mm spent fixing.
 - Fire annunciating panel, costed over \$300k and they can't get it to work.
- Millions of dollars of work that the town spent, having issues. Deficiencies aren't with buildings, so much as with processes.
- All waiting for studies to come back.
- DA hasn't heard about fire annunciator panel – CW said he walked in and the panel wasn't working. AJ hasn't heard about this, something he needs to know. First time hearing about it. He will look into it.

9. Non tax revenues discussion – Angus Jennings (AJ)

- Every dollar we project for FY23 is a dollar we don't have to raise by taxes.
- A lot of things we don't have say over, such as excise tax. It is what it is. More control over how we set fees but there are laws that govern how you set fees.
- AJ 5 year rolling average don't want to be over 90%. DOR presses them on their projections to an amazing degree.
- JW we are bound to this conservative approach and if there are small variances we must substantiate. We will always have revenues above projections because that's the way DOR wants it.
- Newburyport is actively acquiring land in West Newbury but they don't pay property tax, they pay PILOT (payments in lieu of taxes) that are known.
- When you come out of 61A you pay less taxes, when you leave, you pay one time roll back taxes for 5 years. Those can account for wild fluctuations.

10. Spring Town Meeting & Selectboard Policy direction.

- CW may need to reschedule March 8 meeting (Wednesday) as there is a School Committee meeting that day.
- AJ in the past we only needed 4-5 meetings, that's our 6th, we may be OK. Can always add another if need be.
- CW will make our meeting Joint meeting with School Committee.

11. Con Com agent, withdrawal from Intermunicipal Agreement. – Angus Jennings (AJ)

- AJ the agent position is already in expense budget as FT time but we get third back from Merrimac, doesn't show here but get it back in recap
- Few weeks ago, Select Board voted to withdraw from IMA. Doesn't look any different on the expense side but there will be a loss in offsetting revenue. AJ doesn't want to mislead anyone. We've withdrawn from the agreement, so it would be a nightmare if it went to Town Meeting and it didn't pass.
- CW have a little footnote and explain it.
- JW budget won't look different but the actual expenses will be.
- CW Select Board already voted, they found need for FT position.

12. Wage classification study – Angus Jennings (AJ)

- AJ we had a grant to do a wage study, last spring funding approved to allow Select Board do wage adjustments if any under market.
- Entered contract last January with someone out of UMass Boston, over course of year, intensive process w job descriptions, comparable wages, etc.
- Culminated in adoption of grade and step schedule for wage rates which is very typical in most other public organizations. Grades and steps very good, gets us to where everyone else is.
- Board approved signing positions, two grades min and max based on comps and market data
- Found midyear adjustments warranted for number of positions to get them into suitable ranges. Did not in voting adjustments, nothing to do with performance, purely to do with job function, classifying, getting wages set to where they ought to be taking into account longevity.
- Total FY23 cost is \$52,000, this will be baked into FY24 budgeting. 45 positions in total.
- This was paid by article in FC in 23, so there will be a bump in FY24 budgets.
- COLA not set yet.
- \$52,000 includes retroactive back to 2022, so its more than a year.
- It was retroactive because it took 11 months instead of 3-4 originally planned, due for several reasons including turnover at Town Accountant position.
- AJ can't put an estimate on the hours Wendy Reed put into this, incalculable what she did.
- They were under tremendous pressure by employees, one board member even asked if people would get interest on payments. Made it retroactive to 7/1 to enable them to get it done properly without harming the affected employees.
- This does not include union, (police, dispatch, DPW)
- DA wanted to add, didn't do everybody. FT dispatchers were union but we did not address PT dispatchers, reserve officers – but they may address them.
- AJ when he started, 25% of positions was either at or below stated range for their position.
- Wage studies weren't done on any comprehensive basis. This was overdue.

13. Preview of Pentucket S.C. mtg. to discuss FY24 budget on Jan. 24 @ 6:00 pm – AJ

- Just FYI, and just to manage expectations, they're not going to know our apportionment until they know the Governor's budget.
- There's a big problem that there's a structural deficit over there.
- CW schools will always have that and the way they get funded – his impression is the deficit is growing every year.
- AJ Select Board writing a letter to Senator Bruce Tarr, to get better funding for regional school districts.
- If two districts vote no, we go stagnant. Direct result of state and how they fund.
- Superintendent – if that happens best he can do is raid the ESRA funds (one-time COVID funds) and set us up to fall off a cliff in FY 25.
- However ESRA funds currently penciled in for other investments

- If the override fails, it goes back to the base budget, and they'll have to start cutting positions. Issues with talent retention, larger class sizes, bitterness with remaining staff.
- RP wants to see the base budget number to be prepared in the event override fails.
- Other than water department, this will be most significant discussion we have this year.

14. Town Manager updates – Angus Jennings (AJ)

- AJ included the audit. If you didn't watch, it was a good discussion. Tony been auditing Town for a decade.
- AJ when he came in in 2018, at every level finance department was in disarray. Auditor acknowledged it was almost totally cleaned up.
- CW Congrats to AJ and Department. Doesn't care as much about the details, S&P, Moody's, Auditors looking at details, and they say it's good.
- Department is severely understaffed, less staff now than when we took over. Town Manager, Town Accountant, Treasurer, and that's it.
- Starting to advertise for Finance Assistant soon and can't come soon enough.

15. Communications.

- Ross will help WB with STM FinComm packet, assembling and formatting.
- DI do we know how many articles? AJ don't know yet but probably 15-20 before anyone introduces anything new.

16. Schedule of future meeting dates.

- January 24 Joint Meeting with School Committee
- February 6 AJ will be presenting budget at Select Board Meeting, it's a public meeting.

17. Adjournment

- Motion to Adjourn: Walt Burmeister
- Second: Chris Wile
- Approved 5-0