

WEST NEWBURY FINANCE COMMITTEE

Meeting Minutes

REC'D W. NEWBURY CLERK
23 MAR 6 PM 2:29

Date, Time, Location: **W. Feb. 15, 2023, 6 PM** (1910 Bldg.)

Attendees (& initials): Chris Wile (CW), Rob Phillips (RP), Walter Burmeister (WB), Dan Innis (DI), Ross Capolupo (RC), Jim Sperelakis (JS), Angus Jennings (AJ). Guests/Participants: Town Acct: Jenny Walsh (JW) & SB: Wendy Reed (WR) & Rick Parker. Assessors: Christian Kuhn (CK), Rich Baker (RB), Jenn Polasanto (JP). COA: Christine Marshall (CM)

1. Call to Order: 6:00 PM
2. Public Comment: None
3. Approval of Minutes: 1/11/23 FC Mtg Minutes. Motions to approve: CW, 2nd: DI. **Approved 5-0** (JS abstained, absent from Jan. 11 mtg)
4. Process to review Dept. Budgets & Warrant Articles: Chair CW, in collaboration with Town Manager AJ, distributed the FinCom FY24 Budget Meeting Schedule, which included Mtg dates and depts/articles/topics to be discussed. All future mtgs are scheduled for the 1910 Bldg. except Wed. March 8, where FC will meet at Pentucket Middle/High School, upon the conclusion of the Pentucket Education Budget presentation earlier that evening.
5. Presentation/Review of FY24 Budget & Warrant Articles: AJ highlighted the key elements of the FY24 budget which were presented to the Selectboard (SB) on Feb. 6, and referred to the FC for review. AJ highlighted one change to budget vs the earlier iteration, specifically the Pentucket education budget. AJ also stressed that we will not know the final Pentucket budget proposal until their March 8 mtg, inclu. the Governor's annual budget for educational support. AJ mentioned that the FC and SB can receive 'up to the minute' education budget status reports by visiting the website: www.pentucketbudget.com.

AJ also mentioned that all Town personnel wage budgets reflect a 2% COLA adjustment and include the impact of approx. \$53.2K from the Town's 'Wage Classification' study done in collaboration with the Collins Center for Public Mngmt at UMass Boston. Town (non-education) wages total approx. \$3.78M compared to \$3.72M in FY23. Total staffing numbers are stable year-on-year, with only one new position proposed in FY24, a half-time dispatch position. That new position, due to related adjustments in staffing/overtime, will not result in an overall increase in the dispatch budget.

Bottom line is a forecasted **4.8% increase** in the Town's FY24 budget (vs FY23), driven by education (which accounts for approx. 54% of total townwide spending).

However, the non-educational portion of the budget has actually decreased by 1.2% year-on-year.

One major factor in the downward trend in non-educational spending is the Town's Debt Service, projected at \$0 in FY24 (in comparison to approx. \$301K/\$314K in FYs 23/22, respectively). Per AJ, this is likely a 'first ever' for WN and virtually unheard of for Town/City Governmental budgeting.

AJ also reviewed the budget impact to WN taxpayers, in particular the assessed value of property versus the tax rate. Property values are not certified until the fall each year, so the budget includes a 'place-holder' value. The tax rate is calculated based on the total certified property value – and if Town Gov't is keeping budgeted costs under control – there will be an inverse relationship between property values and the tax rate, i.e., when property values increase, the tax rate will correspondingly decrease.

6. FY24 Budget Line Item Reviews:

- Moderator: \$260 requested, equal to FY23. Motion to approve: JS. 2nd: CW. **Approved 6-0**
- Board of Assessors: \$164.1K requested, a \$20K reduction (-10.7%) vs FY23. AJ highlighted the excellent work done by the Assessor (Christian Kuhn) and the Board, to look for efficiencies, particularly the elimination of our \$24.5K assessing contract with Patriot Properties. These services have been moved 'in house' at a significant savings to the Town. RP lauded the Board for the detail and clear explanations provided in the meeting packet. Motion to approve: JS. 2nd: CW. **Approved 6-0**
- Council on Aging: \$129.4K - \$7K (Formula Grant stipend for Nutrition Coordinator) = \$122.4K requested, a \$2.6K increase (+2.2%) vs FY23. AJ & CM explained the significant uptick in COA activities and programs. "Lots going on" and CM encouraged all to participate. Motion to approve: JS 2nd: CW. **Approved 6-0**
- Select Board: \$13,940 requested, a \$40.2K reduction (-74%) vs FY23. AJ explained the expense reduction is due largely to a 'reshuffling' of dept staff responsibilities, inclu. a future Procurement component. Also, SB mtg minutes, which were previously out-sourced, are now done in-house (by Asst. Town Clerk) at a signific. savings to the Town. Motion to approve: JS. 2nd: CW. **Approved 6-0**
- Finance Dept: \$325.8K requested, an \$11.8K reduction (-3.5%) vs FY23. JW provided a detailed explanation of expenses, inclu. a slight (+1.2K) budget incr. to bring Tax Title foreclosures to resolution. The requested Salary/Wage line for FY24 reflects a \$12K decrease (-4.4%) due to staffing changes and no

need for consultancy services. AJ noted the recent hiring of a Finance Asst., Kim Petosky. Motion to approve: JS. 2nd: CW. **Approved 6-0**

- Legal Counsel: \$82,349 requested, a \$17.2K increase (+26.4%) vs FY23. AJ explained that this is only the 2nd year we are out-sourcing legal services, upon the retirement of former Town Clerk/Counsel, M. McCarron. AJ also provided a detailed breakdown of the Town's general/labor/land use Counsel, KP Law, by month, and by 'topic/subject' for the past 3 years. The FY24 budget also includes a line item of \$23,750 designated 'Special Counsel', which is intended for hiring 'Miyares & Harrington' a firm specializing in water issues. AJ explained that it would be inappropriate to use our current Counsel, KP Law, for water issues, as it is likely WN will need to renegotiate our water 'intermunicipal' agreement with Newburyport in FY24, and KP Law also represent Nbpt. RC asked if \$23.7K is enough for that responsibility? AJ responded that the Town, by doing it's 'homework' upfront and asking legal counsel highly targeted, specific questions, can keep legal expenses to a minimum. Motion to approve: JS. 2nd: CW. **Approved 6-0**
- Debt Service: \$0 requested, a \$301K decrease (-100%) vs FY23. As mentioned in Section 5, Paragraph 4 above, carrying no debt service is a highly unusual occurrence. CW asked what were the last items to come off debt service? AJ responded the Public Safety Complex and Land Acquisition. RC asked if the bond rating agencies took our low debt into account when issuing our recent AAA rating. AJ replied that yes, low debt is a factor, but so is 'quality' of debt that is being serviced. A comment was made that "much like building up credit worthiness" having some debt is probably a 'good thing'. DI asked when was the last time WN had a \$0 debt service budget. AJ responded "probably never". Motion to approve: JS. 2nd: CW. **Approved 6-0**
- Essex Regional Retirement Assessment: \$675K requested, a \$130K decrease (-16.2%) vs FY23. AJ questioned the Town's low assessment directly with the Essex County Retirement Board and received confirmation (3 times) that our assessment is, indeed, correct. DI asked how many Town employees fall under this program? AJ estimated 40-50, but will reply with a more specific number in future. Motion to approve: JS. 2nd: CW. **Approved 6-0**
- Unemployment Insurance & Benefits: \$1200 requested, a \$300 reduction (-20%) vs FY23. AJ explained that this unemployment compensation is a self-funded provision for the Town and difficult to predict or budget for. Based on past years' experience, AJ feels \$1200 is a reasonable amount. Motion to approve: JS. 2nd: CW. **Approved 6-0**

7. Warrant Article Review (Annual/Special) (Note: article #s can/will change):

- Draft #18: Other Post Retirement Benefits (OPEB): Transfer \$6,868 from free cash to OPEB stabilization fund. WR asked why not make this a budgetary

item, as opposed to Warrant Article? AJ replied that it can be either. OPEB reserve is currently \$2.2M. RP asked if this recommended amount was based on an actuarial analysis? AJ responded yes. It's good practice to fund OPEB annually, even with a nominal amount, to 'keep it on the radar'. Motion to approve: JS. 2nd: CW. **Approved 6-0** No sunset date. Rationale write-up: DI

- Draft #17: Pension Liability Stabilization Fund: Questions were raised as to why transfer more money into this stabilization fund, and if we do, whether the recommended amount is adequate? The FC **did not vote**, but rather placed a 'hold' on this article, pending more research and a recommendation by the Town Mgr/Town Acct.
 - Draft #3: School Stabilization Fund Transfer: At their Feb 13 mtg, the SB voted 3-0 to reduce the amount of the FY24 recommended fund transfer from \$397K to \$200K, thereby extending the term of the stabiliz. fund balance, likely for 3 more years – which is dependent on the amount the SB recommends allocating annually, via a warrant article. AJ distributed a meeting hand-out with the School Stabilization amounts appropriated, 'spent'/allocated to date, and a forecast model for the next several FYs. Motion to approve \$200K: JS. 2nd: CW. **Approved 6-0**. No sunset date. Rationale write-up: CW
 - Draft #37: MBTA Communities Grant Matching Fund: Request to transfer \$7500 from free cash to the MBTA matching fund, a requirement to match 10% of the grant (totaling \$75K), to study and respond to this new state (adjacent communities) requirement. This generated signific. discussion, amongst the TM, SB and FC. An RFQ would need to be administered to find the appropriate firm to assist the Town with all aspects of this new law and if/how to comply. The assistance provided by the grant is intended for technical expertise to study the requirements and advise the Town on density, potential housing sites, and other aspects of the law. Motion to approve: JS. 2nd: DI. **Approved 4-2**. Those voting in favor: RP, WB, DI, JS. Those voting opposed: CW, RC. Sunset date: end FY 26 (6/30/25). Rationale write-up: RP
 - Draft #39: Adoption of MGL Ch. 166, Sec. 32A (wiring inspectors): **FC did not take a vote** on this article.
 - Draft #42: Zoning Bylaw Recodification: **FC did take a vote** on this article.
8. Town Manager Updates: AJ presented several West Newbury Town Website updates and enhancements, including how to look up historical info and access/subscribe to, for e.g., Select Board meeting packets.
9. Communications & future FC meeting schedule (all start at 6 PM, unless noted):
- W. Feb. 22, 2023
 - W. Mar. 1, 2023

- W. Mar. 8, 2023 (will start at conclusion of Pentucket budget present.)
- W. Mar. 15, 2023
- W. Mar. 22, 2023

Adjournment: Motion to Adjourn: CW. 2nd: WB, **Approved 6-0** at 8:20 PM