

**West Newbury Finance Committee
Minutes of the Meeting
Monday, December 11, 2017**

Finance Committee Meeting

Vice Chairman Beaudoin called the Finance Committee meeting to order at 7:00 p.m. in the second floor hearing room of the 1910 Building with Ms. Grammer, Mr. Durey, and Mr. McGrath in attendance. Finance Director Gould was also present.

There being no public comment, the Committee considered its agenda.

Capital Improvement Committee (CIC) Report—Chairman Richard Preble

Vice Chairman Beaudoin introduced Chairman Preble who in turn presented a brief synopsis of his tenure with the CIC. Chairman Preble remarked he has been involved with the CIC since the early 1990s. He distributed a packet containing the CIC schedule and CIC pertinent bylaws first authored in 1987. The bylaws have undergone minor amendments over the ensuing years.

Chairman Preble reviewed the CIC schedule. Following approval of Articles, the CIC will schedule meeting with the chairs of the groups prior to the Town Meeting. He added the CIC handles only items on the Stabilization Chart. CIC members answer a series of 25 questions. The answers to the questions, known as a Litmus Test, provide an effective method of proving and measuring the need of the item. Chairman Preble stated the questions vary and include questions of time, finance, quality, importance to the town, and technical considerations. The Litmus Test allows the CIC to prioritize the various items on the list.

Chairman Preble stated initially Department of Public Works (DPW) vehicles were on the schedule. Approximately ten years ago, the Finance Committee requested the addition of town facilities to the CIC schedule. Chairman Preble referred to the packet in which DPW Department Head Gary Bill had provided an itemization of or repairs to town facilities. Mr. Bill included repairs such as roofing, siding, paint, heat, cooling, interiors, windows, and miscellaneous items.

Vice Chairman Beaudoin inquired if there were any items not covered by the CIC schedule that should be. Chairman Preble replied the CIC schedule is a working document. Currently CIC is operating on a ten-year plan. A fifteen-year plan is difficult to determine due to inflation rates. Conversely, a five-year plan does not allow adequate time to accrue sufficient funds. Ms. Grammer stated the 1910 building is historic. Regarding repairs, which committee is responsible to fund repairs- CIC or the Community Preservation Committee (CPC)? Chairman Preble responded there is a coordination. During initial discussions, the Board of Selectmen (BOS) and FinCom determine the source of funding for an Article. Finance Director Gould stated the source of funding is on the omnibus in line with the building. Ms. Grammer remarked bylaws exempt CPC projects from CIC review processes. Ms. Grammer added there is currently \$2.5M in the CPC fund, and so wondered if it would be possible for the CIC schedules to reflect whether a given item is potentially eligible for CIC funding. Mr. Preble stated the CPC would need to agree funding of a project. Mr. McGrath remarked the interaction between CIC and CPC warrants further exploration including jurisdictional

boundaries. He added the integration is a process. Chairman Preble seconded Mr. McGrath's comment.

Mr. McGrath stated the timeline to submit requests to the BOS is six weeks ending in mid-March. During this period, a majority of the FinCom and BOS budget review is accomplished. Mr. McGrath queried if it were possible to move events back to November/December. Chairman Preble replied the CIC does not receive the Article Requests until mid-February. Chairman Preble suggested the needs of buildings change and do not always follow the chart. He added the DPW does have its own line item budget and therefore may fund some items there and remove them from the CIC list. Ms. Grammer remarked when she last spoke with the CIC, there was some concern there were no deposits or withdrawals from the CIC Stabilization Fund. Ms. Grammer referred to page 7 of the CIC packet. Chairman Preble stated funding of the CIC had not occurred over the last two years. He continued stating several capital items were purchased with Free Cash. Thereby negative numbers appear on the spreadsheet. Chairman Preble added eventually that the amount of Free Cash would dwindle. Therefore, it is important to fund CIC Stabilization. Chairman Preble suggested funding CIC become the first money Article in the Town Warrant. Mr. McGrath added that by increasing the annual appropriation from \$300,000.00 to \$400,000.00, the spreadsheet would reflect positive numbers. Chairman Beaudoin stated this would bring funding of stabilization back to "raise and appropriate".

Chairman Preble stated police vehicles are included on the CIC Schedule. The vehicles do not match the criteria of a capital expense but are included for informational purposes.

Board of Health Transfer request—\$6,000.00 from the Reserve Fund for testing private wells adjacent to the Steele Landfill

Representatives: Mr. Paul Sevigny, Health Agent

Board of Health Chairman Mr. Robert Janes

Board of Health member Mr. Blake Seale

Mr. Sevigny reported results from the annual groundwater and gas monitoring of the closed Landfill revealed elevated levels of 1,4 Dioxane at one of the test sites.

The Board of Health representatives requested a transfer of \$6,000.00 from the Reserve Fund to locate and test all private drinking wells within 500 feet of the landfill.

Mr. Sevigny stated tests of the closed well, in April 2017, showed an elevated level of 1,4 Dioxane of 0.8 parts per million (ppm). Retesting of the site in October 2017 showed an increase to a level of 1.2 ppm. Mr. Sevigny added the accepted state level for drinking water is ≤ 0.3 ppm. Mr. Sevigny stated the requested funds include an initial aerial survey to identify wells within 500 feet of the test site in order to test the wells. Mr. Sevigny added there is currently no enforceable drinking water standards for Dioxane. However, it is important to reassure residents abutting the landfill.

Mr. Durey inquired if results were found to be elevated, is there a treatment available. Mr. Sevigny replied there is a treatment. Mr. Sevigny cited the town of Merrimac as an example. The town paid for a treatment plan. The cost was high and intermittent testing of the water is likely to continue. Ms. Grammer stated, in the area, there have been issues with beavers altering the water levels, which may affect contaminate levels. Mr. Sevigny said residents received a fact sheet, including treatment

options. He added testing occurs at the point of use (POU). Typically, this is under the kitchen sink. Chairman Beaudoin asked if the testing company were local. Mr. Sevigny stated the company was from Groveland. The company will locate and test wells. If levels are high in one well, it may be necessary to review the well's construction. Mr. Seale stated Dioxane is a manufactured product. Mr. McGrath inquired if the contaminate can be leached out of the waste material. Mr. Sevigny replied it is possible if there is a reduced water supply. Ms. Grammer asked if the BOS offered any comments. Mr. Sevigny replied they suggested speaking with FinCom.

Vice Chairman Beaudoin inquired what has occurred since the report of increased Dioxane levels found in the October testing. Mr. Sevigny replied abutters received a letter dated December 12, 2017. It is the hope of the Public Health Department to receive a completed survey by New Years. However, testers need access the private basement pressure tanks. Realistically, a period for completion would be one and a half months.

FinCom voted to approve the transfer of \$6,000.00 from the Reserve Fund, 4, 0, 0.

Finance Director Gould requested forwarding the transfer request to the Town Accountant Laurie Zywiak.

FinCom Officers

Vice Chairman Beaudoin stated both Chairman Ellis and Secretary Grammer have decided to step down from their positions as Chairman and Secretary, respectively. Both individuals will remain as members of FinCom. Ms. Grammer will place the list of secretarial duties in the drop box, including a template for the FinCom Booklet. Additionally, she will forward the tasks via email. Ms. Grammer stated, as a member, she would continue to prepare the FinCom Booklet and also upload and maintain the FinCom web page.

Mr. McGrath appreciates the time and commitment Ms. Grammer has devoted to FinCom. He suggested the appointment of an Administrative Assistant to assume several of the duties previously performed by Ms. Grammer. Finance Director Gould agreed with Mr. McGrath. Vice Chairman Beaudoin stated he was not in favor of paying someone to assume the duties of the secretary. Mr. Durey stated he is in favor of hiring an Administrative Assistant. Vice Chairman Beaudoin queried if there were someone currently available. Finance Director stated with the uncertainty of direction the new Town Manager will take; there are concerns within the Finance Department regarding job security.

Mr. Durey will contact Town Counsel McCarron regarding the need of FinCom to have a Chairman and Secretary. Ms. Grammer will update the web site to reflect the changes. In the meantime, Vice Chairman Beaudoin will assume the role as Acting Chairman. Mr. Durey stated the importance of FinCom members to redouble their efforts to recruit a sixth member. FinCom will vote on a new Chairman and secretary at the next meeting.

Police Vehicle Replacement Stabilization Fund

Mr. McGrath stated Chief Reed set up a revolving fund to deposit proceeds from police details (\$10.00 per hour). Mr. McGrath asked Finance Director how enough funds from details could

purchase a new vehicle. Finance Director Gould replied the fund would help to offset the cost of the vehicles. A line item would reflect the remainder of the cost of a replacement vehicle.

Levy Primer

Previously, FinCom members expressed a need for a clearer understanding of the tax levy. Vice Chairman Beaudoin agreed to organize a presentation using information from the Department of Local Services (DLS) web site.

Vice Chairman, initially, defined the definition of a levy according to the DLS. “The property tax levy is the revenue a community can raise through real and personal property taxes. We will refer to the property tax levy simply as the levy. In Massachusetts, municipal revenues to support local spending for schools, public safety and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns.”

Vice Chairman Beaudoin offered some historical background. Proposition 2½ was passed by the voters in 1980. The proposition places constraints on increases of the levy from year to year. There are two types of levy limits: a levy limit and a levy ceiling. A levy limit is the allowed increase of a levy in a given year. Whereas, a levy ceiling is the maximum the levy can be. “The ceiling equals 2.5 percent of the community’s full and fair cash value.”

Vice Chairman Beaudoin remarked the ceiling is a fixed number based on 2.5% of the total appraised value of a property. The ceiling can vary with changes in the number of parcels and with the fluctuations in the value of a property. Below the ceiling, levy limits can also change. Ms. Grammer inquired in what manner is it altered. Vice Chairman Beaudoin replied the ceiling changes by adding or removing properties from the tax roll. The assessor’s office determines this. He continued stating the levy limit is based on the previous year and certain allowable increases such as new growth and overrides. The Massachusetts Department of Revenue calculates the levy. Mr. McGrath stated assessment of new housing projects occurs at varying stages of a project. Ms. Grammer asked if the solar field is included. Vice Chairman Beaudoin answered in the affirmative.

Increases in the levy include the automatic 2.5% increase, new growth, and overrides.

Exceptions

A. Overrides

- a. Citizens vote on a long-term override, such as a new school building. Acceptance requires a majority vote. The override appears as a dollar amount and cannot exceed the levy ceiling. Ms. Grammer remarked this is a two-step process: initially the Board of Selectmen (BOS) approves an Article and secondly voters approve via ballot vote.

B. Exclusions

- a. Exclusions raise the levy limit for a limited time for specific capital purposes. This may occur through borrowing (debt exclusion) or with a capital expenditure.
- b. A debt or capital cost exclusion involves a temporary increase in taxes, followed by a decrease once the debt is paid. Mr. McGrath stated he believes a $\frac{2}{3}$ vote is necessary for a debt exclusion to pass. *Mr. McGrath will follow up to confirm the $\frac{2}{3}$ vote.*

C. Underrides

- a. Underrides reduce the amount of property tax revenue permanently.

Mr. Durey suggested placing this information on the FinCom web site. Ms. Grammer agreed. Vice Chairman Beaudoin stated Free Cash does not affect levy limits. However, an override would alter the levy. Ms. Grammer proposed preparing a spreadsheet depicting levy limits over a period of several years.

Meeting Minutes

FinCom members voted to approve amended minutes of November 20, 2017, 3, 0, 1, McGrath abstaining

FinCom members voted to approve minutes of November 27, 2017, 3, 0, 1, Grammer abstaining

FinCom Business

Due to no pressing matters, Vice Chairman Beaudoin suggested scheduling the next FinCom meeting on January 8, 2018. Members agreed. *Ms. Grammer will place the tutorial on the FinCom web site. Vice Chairman Beaudoin will work with the BOS administrator Ms. Mary Winglass.*

Ms. Grammer stated that members of the solar company proposing a solar field abutting Coffin Street had determined not to seek to meet FinCom in the near future. Mr. McGrath stated he is unsure why FinCom needs to speak with them. Ms. Grammer stated that a potential meeting need not be debated until a meeting is actually requested. Due to the proximity to their homes, both she and Vice Chairman Beaudoin would recuse themselves.

Free Cash Policy

Previously, Vice Chairman Beaudoin, combined policies presented by Ms. Grammer and Mr. McGrath. He now presented the final policy by suggesting using Ms. Grammer's preamble but bulleting points rather than offering a narrative. Vice Chairman Beaudoin stated one issue is the placement of the Article on the agenda. He believes, if requestors realize there is excess Free Cash they may be tempted to ask for funding with Free Cash. Mr. McGrath countered stating he prefers the Free Cash Article to move to the end of the agenda. He added the BOS policy would not entertain Capital expenses at the fall meeting. However, there may be instances where an item, such as a copier, may break down at a point between Spring Town Meeting and the fall meeting. By placing the Article towards the end of the agenda, allows replacement of the item prior to considering Free Cash.

Members suggested changes in language such as adding "recurring draw downs and needs" regarding Stabilizations and Trusts. Also suggested was the removal of point #2 clause c. FinCom members all agreed the level of Free Cash range from 3 to 5%.

FinCom voted in favor of accepting the amended Free Cash Policy, 3, 1, 0, Durey opposed.

Moving Forward

Dr. Beaudoin will compose a cover letter accompanying the amended Free Cash Policy to send to the BOS. Vice Chairman Beaudoin asked Mr. Durey to compose a dissention philosophy. Ms. Grammer suggested Mr. Durey's dissention include priority of the return of Free Cash language. Mr. Durey remarked he is not in favor of Stabilization funded solely with Free Cash. However, excessive amounts of Free

Cash could fund Stabilization. *Vice Chairman Beaudoin stated FinCom would divide tasks among committee members.*

Sewer System Update

Vice Chairman Beaudoin offered an update of the Sewer System Project. The state awarded a \$10,000.00 grant to a consulting firm to prepare a land sewage analysis and present solutions. The consultant attended the last meeting, presenting ten-year-old data from another town.

Representatives from the two businesses having failing septic systems did not attend the meeting. Solutions range from a simple cluster system to sewage treatment plant. There is the only one site that is feasible to construct a sewage and that is the Mullin property. Vice Chairman Beaudoin stated he was not pleased with the quality of the presentation and the project is relatively expensive. The company will incorporate suggested changes prior to presentation to the BOS.

Tentative Agenda for Monday, January 8, 2018

- Review transfers
- Division of tasks
- Review minutes

Upcoming Meetings

Monday, January 8, 2018: 7:00pm

The meeting adjourned at 9:40 p.m.

Respectfully submitted,

Elisa Grammer
Secretary Emerita

Meeting materials:

CIC packet: including list of members, bylaws regarding CIC, Litmus Test questions and example, asset replacement schedule, and maintenance list for town buildings

Transfer Request for well testing from the Board of Health

Levy Limits Primer on Proposition 2½: DLS

Amended FinCom Free Cash Policy

Draft minutes November 20, 2017 and November 27, 2017