

Shutesbury Select Board Meeting Minutes
April 21, 2016 Shutesbury Town Hall
Public Budget and Warrant Hearing

Select Board members present: April Stein/Chair, Mike Vinskey, and Michael DeChiara
Staff present: Becky Torres/Town Administrator; Linda Avis Scott/Administrative Secretary

Guests: Attorney Donna MacNicol/Town Counsel, Penny Kim/Moderator, George Arvanitis and Eric Stocker/FinCom Co-Chairs, Jim Walton/FinCom member, Tim Hunting/Highway Department Superintendent, Allen Hanson, Elaine Puleo, Jim Hemingway, and Bill Wells

Stein calls the meeting to order at 6:03pm.

Meet with Finance Committee: Annual Town Budget, Capital Items and Town Meeting Warrant:

Warrant Article #6 Consultation with Town Counsel: Stein requests an explanation from MacNicol on how to proceed relative to Article #6. MacNicol: Lake Street Development Partners' payment in lieu of taxes (PILOT) proposal needs town meeting approval; the Select Board needs to decide on whether to have a vague article on this warrant or wait until a special town meeting when more information about the PILOT is available; the Select Board needs to decide if the public needs more information/specifics about a PILOT; figures have to be translated into the assessed value; tonight's decision is whether the Select Board wants a generic article or a specific one at a special town meeting. DeChiara asks if it is a PILOT or another type of tax agreement and if the Select Board or town meeting decides the PILOT as per MGL. MacNicol: the Department of Revenue states that Town Meeting/the Municipality is the approving body; tax increment financing (TIF) is a tax incentive for industry and requires State approval; the PILOT reflects assessed value and is a tax agreement. Stein: what happens if Article 6 does not pass at town meeting? Kim: how does a PILOT benefit the town? MacNicol: the project property will be assessed; the value is the personal property- due to depreciation, the town could end up with less from property tax than with a PILOT; the point of a PILOT is to spread the assessed value over time allowing the town to do better budgeting; it is worth having a PILOT if it is negotiated to be close to the assessed value. Arvanitis: if Lake Street Development is locked into a long-term payment, the town will be better off. MacNicol: the Select Board will request the assistance of a consultant. MacNicol: a regular payment over time versus a large initial assessed value tax is a benefit for Lake Street. Vinskey: there needs to be something general or specific on the warrant. MacNicol: a specific warrant will include how many years and what the payment is. Hemingway: is this standard procedure? MacNicol: yes, most towns have PILOTs. Arvanitis: a PILOT makes sense for a town our size. DeChiara: the special permit has yet to be approved. MacNicol: not taking the PILOT to annual will require a special town meeting which will require time and expense. Vinskey: the PILOT can be negotiated without the issuance of the permit. Vinskey states his preference for a general article on the annual town meeting warrant to avoid a special town meeting later on; the public will

not need the details. Puleo: this article will need a lot of explanation; will there be an update on the solar project at town meeting? MacNicol agrees that some time for explanation will be needed. DeChiara: given these comments, the general may be better though, in light of the solar bylaw articles, it may create confusion. Torres: with the general article, the voters will be asked to approve prior to negotiations taking place. MacNicol: a practical discussion/explanation will be needed; the biggest pro is how many people attend annual town meeting versus a special. Arvanitis: the project does not become taxable until it is completed and goes on the tax roll. MacNicol: most likely, yes. Arvanitis recommends the article be on the annual warrant; if it fails, we can revisit the subject next year. Vinskey: if it fails, the project will be taxed on its assessed value. MacNicol: the PILOT could be revisited at a special or next year; an explanation of the benefit of a PILOT will be necessary; if it fails, you still have the right to negotiate. Stocker: why don't we wait until next year when we know what the PILOT will be? Stein: then the whole town will have a say in the details. MacNicol states she is unsure the town will have until the next annual town meeting to make the determination. Stein asks for a motion for Article 6 authorizing the Select Board to enter into a PILOT agreement; DeChiara moves and Vinskey seconds the motion. Kim: who will explain the article? MacNicol will explain the article; for the purposes of annual town meeting, the Planning Board will give a brief three-minute summary/explanation of the solar project. DeChiara notes the need to ensure the bylaw is a separate matter. The motion passes unanimously. Stocker asks why the town has not had a similar process for other PILOTs. MacNicol states she believes those PILOTs are exempted – will research this question; MGL Chapter 59, Section 38H(b) and Chapter 164, Section 1 refer specifically to projects such as the solar array. Kim asks how the Planning Board report on the solar zoning bylaws will be handled. MacNicol: unless the Planning Board writes a report, annual town meeting cannot vote on a zoning bylaw until 21 days after the public hearing; the Planning Board needs to provide this report to Kim before the start of town meeting. MacNicol: posting the report online is okay; it does need to be presented verbally or made available on the information table at town meeting.

Stein asks the guests for their concerns relative to the annual town meeting warrant and/or budget.

Hunting states that he would like to talk about Article 12. Stein asks if Hunting has had a chance to see the potential surplus truck. Hunting: not as of yet; Torres is making arrangements for the truck to be driven to the Shutesbury Highway Department (SHD). Hunting explains that he met with FinCom and Capital Planning about replacing the department's 1995 International that has 110,000 miles on it and notes that in less than four years, the town has spent \$36,000 on repairs. Hunting: it is time to replace this truck; three quotes have been obtained for vehicles with all season bodies – the cab and chassis have to be bid separately from the body; sand comes out of the middle of these trucks – a necessary feature for our roads. Hunting: the last big International truck was purchased in 2007; the price has risen greatly – the chassis and cab are now between \$95,000-\$109,000 and \$83,000 for the body; recognizes that this is a lot of money; the new EPA compliance standards for engines contribute to the price increase. Stein: what will happen to the old truck? Hunting: the options are to trade it in or put it out to auction bid; the problem with keeping it, is that there is no room to keep it inside. DeChiara: over the last

few years, when we are considering a new vehicle at annual town meeting, there has been discussion about surplus vehicles; this being the case, he suggests warrant language to approve “up to” \$192,000 thereby allowing a process for considering a surplus truck. Walton: the matter of a surplus truck came up at the Capital Planning Committee meeting. DeChiara: Vinskey is going to recommend an amendment to bring the cost to \$40,000. Vinskey: having a limit is fine – though who will make the call/discussion? Stocker: isn’t that the Capital Planning Committee’s process? Torres: the Capital Planning Committee supports the truck proposed by Hunting; subsequent to their decision, Vinskey let Capital Planning know he would be making a proposal for a surplus truck. DeChiara: if the process has already happened, the citizens will have to decide on the amount. Torres: being able to assess the surplus truck will be important; maybe we need to have both trucks available at annual town meeting. Stein acknowledges that Hunting has yet to see the surplus truck. Vinskey: who makes the ultimate decision? Stein: town meeting. Kim: Capital Planning has to build a number into debt service. Torres: Capital Planning has not supported the purchase of surplus equipment. Kim to Vinskey: if you want to offer an amendment, you would lower the amount? Vinskey: that would be my intention; the vote will be whether to buy a new or surplus truck. DeChiara: you could clarify by amending “to buy a surplus truck”. Puleo: what if there are no surplus dump trucks available? – The Highway Department will still need a truck. Hunting requests time to address his concerns about a surplus truck at annual town meeting; a surplus truck could work if it were not used everyday. Vinskey: there are two 6-wheelers and one 10-wheeler in the current fleet; this seems like a “lot of dump truck” for a small town; could one 6 and one 10 be adequate? Hunting: no; if you take one big truck out, the Highway Department will have 36 road miles to cover with two trucks – one dump takes the main road and the two primary side roads, the other truck goes down to the lake, and the third truck is committed to the dirt roads; all three trucks are busy for about the same amount of time; we absolutely need three trucks in the winter. Vinskey asks about summer needs. Hunting: the 10-wheeler is used to haul material; we do not run all three trucks regularly in the summer; almost all the similarly sized neighboring towns have at least three larger trucks. Vinskey: what if one of the winter trucks was just a surplus plow/sand vehicle truck? Hunting: we tend to use all three trucks during the summer just not at the same time like we do in the winter; we will be replacing a 6-wheeler; both of the proposed surplus trucks are 10-wheelers and require a rear sander which is not what we need. Stocker: as the owner of a trucking company, an excess of trucking capacity is needed. Hunting: we always run chains - we have public safety and the safety of the driver to consider. Vinskey appreciates the need for a mid-body sander and is looking at options for a mid-body sander on the surplus truck. Kim states that she is not convinced town meeting can make the technical decisions required; requests that presentations be limited. Vinskey: concerned about having a time limit because he wants to ensure funds are spent wisely. Walton: we are talking about replacing an 18-year old truck with 110,000 miles with a vehicle we are going to have for 18 years; the question is whether we are comfortable with lesser service. Vinskey: due to their complex computer systems, some have been disappointed with the new trucks. Walton: they are more complicated in order to improve air quality. Hunting: any time there is a big change in a component, there are issues – these new components have been out for a while, so hopefully, the problems have been ironed out. Stein: we have vetted this article enough

for tonight. Kim to Vinskey: how are we doing with the nature of your amendment? Vinskey states he is thinking his amendment will be for a dollar amount. Torres: the town has to vote on a dollar amount. Hunting: how does procurement work with surplus vehicles? Torres: we will have to go out to bid. Stocker: would you bid the truck as one item and the sander as another? Vinskey: has some pricing for sander parts though they are not yet accurate. Kim: who will recommend the source of funding? Torres: it will depend on the actual article; if it is amended, we cannot borrow money for a surplus truck. Torres: if the motion has all the options for funding, the Treasurer will make the decision – if there is any borrowing, a 2/3rds vote is required; cash will be required for a surplus truck.

Torres, regarding Article 2: the Broadband Committee is meeting 4.29.16 to draft a resolution. Hemingway reports that he asked Governor Baker, during a radio call-in, when will he will get MBI to take action; the Governor stated there will be a meeting on 5.3.16 with all the significant parties and a follow-up meeting one week later – the purpose of the meeting will be to get MBI back on course – the Governor stated he is aware of the particulars and is concerned. Torres: the Broadband Committee will sponsor Article 2. Stein would like the Select Board to sponsor the resolution as well. Stein: WiredWest needs to be in the resolution. DeChiara: we are insistent there is an urgent need; does not want WiredWest to be specifically included in the resolution. Vinskey acknowledges that Western Mass is pushing hard for action; WiredWest is the best way for this to happen. Hemingway: the purpose of the meeting is to get MBI back in action – we need their money and expertise. Vinskey: when MBI is back in action, we want the funds to flow to WiredWest. Torres: everybody is on hold – whether you are wireless or fiber-optic; the first step is for the Governor to lift the pause and for the towns to have local control and be able to make their own decisions. Vinskey: the first step is to get MBI moving. Stein: the resolution needs to name WiredWest. Torres: our Broadband Committee continues to support WiredWest; the WiredWest towns have raised the necessary matching funds. DeChiara: it is about perception; by including WiredWest, people may interpret that we are pushing WiredWest; it is necessary to get the discussion going. Torres: the Governor is pushing wireless. Stein: ultimately, MBI needs WiredWest in order for this to succeed. Torres: it is important not to lose the WiredWest identity. DeChiara: the Select Board does not have to have this conversation if the Broadband Committee sponsors the article. Stein requests a motion for the Select Board to co-sponsor the resolution with the Broadband Committee. DeChiara states he is all for the resolution without mention of WiredWest. Stocker: the FinCom is here to consider the budget.

Stein calls attention to the budget. Vinskey: in FY16 we will underspend some budget lines and more funds will go into free cash therefore proposes subtracting ~\$120,000 out of free cash to decrease the amount raised by taxes. Arvanitis confirms that Vinskey is considering amending Article 10 by decreasing \$6,155,690 by ~\$120,000 from free cash. DeChiara recommends having a discussion about the topic of free cash at a time other than on the floor of town meeting. Vinskey to DeChiara: you are identifying a valid problem; we need an opportunity to meet with FinCom, Capital Planning and the Accountant on a regular basis. Vinskey concurs that it would be better not to have the discussion at town meeting. Torres: this is not a new situation, there is Department of

Revenue guidance about funding operating expenses with free cash; it would be valuable to have a discussion with guidance from the financial staff. Torres: if such an amendment were to pass, it would lower free cash by \$120,000 – this would continue to occur in future years and may mean a loss of \$360-480,000 in free cash. Torres explains: once the \$120,000 is not appropriated, the town will not have it to use in future years – it will be a loss of \$120,000 every year hence. Arvanitis: if the budget does not change and \$120,000 is taken out, the difference will have to be made up for in another way. Arvanitis would support taking the \$120,000 out if there were \$120,000 less in expenses; acknowledges that the FinCom is in support of holding budget discussions earlier in the year; it is important to create a long-range plan with those who are knowledgeable. DeChiara: if there were a good faith commitment to holding earlier discussions, would Vinskey agree? Vinskey: if the bottom line is continuing to do the budget the same way? DeChiara: we can better understand and compromise in a small group. Stein: it will help to look back and see how a future budget might look. Vinskey: since 2013, the budget has been underspent so it does not seem that expenses will have to be cut; the budgeting method does not change over the years. DeChiara to Vinskey: as you see it, we are over budgeting – that would be a productive conversation. Arvanitis: the question is how much free cash we want to generate each year. Vinskey: it looks as though there is ample money in free cash and stabilization, so to give \$120,000 back to the taxpayers will not be a big issue. Wells: what is the State recommendation for free cash? Torres: the State recommends 5-15% of the annual budget for free cash. Arvanitis: Vinskey is proposing a fundamental change; we have kept the capacity for debt service in the budget; without free cash, if we borrow for the truck, that capacity disappears; we have built up stabilization and reserves however we will be cutting into them in the next few years because of school needs and Broadband; recommends having this conversation in the Fall not at annual town meeting. DeChiara: it is one thing to maintain, it is another to do things like build a library or community solar, especially if we want to look at the future sustainability of the town. Stocker: at some point, the school roof and boiler will need attention. Walton: we have a spreadsheet for anticipated capital expenditures. Torres: there will be an update of this spreadsheet for town meeting; Vinskey: understands the need for a list of what we want to do. DeChiara: we are not going to resolve this tonight; Vinskey can offer an amendment at annual town meeting; the FinCom is willing to have the discussion. Arvanitis: the House budget is lower than the one proposed by the Governor – we have used the Governor’s budget – if the House budget passes, we will have higher revenue numbers; the FinCom is conservative in our estimates for local aide – we are trying to balance the budget – it does not come out to 2.5% every year. Torres: we have to wait for the final Cherry Sheet numbers – Chapters 70 and 90 can go up or down; if we do not go to 2.5%, we could come up short; the budget is representative; in the discussion, we can go through the recaps. Torres confirms that Vinskey can look at the recap sheet to see the actual levy. Torres: former Article 21 was eliminated per guidance from Gail Weiss/Accountant because the Assessors already voted on the matter. Vinskey: we could lower the budget by \$77,000. Torres: without this \$77,000, expenses will have to be lowered by \$77,000. Arvanitis: the FinCom will be meet on 5.5.16 to consider our annual town meeting presentation and various handouts; no visual presentation will be needed. Vinskey states his goal is to make life in Shutesbury better.

Stein acknowledges Torres experience and the hard work of the FinCom. Kim reviews plan for the FinCom report as a lead in to Article 8.

The Select Board returns to considering the resolution. Vinskey: the Select Board recently sent the Governor a letter mentioning WiredWest; noting the need for consistency - are we saying something different in a resolution that does not mention WiredWest? Stein states she firmly believes that WiredWest is the best model; cites the Harvard report concluding that WiredWest has a viable plan. Stein: not including WiredWest will take away our power; MBI needs WiredWest. Vinskey: DeChiara is saying things will move more smoothly if we send the resolution without naming WiredWest. Vinskey: the Broadband Committee is creating the resolution and the Select Board will co-sponsor it. DeChiara moves the Select Board co-sponsor the Broadband Committee resolution to the Governor; motion is seconded by Vinskey; Vinskey: aye, Stein: aye, DeChiara: abstains.

Kim to the Select Board, if you want to speak as a citizen, you have to move to the floor and be recognized by the Moderator. Torres is recognized as an information expert at town meeting. Seating is reviewed.

Documents and Other Items Used During the Meeting:

1. 4.20.16 Draft 2016 Annual Town Meeting Warrant
2. Shutesbury FY17 Town Budget
3. Shutesbury Finance Committee FY17 Budget Report

At 8:29pm, DeChiara moves and Vinskey seconds a motion to adjourn the meeting; all agree.

Respectfully submitted,
Linda Avis Scott
Administrative Secretary