

Shutesbury Finance Committee
Wednesday, November 17, 2021, Virtual (Zoom) Meeting

Members Present: George Arvanitis, Jim Hemingway, Ajay Khashu, Jim Walton, Susie Mosher, Bob Groves, Melody Chartier

Members Absent: None

Town Administrator: Becky Torres

Town Treasurer: Ryan Mailloux

Non-Members present: Molly Moss, Mary Anne Antonellis (Library Director), Rita Farrell (Select Board), Brad Foster (Library Trustee), Gail Fleischaker, Kate Cell (Library Trustee), Penelope Kim, "Amanda", Leslie Luchonok, Timothy Logan (Library Trustee), Stephen Sullivan, Mike Vinskey

Meeting called to order at 7:03 PM

1) Library Pilot Project, Financing options as required by MBLC application

- a) MBLC application requires some financial information, including municipal debt capacity. What are the pathways the town might pursue to fund the library costs? Does Shutesbury have the funding capacity to finance the project?
- b) Speculated total library cost = \$4.4 Million (Town's share = \$1.1M), Projected ineligible costs = \$300K, Library funds available for project = \$600K. These assumptions would require the town to raise an additional \$800K.
- c) Ryan presents a proposed funding model that would involve the town using Capital Stabilization and Stabilization accounts to fund the project. This model assumes that the town would borrow \$983K for other capital projects.
- d) Ryan Mailloux presents a debt service schedule for a potential 10-year note. This note results in total Principal and Interest payments of \$965K.
- e) BG says the information here clearly demonstrates that the town has the capacity to fund the project either through spending of our cash reserves and/or borrowing.
- f) JH asks for clarification that this debt schedule is coming from the State House note. Ryan confirms.
- g) GA states we should let the MBLC know that Shutesbury has several options for funding our portion of the project. That includes going out for a debt exclusion override in addition to the options we have discussed. The more options we show them, the more confidence they will have that we can manage a project of this scope.
- h) JH asks where the \$4.4M project estimate comes from. He states it seems like we are underestimating the costs. Ryan Mailloux responds that the \$4.4M amount is just a ballpark figure to work out the financial sheet. It is not an estimate of the project.
- i) Mary Anne Antonellis reports that the Friends of the Library has paid for most of the costs of testing potential sites. A total of \$16K were spent on the site exploration costs.

- j) Mary Anne Antonellis confirms that this discussion has provided her the information needed to complete the MBLC application. Three options potential options for funding the library include using free cash, borrowing, and a debt exclusion vote.

2) Review Minutes from 11/3/2021

- a) **Motion to approve 11/3/2021 minutes as amended passes unanimously 6-0 (MC abstains).**

3) Free Cash Update

- a) At last meeting, BT reported that our free cash is certified at \$1,173,772.
- b) BT is sending the committee information about the town's analysis of what contributed to the higher than expected free cash balance. A review of the final balances of our budgeted expenses vs. what we spent. There was a total of approx. \$300K of underspent budget lines. This is more than unusual. Some of this is due to COVID.
 - i) We had projected that the health insurance line would be tight, but we had a balance of approx. \$40K.
 - ii) Pilot payment: We had 2 payments for the Atkins Reservoir because the FY21 payment came late.
 - iii) A number of items that were supported by CARES funds led to them being underspent in our budget.
 - iv) Police chief wages were underspent by approx. \$20K due to his early departure.
 - v) Elementary school returned \$14K
 - vi) BG reports that he has heard that Pelham received a CARES Act cash payment from the Amherst Pelham school district of about \$200K. Is there any expectation that Shutesbury might receive something from U28?

4) Regional School – prep for 4 town meetings

- a) BG says that we should advocate for the same position as last year. That Shutesbury's goal is to move the assessment towards 100% modified statutory.
- b) SM states on Saturday that we should go in on Saturday not just to advocate but also to listen to the other towns. SM states one concern she has about moving to statutory is its potential impact on the schools' budget. She states we should also pay attention to how the assessment models we are considering affect the other towns.
- c) GA asks about what the impact of Amherst's decision to send their 6th grade students to the Middle School.
- d) The committee discusses a series of talking points to respond to the region's request for information from each town. See Attachment A for agreed upon talking points.
- e) JW will report on behalf of Shutesbury.

5) Committee Updates

- a) BG for Capital Planning: Capital request form and letter was finalized. The deadline for Town Departments to respond is December 3. Capital Planning is meeting on Dec 7th to discuss any requests that come in.
- b) GA for Personnel: Ryan M. met with the Personnel board to discuss the possibility of him taking on the responsibilities of the assistant tax collector. He is very interested in the role. BT reports that the Select Board has appointed Ryan for the position. There will be some budget implications for this.

6) Future Meetings

- a) November 20th – 4 Town Meeting
- b) December 1st – Highway/Police

Meeting adjourned at 9:30 PM

Attachment A: Shutesbury response to prompts as requested by Doug Slaughter for presentation at the 11/20/2021 Four Town Meeting (Prepared at 11/17 Shutesbury Fincom Meeting)

- Prompt 1: What financial constraints/concerns is your Town operating under in the next couple of years? What do you see as longer term problems?
 - High tax rate (approaching the \$25 cap mandated by Prop 2 1/2.)
 - High Capital needs for upcoming years, i.e, culvert, elementary school school, library, highway equip, police vehicle
 - Significant segment of town residents struggling with property tax affordability (Implementing tax exemption for elderly residents funded by shift in property tax burden)
 - Low commercial revenue sources (highly reliant on residential taxes)
 - Limited new growth
- Prompt 2: What is your Town's preferred assessment method and why?
 - Shutesbury's preferred assessment method: Statutory Method w/ 5 Yr Rolling Average
 - Massachusetts created the statutory method as the fairest, most equitable method of allocating assessments for member towns.
 - This method reflects a balance of per pupil and wealth-based factors.
 - Significant majority of Massachusetts regional districts utilize the statutory method.
 - 5 Year Rolling Average: Statutory method can result in significant changes in member town allocations from year to year. 5 Year rolling average produces a more stable, predictable annual distribution.