

Finance Committee
September 25, 2023
7:00 PM

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I. Call to Order

The September 25, 2023 meeting of the Finance Committee was held via remote participation and was called to order at 7:00 pm by Paula Daniels, Chair of the Finance Committee. Finance Committee members present: Kevin Bugaj, Paula Daniels, Stephen Evans, Tracy Mahan, Sandra Ollerhead, Frank Joe Parker, Paul J. Schleicher, Cody Thompson, Zack Tsilis, and Bonnie Yezukevich.

Not Present: William Rotondi

II. New Business

1. Distribution of Meeting Materials

The following meeting materials were sent to the Finance Committee by email for tonight's meeting:

- Agenda
- Score Sheet (09/13/23)
- Estimated Revenues and Expenditures with Approved New Growth Update (9/22/23)
- Amended Water and Sewer Budgets
- FY24 Sewer Capital Request – Cobb Street Sewer Station
- Petition of Daniel Pearson to Adopt a Town Motto
- Massachusetts Abatement Terms – Statewide Opioid Settlements

2. Town Manager Budget Update

Mr. Yunits presented the Estimated Revenues and Expenditures document. New growth came in at \$748,786 (estimate was \$700,000).

3. Fall Town Meeting Article 5: Water Operating Budget Amendments

Mr. John Harrop, Water/Sewer Assistant Superintendent, reviewed the amendment to the Water Operating Budget. All collective bargaining agreements were not finalized at the time of the Spring Town Meeting and there is a difference of approximately \$8,600. In addition, there is a principal payment due on short-term borrowings for approximately \$23,000.

Mr. Evans asked for information on the incentives.

Mr. Harrop explained incentives are for job-related licenses, for example a CDL. When the new bargaining agreements were negotiated some of the incentives for those licenses increased.

Mr. Schleicher asked if the document presented includes the new requests and if the amendments are separated out. He asked if the increases can be separated out to clearly show the increases.

Mr. Yunits reviewed Personnel Services was \$1,242,031 in May and is now \$1,261,605 for a difference of \$19,374. Debt was \$1,620,991 in May and is now \$1,643,964.

Mr. Parker agreed with Mr. Schleicher and asked for the difference in the Debt.

Mr. Yunits stated the difference is \$22,973.

Mr. Evans asked what the difference is attributed to (what wasn't known in the spring budget session). He commented it raises a concern.

Mr. Yunits shared after the Spring Town Meeting, the Treasurer identified Water & Sewer needed to borrow additional funds in the current fiscal year. Mr. Yunits noted he will review this with the Treasurer.

Mr. Harrop stated he believes the additional borrowing was for well six or seven. In the spring, the Water Department was waiting for some congressional funds approved by Congressman Auchincloss. Those funds have not come through yet.

Mr. Thompson commented he thought the spring budget process had already accounted for the national funds being delayed on the new well funding. He asked if the increase is in addition to what was already approved.

Mr. Frank Fourier, Water/Sewer Superintendent, referred to the article and discussions on Well 4 at last spring's Town Meeting. Funds were requested to cover the cost of the well as well as an additional \$90,000 for engineering services design so the project would meet the requirements for federal reimbursement. At the time the project went out to bid, the grant requirements were not clear. In addition, projects are required to be fully funded to qualify for grant funding. As of this time, no grant money has been received for the well projects. He explained this bond payment for short-term principle on Wells 5 and 6. Knowing the funds from Congressmen Auchincloss are in progress, it was determined that it was best to re-up the short-term borrowing and have no penalties for up to two years. In October the borrowing will go from short-term to long term and the borrowing company expects some payment. This is where the additional \$23,000 come in.

Mr. Thompson asked what happens if the payment is made and the federal funds come through.

Mr. Fournier explained the funds would not be re-couped. He shared they are moving forward with funding it and paying it down as if they would originally. It does not change the numbers on the project. The short-term borrowing deferred two years of payments.

Mr. Bugaj asked if it is possible to review the Town's short-term borrowings with the Town Treasurer to identify if there are any other similar situations that should have been included in the budget.

Mr. Yunits stated there are no other borrowings made based on the anticipation of federal funds. This is a unique situation.

Ms. Daniels asked if the total request for the Fall Town Meeting is a supplement of \$42,347.

Mr. Yunits confirmed this.

Mr. Bugaj asked if the Water Department is able to take funds from somewhere else to cover these types of issues, since this appears to be a mistake in the budget.

Mr. Fournier referred to the significant cutbacks made in the spring and there is not enough room in the budget to cover this debt-services item, which is technically handled outside of the Water/Sewer Department.

Mr. Yunits agreed with Mr. Fournier's comments.

Mr. Thompson asked how this payment was missed in the budgeting process.

Mr. Yunits shared he will check with the Treasurer/Collector on the reason the extra funds weren't requested in the spring.

Ms. Daniels asked if the increases due to the collective bargaining agreements can be anticipated in next year's budget to avoid a budget amendment next fall.

Mr. Fournier explained the contracts are negotiated every three years. Historically Water/Sewer and Highway settle their budgets last and sometimes this is after Town Meeting. Until the final contracts are approved, they can only estimate increases. There is a possibility for changes each time the contract renews (every three years).

Mr. Parker asked where the additional funds will be coming from.

Mr. Yunits replied the funds will come from Retained Earnings.

Mr. Harrop asked to have the amounts for Personnel Services verified before voting on this article.

Mr. Yunits confirmed he will verify this before the Finance Committee votes on this.

Mr. Tsilis asked for confirmation there is a shortfall of \$539,551 that will be covered by Retained Earnings.

Mr. Harrop confirmed this. Mr. Fourier shared this occurs yearly and referred to the inter-fund transfers where Water/Sewer pays back to the Town for all their services, such as insurance, a portion of salaries, and anything additional. Halfway through the year, cleared receipts go back into the Retained Earnings funds and things begin to balance out. He commented each year the balance in Retained Earnings gets lower and lower, which is of concern and the reason why rates have not been lowered. Rates will be evaluated to ensure they are set at a sustainable amount to continue to operate the Water/Sewer enterprise. The last rate study was done pre-Covid and since then costs have increased significantly.

Mr. Tsilis asked for the balance in Water Retained Earnings.

Mr. Yunits replied the balance is \$3,130,047.

Mr. Tsilis asked what the 5-year trend shows.

Mr. Fournier replied the inter-fund transfers are trending upwards. Cost expenses are also trending up. The DOR and rate study professionals recommend a percentage of the most valuable asset or one year's worth of coverage in Retained Earnings in case of emergency. That number is trending low because of the new treatment facility.

4. Fall Town Meeting Article 6: Sewer Operating Budget Amendments

Mr. Harrop reviewed the amendments to the Sewer Operating Budget and explained the increases are mainly in salaries and wages due to the same issue with the collective bargaining agreements. In addition, there was one employee who anticipated retiring in July but delayed his retirement until the fall.

Mr. Yunits stated the differences in the Sewer budget is \$17,334 and under Debt Services \$1,001. He will provide a comparison to what was approved in the spring and the additional amounts being requested in this article.

5. Phase 2 Cobb Street Sewerage Pumping Station

Mr. Fournier shared the Water/Sewer Department has a request before the Capital Improvements Committee for additional funds for phase 2 of the Cobb Street Sewerage Pumping Station. In May of 2021, \$300,000 was approved for this phase at Town Meeting. COVID hit during phase 1, which included all the electrical upgrades to the fans, the generator, and transfer switch. Due to supply and demand of the microchips, the project was put on hold resulting in an eighteen-month delay in the project. Phase 1 is now complete however, due to the delay between the engineer's estimate, supply chain issues, and the volatile market the competitive bids for phase 2 came in about \$50,000 over the two-year-old estimate. The capital request is for \$100,000 to cover this and any unforeseen issues. This is in addition to the original \$300,000 previously approved for this in 2021. The Cobb Street Pumping Station is the largest pumping station in the system and is the heart of the entire system. It was neglected for 20 years and requires significant updates to function properly. No one has seen the bottom of the actual wet well in over 20 years and therefore contingencies are necessary.

Ms. Ollerhead referred to Phase 3, which was already approved at Town Meeting, and asked if Mr. Fournier anticipates those costs will also increase because of the delays.

Mr. Fournier stated Phase 3 is the final aspect of the project and is realistically two years out. He noted costs on equipment have been coming down as supply and demand is improving. He explained projects cannot go out to bid until funds for the project are appropriated, which creates the issue of the bids coming in different than what was approved at Town Meeting.

Mr. Parker asked if the \$100,000 is also coming from Retained Earnings.

Mr. Thompson asked if the approval is for \$100,000 or up to \$100,000 from Retained Earnings. He asked if these funds are just for the study and how the cost for the repairs will be handled.

Mr. Fournier replied the approval locks in the number as an approved total number for that project. If the entire amount is not used, it would get certified and go back into Retained Earnings. Mr. Fournier clarified these funds are part of the total cost to complete the project. It has already been estimated by the engineers and inspected while it was actively pumping. The worst-case scenario is being used to

calculate the cost. The \$400,000 will cover the work to complete Phase 2 of this project, unless there is something catastrophic that could not have been anticipated.

Mr. Tsilis asked for an update on work done on the wells, projects done over the summer, the outcome of the changes to PFAS regulations, if all the main wells have been replaced, and if the aeration system for the tanks has been installed.

Mr. Fournier shared Wells 4, 5, and 6 are fully operational. Significant differences in the quality and volume occurred when 5 and 6 went online. During that timeframe Well 4 failed and was fixed. Well 1 is now for emergency need only. Flushing sequences were done during the summer. Fire pump testing has been conducted in various locations. Well 3 (off of Newland Street), which is the one that tends to have high PFAS numbers, will most likely exceed the threshold with the heavy rain recently. If that occurs, MA DEP protocols would need to be followed. New PFAS guidance was supposed to be released in November but due to pushback from the industry, the date has been extended to February 2024. Wells 5 and 6 are brand new and have been relocated. Well 4 has been cleaned and rebuilt in its exact location, and they are hoping to not have to use any of the \$900,000 that was approved at Town Meeting because it will cut back on the amounts reimbursed by Congressman Auchincloss. The aeration system has not been completed. The Water Department is looking at all options to provide the best solution.

6. Fall Town Meeting Article 15: Paving of Norton Historical Society Parking Lot and Article 16: Municipal Sewerage at Norton Historical Society

Mr. Yunits shared these articles were put forth by the Select Board. Article 15 is to replace the rear parking lot at the Norton Historical Society located at 18 West Main Street and Article 16 is to connect the building to municipal sewer.

Mr. Tsilis asked why this wasn't presented at the Capital Improvements meeting.

Mr. Yunits explained it will go through Capital, at the time of the meeting the numbers were not available.

Mr. Schleicher asked why the Highway Department doesn't handle the paving.

Mr. Bob Kimball, Board Member of the Norton Historical Society, shared the Highway Department was consulted on the parking lot. Jobs of this size and magnitude are typically done by an outside company due to the time and equipment required. The Highway Department provided the names of companies they have used for larger jobs like this. For the parking lot he recommends the bid from Ryan Asphalt for \$16,720, a company recommended by the Highway Department.

Mr. Parker referred to the map included in the materials and asked which area of the driveway would be widened.

Mr. Kimball replied the driveway would be widened on both sides to allow for parking on both sides.

Mr. Tsilis asked Mr. Kimball to review the plan for the sewer.

Mr. Kimball shared the request is for funding to tie the building into the new municipal sewerage line on West Main Street. He received estimates from 4 companies. The Historical Society recommends the bid from D.E. Silvia, given their experience and price. He reviewed the details involved in the project and the factors that affect it. Two connections have been done in the area, in both instances the contractors experienced connection issues. Due to the grade of the property and ledge, a grinder pump option is recommended. If ledge is involved, additional work at \$250 per hour will be required. The amount being requested is \$27,000, which includes contingency funds if ledge is found.

Mr. Tsilis asked if a septic system has been considered, given the challenges expected.

Mr. Kimball explained since there is a sewer line that goes in front of the property, bylaw requires the building to connect to it and, in the long run, it is a better option. The property has a cesspool, but no one is sure if they connected to an existing cesspool or built a new one when the schoolhouse was moved.

Mr. Yunits commented a septic system would cost this much or more.

Mr. Kimball stated if the project goes over the requested amount of \$27,000, the Historical Society will be responsible for the additional funds to complete the project.

Mr. Parker asked for the amount requested to fix the parking lot.

Mr. Kimball stated the Historical Society is recommending the bid from Ryan Asphalt for \$16,720.

Ms. Daniels asked if the funds requested would come from Free Cash.

Mr. Yunits confirmed this.

Mr. Evans asked about the Historical Society using the new community center.

Mr. Kimball replied the municipal buildings are available to the Historical Society. He shared the old schoolhouse building at 18 West Main Street was recently restored and is used for Historical Society meetings and monthly events that are open to the public. There is new museum, a three-bay "barn" garage in the back, Mrs. Wheaton's carriage, and the original school bus used in Town. He encouraged everyone to come visit and see the new changes. The Historical Society is a 501 c3 and maintains all its own building costs (the land is Town-owned). To his knowledge, this is the first time the Historical Society has requested any funds from the Town.

Mr. Yunits commented the Historical Society building houses a number historical Town relics. The new community center most likely will not have enough space to store them all. He added the building where the current Senior Center is located will have a similar expense when they move out of it.

Mr. Thompson asked why this request was not part of the budgetary process in the spring and referred to the shortfall in the Town budget. He commented this request is more of a like to have than a need to have.

Mr. Kimball referred to the dangerous condition of the back parking lot, which is used by many elderly patrons. The cesspool is no longer working properly. Water in the building only works for about an hour.

Ms. Daniels asked why this wasn't requested during the budget season last spring.

Mr. Kimball explained last spring they were working on the building repairs within their own budget, not considering going to the Town for funds. When the Library Paving was approved in the spring, the Historical Society realized they could also ask for funding.

Ms. Daniels asked if the Norton Historical Society has its own line item in the Town budget.

Mr. Yunits stated they do not since they are a non-profit organization.

Mr. Kimball replied they are a 501 c3 and pay for all their own expenses, including insurance and utilities.

Ms. Daniels asked if the Hicks Fund or another Trust Fund would be able to fund this request.

Mr. Yunits stated the Hicks Fund is for maintenance of the cemeteries. Free Cash is the appropriate funding sources for this request. He added since the land is Town-owned, the Town would be liable if someone is injured on the property and commented on the valuable work the Historical Society does to preserve the history of Norton.

Mr. Parker asked if the Town owns both the land and the building and the time frame required to connect the sewer line.

Mr. Kimball explained the Town owns the land and the Historical Society owns the building.

Mr. Yunits and Mr. Kimball shared it must be connected within seven years of the completion of the sewer line, unless the property is sold within that time and must be connected prior to the sale.

Mr. Tsilis referred to the citizens petition two years ago to extend the timeframe.

Mr. Kimball commented the recently passed article waiving connection fees on Town-owned property will apply to this connection and the Historical Society is only requesting funds for the improvements needed to make the connection.

Mr. Schleicher commented he attended an event at the Historical Society over the summer and the condition of the lower parking lot and walk up to the building is very dangerous.

Mr. Rotondi asked if the Historical Society pays the town rent.

Mr. Kimball replied the Historical Society has a 100-year lease (starting in 1960) at \$1.00.

Mr. Thompson asked if there is a running total of all the Free Cash funding requests for all the articles on the warrant.

Mr. Yunits replied he will provide the Finance Committee with a running total. The balance is well over \$4,000,000. He referred to the Finance Committee's advice Free Cash should not be considered for

reoccurring budget expenses. This request is exactly the type of capital request appropriate for the use of Free Cash.

Ms. Daniels asked if this has been presented to the Select Board yet.

Mr. Kimball shared he approached the Select Board and requested they place these articles on the warrant. They voted unanimously to place the articles on the warrant but have not yet voted on the articles yet.

Mr. Parker asked if the articles need to be presented to the Capital Improvements Committee. If it has not, he suggested waiting to vote until then.

Mr. Yunits stated they will be presented for endorsement at the next meeting on October 3rd.

The Finance Committee decided to wait to vote on this article until after the Capital Improvements Committee has reviewed and voted on these articles.

7. Fall Town Meeting Article 10: Opioid Funds

Mr. Yunits reviewed the Fall Town Meeting Article 10 to appropriate \$201,801 from Free Cash for use under the Opioid Settlement Agreement, such as opioid prevention, education, treatment, recovery, and harm prevention. These are the settlement funds received this year and must be used for these purposes only. The State monitors and requires reporting on the use of these funds.

Mr. Thompson asked for confirmation there is \$201,801 earmarked in Free Cash from the Opioid Settlement that this article will appropriate to a separate account for this use and will not require additional approval.

Mr. Yunits confirmed the funds will stay in the article until they are spent. The Town could receive additional funds up to \$960,000 and there is no time frame on when the funds need to be spent.

Mr. Thompson asked if the funds could be used for things such as AEDs.

Mr. Yunits replied he will check into this. He is aware it can be used to purchase Narcan, opioid education programs at the school, and services police clinicians provide.

Motion was made by Mr. Parker to recommend Fall Annual Town Meeting Article 10 to raise and appropriate \$201,801 from Free Cash to funds for the purposes outlined in the Massachusetts State Subdivision Agreement for Statewide Opioid Settlements. Seconded by Mr. Thompson. Vote: 11 -0 Unanimous. Motion Carries.

8. Fall Town Meeting Article 11: Cannabis Community Impact Mitigation Funds

Mr. Yunits shared the Town has received \$85,000 in impact fee revenue from marijuana, which must be used for impacts related to the facility. He recommends the Finance Committee appropriate \$85,000 from Free Cash to be expended only for any lawful purposes the Host Community Agreement allows. He noted there is pending State legislation that may require these funds are returned. This article will hold the funds in an account that would be readily available if they need to be given back.

Ms. Daniels asked when the decision will be made.

Mr. Yunits explained the State is working on the legislation now and the question is if it will be retroactive and affect the HCA the Town already signed.

Mr. Schleicher asked who would be able to authorize the use of funds in this account.

Mr. Yunits explained he and the Town Accountant would determine acceptable uses for this account. The facility would also need to agree with the use.

Mr. Tsilis asked why these funds would not go into the Police budget for items such as additional patrols.

Mr. Yunits stated if additional patrols are required, the funds could be used for that purpose. He explained the new legislation provides the Town invoice the facility for any impact expenses. The funds would then be paid back to the Town, rather than holding on to the money up front.

Mr. Schleicher asked if this is the same issue being discussed with the Lucky Green Ladies facility.

Mr. Yunits replied this is one of the issues.

Ms. Yezukevich asked if the \$85,000 is the amount the Town could spend if needed to rectify facility impact issues.

Mr. Yunits explained the Town holds \$85,000 the facility has paid to the Town. This Article allows the Town to place those funds in a Cannabis Impact Account so they can be used according to the HCA between the Town and the facility. If any impacts are identified by the Town and agreed upon by the facility, the funds in the account can be used to address those impacts.

Mr. Thompson asked if there are any additional expenses the Town has to expend, such as building and health inspections. He asked if wear and tear on surrounding Town roads due to high traffic could be considered an impact.

Mr. Yunits stated the facility pays for all permits required and there is nothing different from any other type of business. He added impact to the roads would be a difficult argument to make. If the Town is able to keep the \$85,000, it can be used for items such as attorney fees and resolving odor issues.

Mr. Thompson commented the funds should be able to be used for Town Counsel to review and advise on acceptable uses of the funds. He asked funds expended on Town Counsel for HCA discussions (past and future) could be reimbursed by impact funds.

Mr. Yunits replied fees for Town Counsel on HCA agreements is a legitimate impact expense.

Mr. Schleicher asked if the 3 percent tax on gross sales goes into Free Cash.

Mr. Yunits confirmed it goes directly into Free Cash with no restrictions other than being certified. Last year the amount was \$54,000 for the period of September 17 to June 30.

Motion was made by Mr. Parker to recommend Fall Annual Town Meeting Article 11 to move \$85,000 from Free Cash into an account to be expended for any lawful purpose as outlined in the Host Community Agreements (HCAs). Seconded by Mr. Thompson. Vote: 11 -0 Unanimous. Motion Carries.

III. Old Business

IV. Minutes

The meeting minutes for April 25, 2022 were reviewed and updated as needed.

Motion was made by Mr. Parker to approve the April 25, 2022 meeting minutes. Seconded by Mr. Thompson. Vote: 8- Yes. 3- Abstain. Motion Carries.

V. Open session for topics not reasonably anticipated 48 hours in advance

Mr. Rotondi commented the Conservation Committee references the Governor Healey's extension of remote meetings under the Open Meeting Law at the beginning of each of their remote meetings. He asked if the Finance Committee should also be referencing this provision.

Ms. Daniels stated she will check with the Town Manager.

VI. Adjournment

Motion was made by Mr. Parker to adjourn the meeting at 8:51 pm. Seconded by Mr. Rotondi. Vote: 11-0 Unanimous. Motion Carries.

The meeting is adjourned at 8:51 pm.

URL link: <https://www.youtube.com/watch?v=2QijD4a3eOo>

Respectfully submitted by:

Anne Simpson

Minutes Approved by Committee on:

3/4/2024

Signature:

Paula Daniels