

Finance Committee
October 2, 2023
7:00 PM

RECEIVED
NORTON TOWN CLERK
2024 MAR 28 PM 3:49

I. Call to Order

The October 2, 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 (joined at 7:04 pm), Paula Daniels, Stephen Evans (joined at 7:05 pm), Tracy Mahan, Sandra Ollerhead, Frank Joe Parker, William Rotondi, Paul J. Schleicher (joined at 7:02 pm), Cody Thompson, Zack Tsilis, and Bonnie Yezukevich.

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 (9/9/2023)
- Draft Warrant for the Fall Annual Town Meeting
- Separation Expenses Summary
- Summary of OPEB Appropriations
- Stabilization Fund Summary
- Citizens Petition of Daniel Pearson to Adopt a Town Motto
- Water and Sewer Budget Amendment Summary

2. *Fall Annual Town Meeting Warrant Article Discussion and/or Vote*

Article 2: Separation Expenses

Mr. Yunits reviewed the FY2024 Separation Expenses summary and recommended to appropriate \$117,544 from Free Cash for the following expenses:

- \$57,000 to Police for contractual separation expenses
- \$60,544 to Highway for contractual separation expenses

Ms. Ollerhead asked if the amount for Highway is part of an installment or a full amount.

Mr. Yunits stated it is the full separation expense.

Mr. Thompson asked if these were unanticipated separation expenses, after budget season.

Mr. Yunits confirmed this.

Motion was made by Mr. Parker to recommend Fall Town Meeting Article 2 in the amount of \$117,544 for separation expenses. Seconded by Mr. Rotondi. Vote: Yes 9. Unanimous. Motion Carries.

Article 5: FY2024 Water Operating Budget Amendments

Mr. Yunits reviewed the Water and Sewer Budget Amendment Summary related to Article 5, which provides the following amendments to the FY2024 Water Operating Budget approved in May:

- \$8,563 to Personnel Services (for a total of \$1,261,554)
- \$22,973 to Debt Services (for a total of \$1,643,964)
- Total amended Water Budget is \$4,782,984

The funds would come from anticipated Water Receipts.

Motion was made by Mr. Parker to recommend Article 5: FY2024 Water Operating Budget Amendments to add \$8,563 to Personnel Services for a total of \$1,261,554 and add \$22,973 to Debt Services for a total of \$1,643,964 for a total Water budget of \$4,782,984 to be paid from anticipated Water Receipts. Seconded by Mr. Rotondi. Vote: Yes 11. Unanimous. Motion Carries.

Article 6: FY2024 Sewer Operating Budget Amendments

Mr. Yunits reviewed the Water and Sewer Budget Amendment Summary related to Article 6, which provides the following amendments to the FY2024 Sewer Operating Budget approved in May:

- \$16,483 to Personnel Services (for a total of \$457,827)
- \$1 to Debt Services (for a total of \$403,214)
- Total amended Water Budget is \$2,369,477

The funds would come from Sewer Retained Earnings.

Motion was made by Mr. Parker to recommend Article 6: FY2024 Sewer Operating Budget Amendments to add \$16,483 to Personnel Services for a total of \$457,827 and add \$1 to Debt Services for a total of \$403,214 for a total Sewer budget of \$2,369,477 to be paid from Sewer Retained Earnings. Seconded by Mr. Rotondi. Vote: Yes 11. Unanimous. Motion Carries.

Article 11: Cannabis Community Impact Mitigation Funds

Mr. Yunits asked the Finance Committee to reconsider this article and revote to appropriate the corrected amount of \$35,000 from Free Cash.

Motion was made by Mr. Parker to reconsider Article 11. Seconded by Mr. Rotondi. Vote: Yes 11. Unanimous. Motion Carries.

Motion was made by Mr. Parker to recommend Article 11 to move \$35,000 from Free Cash into an account to be expended only for any lawful purposes and consistent with the cannabis host community agreements for the implementation of mitigation measures associated with the sale of recreational marijuana. Seconded by Mr. Rotondi. Vote: Yes 11. Unanimous. Motion Carries.

Article 18: Other Post-Employment Benefits Liability Trust Fund (OPEB) Funding

Mr. Yunits reviewed the Summary of OPEB Appropriations document. Each year the Town has been increasing the appropriation by \$5,000. He recommends Article 11, which appropriates \$120,000 from Free Cash into OPEB.

Mr. Thompson asked about the funding goal, the projected time frame to reach that level, and why this is not part of the annual budget.

Mr. Yunits stated the goal is to put \$200,000 into OPEB each year until 2034, when the pension system will be fully funded. He explained, when the budgets are done in May, typically there are many constraints that warrant postponing funding this until Free Cash is certified.

Ms. Daniels asked for clarification on the amount requested this year.

Mr. Yunits stated \$120,000 is being recommended this year.

Mr. Thompson asked about the reasoning for increasing funding by \$5,000 per year until the goal of \$200,000 is reached, rather than funding it \$200,000 yearly. He asked if there will be a time the Town will not be able to meet the recommended funding.

Mr. Yunits stated the Town aims to hold some Free Cash in case it is needed for the following year's budget. If there is Free Cash left over in May, more funds can be added to it. He explained although funding goal may not be attainable, Standard & Poors reviews the Town's OPEB funding and increasing it yearly helps with its credit rating.

Ms. Daniels asked if it hurts the Town's credit rating if it is not fully funded.

Mr. Yunits shared the Town is awaiting a Standard & Poors report. When this subject came during the review, he replied the Town committed to working toward the goal of \$200,000 per year and is consistently increasing the funding each year towards that goal.

Mr. Thompson asked if the Finance Committee had discussed setting up a special funding mechanism for OPEB.

Mr. Yunits stated it was discussed in 2034, when the pension system is supposed to be fully funded and the Town is contributing 2 to 3 million into the pension system, that would be the funding source for this.

Motion was made by Mr. Parker to recommend Article 18 to appropriate \$120,000 from Free Cash to Other Post-Employment Benefits Liability Trust Fund (OPEB). Seconded by Mr. Rotondi. Vote: Yes 11. Unanimous. Motion Carries.

Article 19: Stabilization Funding

Mr. Yunits reviewed the Stabilization Fund Summary document showing the balances and appropriations from FY2009 to present. He referenced the plan to reimburse this fund the \$707,500 that was used in the Spring and recommended \$1,000,000 be put into Stabilization from Free Cash.

Mr. Thompson referred to the goal of having 5 percent of the total budget in Free Cash and asked how much this funding is normally increased each year.

Mr. Yunits reviewed the previous years' funding and stated this year's funding (after reimbursing the money used in the Spring) is equivalent to \$300,000.

Mr. Rotondi noted the sum of \$707,500 (used last May) will be replaced in the Stabilization Fund and \$292,500 will be added to the Stabilization Fund for a total appropriation of \$1,000,000.

Mr. Tsilis asked for the anticipated balance in Free Cash after this fall's expenditures.

Mr. Yunits replied the numbers are still in progress. His goal is to keep \$2,000,000.

Mr. Tsilis stated he feels this amount is too low considering the amount of Free Cash this year and the additional funding the Schools will require this year.

Mr. Evans agreed.

Motion was made by Mr. Tsilis to appropriate \$1,250,000 from Free Cash to the Stabilization Fund. Seconded by Mr. Parker.

Ms. Daniels asked why the Town Manager recommends to keep \$2,000,000 in Free Cash.

Mr. Yunits explained the considerations are \$350,000 for Snow and Ice and \$1.4 million dollars was used for the budget last year (\$700,000 for the general budget and \$707,500 for the Schools).

Mr. Schleicher asked what the plan is for funding the Capital Improvements Fund, which is currently very low.

Mr. Yunits stated he is recommending \$1,000,000 be put into the Capital Improvements Fund.

Mr. Schleicher suggested putting \$1,500,000 into the Stabilization Fund.

Mr. Tsilis agreed.

Ms. Ollerhead suggested putting in the recommended amount of \$1,000,000, since that would bring the Stabilization Fund up to the recommended level of 3 to 5 percent. She commented she appreciates wanting to increase Stabilization Fund and feels adding additional funds to this and the Capital Fund can be evaluated in the spring. She referred to the upcoming funding request from the Schools.

Mr. Parker commented putting \$1,000,000 would bring the balance in Stabilization to \$3.1 million, which is not quite 5 percent.

Mr. Rotondi suggested waiting to decide on this until the Town Manager has the final numbers.

Mr. Yunits stated he will have the final numbers by the meeting next Wednesday.

Mr. Thompson referred to the Town's credit rating being adversely affected by using Stabilization Funds and feels since the budget is already short, it is best not to add funds to Stabilization that will have to be pulled out again next year. He agreed with Ms. Ollerhead's suggestion to wait until the spring to increase this funding.

Mr. Schleicher commented the Town Manager is planning to keep \$2,000,000 in Free Cash for budget amendments.

Mr. Yunits agreed with the suggestion to wait until the next meeting to vote on this.

Ms. Daniels stated she would prefer to wait until next week.

Mr. Rotondi asked what the Town Manager factored in the estimated amount recommended to hold in Free Cash for next year.

Mr. Yunits replied the recommendation includes holding back funds for snow and ice and \$700,000 typically put into the budget each year from Free Cash.

Mr. Thompson asked if there is a snow and ice budget item and if this is for supplemental funds, if needed.

Mr. Yunits stated \$80,000 is budgeted each year for snow and ice and these funds would be available if it was a bad winter and the budget is exceeded. Keeping these contingency funds in Free Cash would make them available in May by a simple majority vote at Town Meeting. Use of the Stabilization Fund requires a 2/3 vote at Town Meeting.

The Finance Committee decided to wait to vote on this until next week's meeting.

Motion was made by Mr. Tsilis to withdraw the motion to appropriate \$1,250,000 from Free Cash to the Stabilization Fund. Seconded by Mr. Parker.

Article 21: Adopt a Town Motto

Mr. Yunits introduced the petitioner of this article, Norton resident, Dan Pearson to present the petitioned article.

Mr. Pearson shared the proposed motto "Acumen Acutum" (Latin for sharp point or intellect), explained its meaning, suggestions where the motto could be used, and noted the advantages to having a town motto. He stated the cost to implement this is very flexible and would be determined by what the Town decides to put into it.

Mr. Rotondi expressed his opinion on this has not changed from when it was previously presented. He doesn't feel there are any benefits to justify using any funds for this, given the Town's tight budget. He commented Town counsel would need to be consulted before adopting a Town motto, which would come with a cost.

Mr. Tsilis commented he is not opposed the idea, but feels a committee that includes representation from a broad scope (such as the Schools and the Senior Center) should discuss and come up with the town motto. He feels it should be presented and voted on by the people at Town Meeting.

Mr. Thompson expressed he is not opposed to the idea, but it is important to acknowledge there will be some expense (graphic design and legal) and creating a town motto should be done collectively. He agreed it should be presented and voted on by the people at Town Meeting.

Ms. Daniels pointed out the article being voted on is to recommend the Town adopt the proposed motto. It does not include any finances.

Ms. Ollerhead agreed with Ms. Daniels and added any costs associated with it would have to come back to the Finance Committee and before Town Meeting. This article does not include any commitment of funds. She agreed it should be presented and voted on by the people at Town Meeting.

Motion was made by Mr. Parker to recommend Article 22 for the adoption of a town motto. Seconded by Mr. Rotondi. Vote: Yes – 8 No – 3. Motion Carries.

The Finance Committee discussed their upcoming meeting schedule and the warrant deadlines. The warrant with the Finance Committee's recommendations needs to be posted on October 13, 2023. The next meeting will be on October 11, 2023.

III. Old Business

IV. Minutes

There were no minutes to approve.

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

VI. Adjournment

Motion was made by Mr. Parker to adjourn the meeting at 8:00 pm. Seconded by Mr. Rotondi. Vote: 11-0. Unanimous. Motion Carries.

The meeting is adjourned at 8:01 pm.

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

Respectfully submitted by:

Anne Simpson

Minutes Approved by Committee on:

3/4/2024

Signature:

Paula Sainz