

Town of Lunenburg

Finance Committee:

Terri Burchfield, Chairman

John Henshaw, Vice-Chairman

Hannah Anderson, Secretary

Jay Simeone

George Martin

Marc Luescher

Michelle Walton



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Lunenburg Finance Committee

01-24-19

A handwritten signature in black ink, appearing to be "G.M.", is written over the date.

Location: Town Hall

Present: Terri Burchfield, John Henshaw, Hannah Anderson, Michelle Walton, Marc Luescher, Jay Simeone, George Martin

Absent:

Guest: Heather Lemieux, TM.

1. Open Meeting:

The Chair called the meeting to order at 7:00 pm. This meeting is being recorded and televised for re-broadcast on the Lunenburg Public Access cable channel.

2. Communications:

Public Comment:

Hannah Anderson, January 26th the Lunenburg PTO is hosting a Skate Party at Roll on America, tickets are \$10 which include admission, skate rental, a slice of pizza, a small soft drink, and 10 game tokens. On February 10th the PTO will be hosting a private screening of Lego Movie 2 at Cinema World in Fitchburg. Doors open at 9am, movie starts at 9:30am, and tickets are \$6.50 each. Tickets are presale only. There is also a save the date for April 6th, 2019 for Parents Night Out which is a fundraiser and will be held at the Townsend Ridge Country Club. I also want to say thank you to the Dragonfly Garden Café for hosting the PTO's Come and Go fundraiser on December 21st, 2018 as well as thank you to our wonderful town volunteers, Officer McNamara and his comfort dog Hank, Chief Sullivan, Chief Marino, Board of Selectman- Phyllis Luck, Lunenburg Public Library's- Debbie Laffond, Lunenburg Public Schools- Camilla Thompson, Sewer Commission- Joseph Anderson, and Honorary Eagle House Representative- Marie Burchfield for all reading and hanging out with the public, so thank you.

New Communications: none

3. Town Manager presents 5 year Financial Forecast & Capital Plan recommendation

There are two packets and the Town Manager started with the Financial Forecast presentation.

Five Year Financial Forecast Presentation is attached to these minutes

On slide 8, Terri clarified under the Stabilization Fund Account "Deposit Free Cash in the amount of 5%" it's not that we are depositing free cash in the amount of 5% but we are depositing Free Cash to maintain 5%.

On Slide 21, Terri asked that the Town Manager discuss the meaning of "Assumes Tax Title cost and what she is referring to for the overlay account cost and what she is referring to for the overlay account" since it is not discussed often in Finance. Heather explained, the overlay account is the money put aside for the assessors for when they need to make abatements for disputed tax bills. That also could relate to in the past historical court judgments like when there was a poll dispute and that went to the ballot tax board and they make a ruling on who is responsible. Terri then asked, why it is being increased every year? Heather explained, historically that is what is trending.

Questions were opened up for the board after the presentation.

John asked about slide 11, stating the estimate and new growth remains \$375K, which is a trend, but in the recent past, the new growth has exceeded that by some fifteen hundred thousand dollars. John wanted to make sure that was part of the consumer approach for projecting revenue. Town Manager said yes. John then asked, "It's not an indication that we should expect new growth to decline necessarily? Town Manager said no and explained that looking at the trend's new growth between 360K-487K, last year was around 472K, but it is so market base and economy based the approach to be conservative is the wise for the town in case the economy changes and we don't see as much building occur. John then asked that we would not be surprised if there is some upside to that and Heather confirmed that they check in with the assessors frequently and especially closer to Special Town Meeting in the Fall right before Free Cash is certified when we are finalizing if any changes need to be made to make sure we are on target.

Terri asked if there was a way to know the split on new growth between new construction and what was rehab, renovations, ect.? Town Manager answered no.

John asked to look at slide 13 about the state aid schools and his understanding from a couple of meetings ago, 1.10.2019 Chapter 70 formula discussion, John left the meeting from 1.10.2019 with the impression that Lunenburg would be getting an upside or status quo in which case there is a possibility of getting a little more state aid then what is in the forecast here. Town Manager agreed with John as to what is in the forecast. Heather said yes, because the governor proposal is already \$200K more for Lunenburg FY20.

There will be a 2.7% increase in unrestricted general government and a 2.7% increase in Chapter 70.

John then asked to look at slide 20 on the Retirement Assessment. The retirement assessment plan is to be 10% increase per year which would be a doubling of that every 7 years then? Town Manager agreed that is it significant and strictly based on historical trends. How much of that is driven by an increase in cost per retiree? And how much of that is driven by the increased number of retirees? The point of this question is that if we have people driven by more retirees then they will be paid their retirements but they will also be replaced by people presumably earning less from the town. So maybe some silver lining? Town Manager stated that in 2032 the unfunded liability will be fully funded and that is a large part of our assessment is because that was a mandate years back that we had to fund the unfunded portion and that will have a drop off. A lot of towns are planning to put that drop off into OPEB.

John also asked when the pavement plan would be ending. Heather said after the bonds are issued and then the pavement plan goes out 15 years.

George asked about last Falls Free Cash surplus, Town Manager said we have 1.5 million in Free Cash.

George asked if it is being earmarked for other things that we are not seeing in this presentation. Town Manager let him know that it will be part of her capital plan that she will be presenting and the other part is in the financial forecast which is \$100K for stabilization, \$200K for the special purpose stabilization, and \$150K for OPEB account.

Dave Passios, 56 Whiting Street, "through you I would like to get the three new positions so I can get the designation right as they are prescribed." Town Manager responded with a fire fighter, police officer, a parks director position, and an assistant town manager.

Terri asked about the big drop in 2022 & 2023 is attributable to what? Will be answered later in the meeting. Karen Brochu commented near the end of the meeting, from FY22-FY23 there is approximately a \$50K reduction in our regular debt services, made up of many different things, Turkey Hill Middle school parking lot, high school ADA access, Turkey Hill Middle School bleachers, Elementary school restroom repairs, and high school asbestos abatement, that drops off in 2023. From 23-24 our regular debt services drops off about \$120K and that's because the DPW renovations will be paid in full in 2023. And our excludable debt from FY23-24 drops by a million dollars and that represents the payoff of the primary school and safety buildings.

Town Manager presented the Capital Plan.

Five Year Financial Forecast Presentation is attached to these minutes

Terri asked if the voting machines going forward, "if the state moves forward with rank order voting this is going to be something accommodated by these machines?" Town Manager said she would have to ask the town clerk. Terri then asked "Where exactly are we in the Turkey Hill Abatement process?" Town Manager said one more year for \$98K in FY21.

George asked about the \$50K line item master plan and wanted to know what that is. Town Manager explained that the town has not had a master plan since 2002. A master plan is big picture view that you want to tie into your Capital Plan because it tells you all the needs of the community, infrastructure, facilities, recreation, so long term plans for the town in all those areas which should inform your Capital Plan as well, what the needs of the town are. Since that hasn't updated in so long, the planning board should hire a consultant or facilitator to review the sections that have been done and whether they need to be updated or whether they are looking to implement portions of that to help with that process, in a sense be used for.

Terri clarified the cost for the fuel tanks at the DPW is really \$330K, so the \$110K, has it been spent or is it available? Town Manager answered, no, it was a capital article in a previous capital plan, has not been expended. Terri clarified that the \$110K does not also exist in the Capital line in this document plan and Town Manager agreed. Terri asked for the town manager to speak on the \$167K in unexpended capital would be from? She was told \$130K asbestos abatement that were funds from FY19 state budget, \$25K is from the police department because they were able to get their finger print machine free of charge from the state, and there are other minor lines that can be closed out were those previous capital articles were not fully expended.

John asked if we would zero out our unexpended line or capital so we would not have a balance on the unexpended capital going forward? Town manager said no we do, this is what we know to be used but there are projects that haven't been fully expended, for example the \$110K for the fuel tanks. There may be more projects closed out by town meeting that we may be able to use for future use. John clarified that projects closing out means we may have some extra money laying around that could help us.

Terri asked if Capital Planning Committee would take on the expenses of Vertex. Town Manager said she would like Capital Planning Committee to take on all known costs and repairs that are qualified as a capital expenditure should be on the plan regardless if we are going to fund them or not. As of right now the Board of Selectman has been having workshops to make a plan for the five buildings but those decisions still need to be made.

George asked if there are any other fuel tanks in the town that need to be removed? Town Manager said none that she knows of.

Terri asked if there is a life span on fuel tanks? Jack, director of the DPW, answered they are past their 25-year life span but they have leak monitors and nothing is leaking so far.

Dave Passios, 56 Whiting Street, asked to go back to engine four's page first and asked why we are not been eligible for the grant money that we have gone after. Town Manager explained that we need to have more trucks in our fleet that are younger. Dave asked if our fleet is much younger than what most other fire departments are running with in the state? The town manager answered, no, the opposite, our fleet is too old for the grant. I can't answer definitively but from what I understand, the federal requirements for this grant require a newly aged fleet to qualify for the grant. It was agreed to wait for Chief Sullivan in a couple of weeks to bring that question back instead of speculating. Dave wanted to point out that he believes we are borrowing roughly \$400K that we hoped not to be borrowing at all and if we go back to look at the records of town meeting then there was a very good possibility that we would not have to borrow for that truck. Town manager explained that the \$130K was not specifically stated that that money would go towards not borrowing. At a couple finance meetings, the possibility of not having to amend the May town meeting vote because we had such a large infuse of Certified Free Cash, that we could possibly amend the vote at this upcoming town meeting so we didn't have to borrow. Since then, reviewing our budget, our resources, the large expenditures that we are facing for the replacement of the engine truck and the ambulance, looking out for our ten year period on the horizon as well for projects that we will have to borrow for eventually, the decision was made not to amend that but keep that vote because if we have to borrow a year down the road that interest rate is projected to only increase versus for the ladder truck that would be borrowed for at a lower rate. We are also able to pay for all these costs without borrowing for FY20.

Mr. Rogers, 82 Highland street, wants our ambulances to have up to date monitoring equipment that costs \$16K and our police updated with guns that would also costs another \$16K. He also does not believe that the Town Manager should have any way of over ruling any decisions made by a committee. Terri did let Mr. Rogers know that the reserve fund is there for emergencies and specific department heads that would ask for these emergency changes have not asked for them and therefore the finance committee has not denied these requests.

Dave Passios, 56 Whiting Street, added that in the past a town manager has used that power to amend the Capital Plan and there was some blow back from that change. Heather reminded everyone that the Town Meeting has the final say.

Five Year Financial Capital Plan is attached to these minutes

4. Committee/Department Updates

Committee	Department updates
Public Access Cable—Marc	
Capital Planning—John H.	Working on the priority score sheet to get a relative scale of importance of the Capital request going forward.
Dept. of Public Works – John H	
COA – John H	
Library— Michelle W.	
Police Dept – Marc	
Fire Dept - George	
Schools - Hannah	FY20 Superintends proposed budget is online at lunenburgschools.net under the heading district news and information. Community forums on the school department budget are scheduled for this Monday on January 28 th at the Eagle House from 1:30-2:30pm and at the LMHS from 6-7pm in the LMS collaborative room. The superintendent forum, the tale of our ten districts, is also online. Preschool and Kindergarten lottery registration is also online at lunenburgschools.net
Monty Tech - Hannah	
Green Comm Task Force—Jay	
Sewer Commission —Jay	
Charter Review Comm – Terri	Recommends watching the Lunenburg public access channel to watch the meeting.

5. Minutes

John motion to accept the minutes of January 10, 2019. Marc Second. Voted 7-0

6. Town Manager/Financial Officer Reports

7. Public Comment

8. Next Meetings

- February 14, 2019 Town Manager Budget Presentation
- February 21, 2019 Budget Presentations Begin

9. Adjournment

John made a motion to adjourn. Jay seconded the motion. The committee approved the motion 7-0 at 8:31pm

Submitted by: Hannah Anderson

Attachments:

Town of Lunenburg Financial Forecast Presentation

Town of Lunenburg Capital Investment Plan Presentation