



**Finance Committee of the Town Council**  
**June 16, 2020, 2:30 pm**  
**Virtual (Zoom) Meeting**  
**Minutes**

*Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §18, this meeting of the Finance Committee is being conducted via remote participation.*

**1. Call to Order**

Members Participating Remotely: Pat De Angelis, Lynn Griesemer, Robert Hegner (non-voting member), Dorothy Pam, Sharon Povinelli (non-voting member), Cathy Schoen, Marylou Theilman (non-voting member) and Andy Steinberg

Members Absent: None

Others Participating Remotely: Town Manager Paul Bockelman, Finance Director Sean Mangano, Comptroller Sonia Aldrich, Superintendent of Public Works Guilford Mooring, Assistant DPW Superintendent Amy Rusiecki, and Clerk of the Council Athena O'Keeffe

Steinberg declared the presence of a quorum, confirmed all participants can hear and be heard, and called the meeting to order at 2:34 p.m.

**4. Review and possibly vote water and sewer rates**

Town Manager Paul Bockelman noted the proposed rate increases are still well below the state average and below neighboring communities' rates.

Finance Director Sean Mangano spoke about the following regarding water rates:

- Water fund budget projections
- Calculation of the rate needed
- COVID-19 impact on usage, including impact of reduced demand by the University and colleges
- With proposed rates, balanced budget
- Personnel increases
- Operating expense decreases
- Capital borrowing

Dorothy Pam joined the meeting at 2:45 p.m.

Steinberg asked about amount reduced in retained earnings (reserves) due to COVID-19.

Mangano responded that the Town is assuming a \$500,000 reduction due to COVID-19; the amount will vary based on consumption over the year.

Steinberg asked if there is guidance about ideal number or percentage for retained earnings.

Mangano responded that other communities budget about 10-20%.

Schoen asked about other revenues and future increases.

Comptroller Sonia Aldrich and Mangano explained “other revenues” are one-time fees and the recommended rate increase will allow the water/sewer budget to break even.

Members asked about the debt payments for the Centennial Water Treatment Plant, the spike in debt the first year of payments and decline in the following year, the repayment debt schedule, the impact of that debt on borrowing for other Town projects, the debt ceiling, and the potential use of block rates to encourage conservation.

Aldrich stated that water and sewer projects do not fall within the debt limit.

Mangano spoke about the following regarding sewer rates:

- Sewer fund budget projections
- Bigger COVID impact on sewer fund
- Proposed \$158,652 use of retained earnings (reserves) to balance sewer fund budget
- Proposed rate increase
- Rate needed to balance is the rate proposed
- Salary increases
- Operating decreases
- Projecting lower contribution to OPEB in FY21
- Drop in indirect costs for FY21
- Capital brought down \$20,000
- Debt schedule

Department of Public Works Superintendent Guilford Mooring explained the gravity belt thickener is used to consolidate waste for disposal. A new belt is needed; the belt not a new piece of equipment. It is a part of the water reuse process that allows the Town to provide water to UMass, which then treats and uses the water for boiler feed water, chilling water, and irrigation. The process allows conservation of potable water. The university pays for the reuse water.

Schoen asked when the debt for the gravity belt thickener will affect the sewer fund budget.

Mooring responded that it is planned for FY23.

Schoen asked if the FY23-25 rates reflect the additional debt.

Griesemer asked if we are seeing an increased use in water and sewer.

Mooring stated that use is normal compared to previous years at this point in the year.

Mangano stated that the Town is in the process of calculating what the enterprise fund owes the general fund.

Members discussed the timing of the vote on the water and sewer rates in relation to the votes on the FY21 budget, that the order is reversed this year due to COVID-19, and that the vote on the water and that the sewer rate sets revenue parameters before the Council votes the budget.

**MOTION:** Griesemer moved, second by Schoen, to recommend the Council adopt proposed order FY21-10 Water and Sewer rates to the Council for approval.

Steinberg asked if most communities have flat rates for sewer.

Mooring responded that yes, most communities charge a flat rate for sewer.

Pam expressed concern with reducing OPEB contributions.

Steinberg suggested a discussion about Other Post Employment Benefits (OPEB) contributions as part of the budget process. Mangano said that the Town is now in the process of working with its actuarial to review the calculation of its obligation which will provide an opportunity to have that discussion.

**VOTED** unanimously 5-0 by roll call to recommend the Council adopt proposed order FY21-10 Water Sewer rates to the Council for approval.

## **2. Review and possibly vote recommendation on Capital Improvement Program**

Mangano briefly introduced the Capital Improvement Program which proposes funds for roads and sidewalks and for a capital reserve fund to pay for other urgent capital needs proposed by the Town Manager..

Hegner asked how projects are prioritized.

Mangano responded that this year is different due to COVID. Normally, department heads meet with the Town Manager, typically requests outweigh the funding sources. With input from the Joint Capital Planning Committee, the Town Manager ultimately decides what to propose to the Council for approval. This year, there were few projects approved as the plan was reduced by 50%. The Town prioritized roads and sidewalks. Capital reserve fund can be used for any urgent projects that come over the next few months. If nothing comes up, we may want to keep the capital reserve for use in the next year. We will need to revisit the plan in the fall.

Schoen stated that normally there would be many line items here. The Joint Capital Planning Committee (JCPC) recommended criteria for use of the reserve in FY21. The Town Manager will request Council approval before spending from the reserve. The reserve is a special process for FY21, not intended for FY22.

Mangano said that spending from Capital reserve requires Council approval. Aldrich added that while Council approval is required for spending, use of the reserve is not a new appropriation, so a public forum would be required.

The committee reviewed Council Order FY21-05A.

Steinberg asked about legislative work on Chapter 90 and potential increases at the state level.

Mangano responded that legislation is in progress.

Schoen asked if whether the proposed Order, which classifies the road/sidewalk work as “facilities” would allow the Town Manager to spend on a facility rather than roads and sidewalks, as the language does not specify roads and sidewalks.

Aldrich responded that it will spent according to JCPC report, and cannot be spent on anything else. The auditors and Department of Revenue review the Town’s finances and spending must reflect what reports indicate.

**MOTION:** Griesemer moved, second by De Angelis, to recommend Council approval of appropriation and transfer order FY21-05A

**VOTED** unanimously 5-0 by roll call to recommend Council approval of appropriation and transfer order FY21-05A.

## **3. Review and possibly vote recommendation on Regional School Budget, Region Debt, and Assessment Method**

Schoen spoke about reserve funds in the regional school budget that she had questions about, and referenced an email response from Schools Finance Director Doug Slaughter. Griesemer asked about the dates of the other towns in the regional schools votes on the regional school budget: Shutesbury is June 27, Pelham and Leverett are June 20; the Amherst Town Council is scheduled to vote on June 29.

The committee reviewed proposed Council orders FY21-01, assessment method; FY21-02 budget approval; and FY21-03 debt authorization for capital debt.

Mangano stated that if Amherst takes no action on the debt, it is automatically considered approved in 60 days.

Grieseimer asked about timing Amherst's vote in relation to other towns.

Members discussed timing of the approval vote.

**MOTION:** Grieseimer moved, second by Schoen, to recommend the Council adopt Council Orders FY21-01, FY21-02, and FY21-03.

**VOTED** unanimously 5-0 by roll call to recommend the Council adopt Council Orders FY21-01, FY21-02, and FY21-03.

**5. Energy & Climate Action Committee (ECAC) – Introduction** – deferred to a future meeting

**6. General public comment** – no public present

**7. Items not anticipated by the Chair 48 hours in advance**

Members discussed scheduling of the next committee meeting.

Steinberg spoke about the process of asking questions regarding the coming budget in advance of meetings with department heads.

Theilman suggested members copy the chair when submitting questions to the Finance Director and Comptroller.

Members discussed the budget review process and scheduled meetings, and timing of when the budget will be available.

Steinberg declared the meeting adjourned at 4:40 p.m.

Respectfully submitted,



Athena O'Keeffe  
Clerk of the Council

**Record of Agenda Packet Materials and Documents Presented**

2020-06-16 Finance Committee agenda

CO 21 - 01 02 03 REGION ASSESSMENT METHOD, BUDGET AND CAPITAL

CO 21 - 05A CAPITAL PROGRAM

CO 21 - 10 WATER AND SEWER RATES

FC Report CPA and One Month Budget 6.15.20

Five Year Plan 6.11.20

FY21 CIP FORUM 6.9.20

FY21 WATER and SEWER presentation 6.9.20

FY21 Water and Sewer Rate Memo - 6.12.20 FINAL

JCPC - Memo to Cmmittee - 06-10-2020

Sewer

Water