
Town Council Finance Committee

**Report and Recommendation Regarding Financial Orders and Performance Shell
Report Submitted 11/20/21 for the Council 11/22/2021 Meeting**

This report summarizes the Finance Committee discussion and recommendations on two agenda items referred to the Committee by the Council

- Financial Orders Appropriating Funds from Free Cash outside the budget
- A proposed Private Maintenance Fund for a Performance Shell on the Commons

Financial Orders: Summary and Recommendation

On November 15, 2021 the Council referred three financial orders regarding appropriations outside the budget to the Finance Committee that would appropriate and transfer “free cash”¹ to specific purposes. As explained in the memo accompanying the recommended orders, the State certified Free Cash for the year ending June 30, 2021 of \$8,881,421 which is \$4,603,079 in excess of the Town’s policy to maintain cash reserves of 5 percent of general fund operating revenues.

The recommended Appropriation and Transfer Orders discussed by the Finance Committee at its November 16 meeting would allocate the excess free cash as follows:

- **FY22-12A: Would appropriate Free Cash to Stabilization Funds:**
 - **\$2,618,079 to the General Stabilization Fund.** This transfer with other recommended orders would hold the Free Cash portion of reserves to no more than 5 percent.
 - **\$210,000 to a new Reparation’s Stabilization Fund.** This fund was created by Council vote in the Spring This amount is comparable to cannabis tax revenues.
- **FY22-12B: Would appropriate \$450,000 from Free Cash to the Other Post Employment Benefits (OPEB) Trust Fund.** This transfer makes up for reductions during COVID and continues to build a reserve to honor future commitments to retiree health insurance and other non-pension benefits
- **FY22-05B: Would appropriate \$1,325,000 from Free Cash for the Town’s capital program for roads, sidewalks and supplemental expenses for the dog park:**

¹Free cash is a revenue source that results from the calculation, as of July 1, of a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. For more information about Free Cash see https://www.mass.gov/doc/free-cash-0/download?_ga=2.145493879.298739893.1637527737-1694956071.1547605039

- \$1,250,00 allocation to Road (\$1,000,000) and Sidewalk (\$250,000) repair. The allocation for this high priority area had been reduced due to COVID budget restrictions in FY21 and FY22
- \$75,000 for the Dog Park. The allocation would address unanticipated expenses needed to protect the cap on the landfill.

The Committee voted unanimously to recommend the Financial Orders to the Council, with one revision. With staff agreement, we recommend splitting the appropriation for capital funds into two orders: FY22-05B for \$1,250,000 for Roads and Sidewalks, and FY22-05C for \$75,000 for the Dog Park.

As noted in the memo to the Council, appropriations from Free cash require only a majority vote, including transfers into Stabilization Funds. However, a two-thirds vote is required to appropriate or transfer funds out of such Funds.

Votes and discussion regarding three financial orders that were referred to the Committee were as follows:

- **FY22-12A: Transfers from Free Cash: \$2,618,079 to the General Stabilization Fund, \$210,000 to the Reparations Stabilization Fund**

MOTION: Schoen moved, second by De Angelis, to recommend to the Town Council that they approve the transfer order;

VOTE: Unanimous approval and supported by all three non-voting resident-members

- **FY22-12B: Transfer \$450,000 from Free Cash to the Other Post-Employment Benefits (OPEB) Trust Fund**

The Committee discussed how this transfer will allow the Town to catch up for the previous two years when it didn't put the full amount of money in the fund. Griesemer moved, seconded by Schoen to recommend that the Town Council approve the transfer order.;

VOTE: Unanimous by the 5 Council members and supported by all three resident-members

- **FY22-05B: Transfer \$1,325,000 from Free Cash to the General Fund for road paving and repair, sidewalk expansion and repair, and for the Dog Park project**

Dog Park: Dave Ziomek joined the Committee to explain that during construction of the dog park, the Town discovered that the cap on the landfill extended further than originally understood and that the fence would result in puncturing the cap unless measures were taken to provide a secure footing. The additional \$75,000 is essential or the project cannot go forward. It is nearly finished except for the fencing.

Roads and sidewalks: The committee discussed that roads and sidewalks are a high priority for residents and taxpayers. Given the need for sidewalk repair and beginning to put new sidewalks in place, Schoen asked if the amount could be split more evenly between roads and sidewalks. Aldrich replied that if they are put together in the Order, the spending would be flexible.

General discussion: Concerned that the appropriation combined two different expenditures that should be considered separately, the Committee recommended and, Mangano and Aldrich, agreed to split this appropriation into two orders:

Motion: Griesemer moved, seconded by Schoen to recommend to the Town Council that the above order be split into two orders. The First FY22-05B would include roads and sidewalks in the amount of \$1,250,000, the Second FY22-05C would include the dog park.

Two members of the committee need to leave early.

Vote on the Motion to Split the Order was unanimous among those present: 4 Councilors yes and 1 absent (Pam). Two resident nonvoting members supporting and one absent (Holloway)

- FY22-05B Roads and Sidewalks \$1,250,000 and FY22-05C Dog Park \$75,000. Votes:

MOTIONs to recommend to the Town Council approval of FY22-05B for \$1,250,000 for Roads and Sidewalks and FY22-05C for \$75,000 were both approved unanimously by the 4 Councilors present (Pam left early) and 2 non-voting residents (Holloway left early).

Performance Shell on the Commons: Proposed Maintenance Fund

The BID has proposed funding and installing a performance shell on the Town Commons. They also committed to creation of a maintenance fund for the shell if accepted by the Town. This Fund was referred to the Finance Committee for discussion and potential recommendations. Gabrielle Gould attended the meeting to explain the intention is to create a \$250,000 fund that would be expected to cover a 10-year period. The Committee discussed whether the Town would hold this Fund, what expenses it would cover, liability for personal injury or substantial damage, and whether the BID would charge a fee for use of the Performance Shell. Gould replied that the BID would provide and store lighting, sound and other equipment that could be rented as needed. To the extent groups could not afford the rental fees, they could apply to the BID foundation for grants. They do not intend to nor would they be able to charge fees for performances.

Committee members noted, and Sean Mangano agreed, that the Town's general liability insurance would likely cover the structure. Given the focus of the Fund, staff recommended that it be managed separately by the BID but in consultation with Town Finance staff.

Scheduling and programming events would also need to be discussed with Town staff, with the understanding the maintenance fund would provide for cleaning up after events. The Committee discussed and recommended that the BID and the Town draft a Memorandum of Understanding (MOU) that would specify the agreement regarding the uses, obligations, and oversight of proposed maintenance fund. This would be presented to the Council and need to be finalized before agreement to proceed with installation of the Performance Shell if it is approved.

The Committee voted unanimously to approve the following motion made by Griesemer

MOTION: To recommend that the Town Council that the Town enter into a Memorandum of Understanding or Contract for a maintenance fund and its use with the BID. Unanimous Vote, supported by the three resident-members

Report Written on behalf of the Finance Committee by Vice Chair, Cathy Schoen

Committee Members Present at the Meeting:

Andrew Steinberg, Chair

Cathy Schoen, Vice-Chair

Pat De Angelis

Lynn Griesemer

Dorothy Pam

Robert Hegner, Resident Member

Bernie Kubiak, Resident Member

Matt Holloway, Resident Member