**Sturbridge Finance Committee**

**Meeting Minutes of April 4, 2024**

**Sturbridge Town Hall**

**Call to Order**

Finance Committee (FC) Chair Kevin Smith called the FC meeting to order at 7:00 p.m and read the agenda. He announced some technical problems with remote attendees.

**Committee members present:** Leigh Darrin (LD), Michael Hager (MH), Larry Morrison (LM), Michael McGlone (MM), Kathy Neal (KN), Kevin Smith (KS), Ken Talentino (KT), and James Waddick (JW).

**Guests:** Barbara Barry, Finance Director (BB).

**Remote guests:** Robyn Chrabascz (RC), Facilities Director; Robin Grimm (RG), Town Administrator; Ann Murphy (AM), Principal Assessor

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KS noted that the agenda will now be as specific as possible. Tonight’s plan is to run through all of the items in the agenda, then put “holds” on any items FC members wish to discuss. Then, the FC will vote on the list of not-still-held items.

**Line Item Budget:**

KS listed the following line-item budgets, and invited Committee members to put a hold on any on which they have questions or would like to discuss:

Board of Selectmen, $3,600;

Town Administrator, $331,012; (MH hold)

Finance Committee, $7,882;

Town Accountant, $123,530;

Board of Assessors, $182,509;

Finance Director, $379,950;

Town Counsel, $70,000;

Town Clerk, $146,007;

Elections & Registration, $44,980;

Conservation Commission, $135,643; (MH hold)

Economic Development, $38,229; (MH hold)

Facilities, $163,979;

Town Hall, $36,550; (MH hold)

Center Office Building, $34,900; (MH hold)

Senior Center Building, $26,650; (MH hold)

Joshua Hyde Library Building, $23,200; (MH hold)

Safety Complex, $95,815; (MH hold)

Nursery School, $5,400; (MH hold)

8 Brookfield Road, $0; (MH hold)

Building Inspector, $160,260;

Sealer of Weights & Measures, $13,090;

Inspectors (Electric and Plumbing), $55,778;

Tree Warden, $39,634;

Council on Aging, $169,257;

Veterans’ Services, $79,128;

Joshua Hyde Library Operations, $612,629; (LM hold)

Historical Commission, $4,150; (MH hold)

Debt Service Principal, $1,650,000; (MH hold)

Debt Service Interest, $723,296; (MH hold)

Unclassified, $5,494,002; (MH hold)

Central Purchasing, $470,750.

MH explained that most of his holds are quick questions so the FC can get a bigger picture, ask if there are any issues down the road, and/or ask what overall plans are.

**Town Administrator**: MH has questions about the COB Pool Clerk position that was cut from full-time to part-time. The TA’s notes explains why, but does not address the status of the related position change, which gave the Town Administrator’s Assistant a supervisory title and salary increase to manage the then-full-time position. JW noted that the increase was 13% last year, and 6.4% in this proposed budget.

RG explained that it became evident that there was not enough work to fill a full-time position, so it is being reduced to15-hours-a-week, which will serve the departments that did use the clerk. There have been no changes to the Town Administrator’s Executive Assistant, who will still supervise that position, and will still have the added responsibilities of constituent liaison.

The Board of Selectmen is aware of these changes, but their budget process has not yet gotten to the point where they vote whether to support that change. MH asked that the FC’s discussion and vote be put on hold until the Committee learns whether the BOS approved the change.

KT asked about the merit-pay line in the TA budget. JW and BB explained the deputy fire chief has been added to the pool of supervisors eligible for merit pay, which accounts for some of the increase. That merit pay is under the TA budget because the TA gives out the merit pay, which is given to employees who are no longer eligible for a step increase, as a way to award meeting performance objectives for the year. Each supervisor is eligible for up to 3 percent of his or her salary. Eligible supervisors are the Town Administrator, Police Chief, Fire Chief, DPW Director, Finance Director, Town Planner, Library Director, Board of Health Agent, two Police Lieutenants, and the Deputy Fire Chief.

**Conservation Commission**: The new part-time salary was added into the Conservation Commission budget, which also includes a new Conservation Agent.

**Economic Development:** MH asked whether the Economic Development half of the Economic Development Director/Tourism Coordinator position is meeting expectations, and whether the town is getting enough value from the position. RG explained that in addition to the tourist-related portion of the job — like coordinating a program where local businesses can get matching grants from ARPA funds for new signs and acting as liaison for Special Events Committee and Sturbridge Tourism Association — Economic Development Director/Tourism Coordinator Terry Masterson works on Economic Development. That includes partnering with statewide groups like Discover Central Massachusetts for advertising; acting as a one-stop liaison to facilitate the opening-a-business-in-town process for incoming businesses; and gathering a database of available commercial space for rent or purchase. RG noted that while the town can do various things to recruit businesses, most of that is done in the private sector.

**Joshua Hyde Library Operations:** LM asked for confirmation that the library budget included at least 18% for materials acquisitions, as anything less would disqualify the library from receiving financial support from the state. BB assured him that she and Library Director Becky Plimpton work hard to make sure they have the calculation exactly right.

**Historical Commission**: MH asked about the 102% increase, although it’s not a big amount and some is for conferences. BB explained there is survey work being done for the Commission, and that the Commission is planning four special programs. Committee members would like a few more details about the conferences and programs so will put the discussion and vote on hold.

**Debt Service Principal:** BB reported that the town is borrowing $11,450,000 for now, as the entire amount of the Senior Center renovation will not be known until it is determined how much of the contingency is used and over-borrowing creates problems. She noted that it is a debt exclusion, and that CPA funds are also being used. The interest payment is estimated, but the final number should be close to what is in this version of the budget.

**Unclassified:** Most of what is in the unclassified budget is not within the town’s control. The town took a significant action of increasing the town’s percentage of employee health insurance cost, but it was a good year to make that change because the health-insurance increase is low at 2.9%. BB explained that RG was able to negotiate a 10 to 12% decrease on health-insurance rates last year; part of the negotiations was that this year’s increase would be no more than 4%. That increase ended up being 2.9%, which is close to the lowest rate of most members. That facilitated the town’s being able to increase its health-insurance contribution to 70%, which continues a trend: last year it went from 60/40 to 65/35. The town has been talking about increasing the town’s contribution as long as BB has been with the town. It is happening now because recruitment and retention have become problematic, and insurance was the #1 reason people declined positions. Most towns are 70 to 75% town-funded. BB added that there has been a problem across the state filling positions in municipal offices, and that in addition to competing with the private sector, the town now has to compete with other towns. Even the Department of Revenue has offered a fellowship program to promote municipal jobs.

KT noted that the higher employee insurance contribution has been cited in the past as a reason for a significant increase in pay.

**Town Buildings:**

MH asked if there were any big issues that were looming, and if anything significant will be coming up.

RC, who has been with the town for almost 5 years, said things are going really well, and that she has been able to be more proactive and less reactive when it comes to maintenance and other building issues. Oil consumption is down, energy numbers are good.

LM noted that after a very informative tour several Saturdays ago of the various buildings under the DPW’s control, the FC is well aware of the age of the DPW and Water Department buildings and equipment, and the fact that they are something that will soon move to the forefront as far as capital needs. KS noted some of those issues are covered in the Warrant articles.

**Center Office Building:**

RC said there is one Capital Project coming up for the Center Office building.

**Joshua Hyde Library Building:**

The library’s HVAC project was completed earlier this year and finished off the list of large maintenance projects.

**8 Brookfield Road:**

RG reported that among the complications with 8 Brookfield Road is that it is unclear how much of the surrounding property is town-owned and how much is state-owned. It appears the town owns directly alongside the building, but the rest is the state’s. The state has said it will be willing to transfer the rest to the town. Once that is determined, the town needs to decide if it wants to repurpose or raze the building. Several years ago the town put the property out to bid, but none of the bids were worth acting on.

JW recalls hearing a few years ago that if it were sold, the town would lose control and new construction could prohibit the ability for large fire apparatus to be able to drive around that corner; plus, there is a large stormwater drain somewhere on the property.

MH said it might be worth considering selling as long as the town could ensure there is clearance for fire apparatus, but one way or the other, something should be done. RG is researching a grant for repurposing old buildings.

MH made the motion to recommend that Town Meeting approve the following line-item budgets and amounts:

Board of Selectmen, $3,600;

Finance Committee, $7,882;

Town Accountant, $123,530;

Board of Assessors, $182,509;

Finance Director, $379,950;

Town Counsel, $70,000;

Town Clerk, $146,007;

Elections & Registration, $44,980;

Conservation Commission, $135,643;

Economic Development, $38,229;

Facilities, $163,979;

Town Hall, $36,550;

Center Office Building, $34,900;

Senior Center Building, $26,650;

Joshua Hyde Library Building, $23,200;

Safety Complex, $95,815

Nursery School, $5,400;

8 Brookfield Road, $0;

Building Inspector, $160,260;

Sealer of Weights & Measures, $13,090;

Inspectors (Electric and Plumbing), $55,778;

Tree Warden, $39,634;

Council on Aging, $169,257;

Veterans’ Services, $79,128;

Joshua Hyde Library Operations, $612,629;

Debt Service Principal, $1,650,000;

Debt Service Interest, $723,296;

Unclassified, $5,494,002;

Central Purchasing, $470,750.

KN seconded the motion. Motion approved 7-0-1(LD).

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KS noted that the three line-item budget items being carried over until the next meeting are Economic Development, Historical Commission, and Town Administrator.

**Annual Town Meeting Warrant Articles**

The FC is using “2024 ATM Warrant Version 1 2024-0204”.

**Article 19: Capital Improvement Plan**

The Committee reviewed the requests made by Facilities:

-Boiler Room Insulation

-Town-wide Energy Projects

-Public Safety Complex Shower Replacement

-Window Shades – Town Hall and Center Office

-Snow Guards

KS, who is on the Capital Planning Committee, noted is the Town-wide Energy Projects request is to have funding available for matching grants.

RC explained that Sturbridge became a Green Community in 2018 and the town has already maxed out on the availability of up to $200,000 a year of Green Community grants that were given without the town having to match funds. That left the projects that were not as high-scoring on the state’s matrix and require a funding match from the town. Other projects being considered for matching funds, which change based on the state’s changing priorities, include the Town Hall and Center Office Building’s HVAC improvements, and the last of four phases of lighting conversion at Burgess Elementary School to LED. Also being considered is converting the Nursery School from oil to electric heating and cooling and installing LED lights at the Wastewater Treatment Plant.

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MH noted the list of vehicles is longer than usual; KS said that while it may otherwise be reasonable to wait on one or two vehicles, the delay in obtaining vehicles makes it imperative to get them ordered a year or two before they are needed. He noted that being able to avoid the interest that would come with borrowing for the $1.4 million Rescue Truck by paying with Free Cash will cover the cost of one of the new pick-up trucks.

The Rescue Truck is not the same truck that recently had its engine replaced.

No vote was taken.

**Article 26: Senior Exemption**

AM explained that this request would increase the Senior Tax Exemption from $500 to $1,000. The Senior Tax Exemption is offered under state guidelines to seniors who qualify. The Board of Selectmen believes it is time to increase the amount of exemption, which is taken off the seniors’ tax bills.

The state would continue to only reimburse the town for $500, so, if adopted, the additional $500 would come from the town’s Overlay budget, which has adequate funds, as Overlay balance carries over every year. For the past five years, ten Sturbridge seniors have qualified under the maximum-income and maximum-assets amount set by the state. The current income amount is $30,956 for single applicants and $37,392 for couples. Asset amounts, which do not include the seniors’ home or automobiles but include second homes, etc., are $54,500 for singles and $57,824 for couples.

It is separate from the senior work-off program and separate from the state Circuit Breaker Tax Credit.

LM noted that because the amount has been $500 for 25 years, $1,000 will be worth less than $500 was worth 25 years ago.

MH made a motion to recommend that the Town vote to approve Article 12 as written; LM seconded the motion. Motion approved 7-0-1(LD).

**Article 25: Revaluation/Interim adjustment**

AM explained that every year there is an interim-year adjustment, and every five years — this upcoming year — is a full revaluation year, when the Department of Revenue comes to town and reviews land values. The town has two vendors who help with the revaluation year: one helps set real-estate values, and the other goes out to local businesses and lists personal property.

JW made a motion to recommend that the Town vote to approve Article 25 as written; LM seconded the motion. Motion approved 7-0-1(LD).

**Article 1: Town Reports**

MH made a motion to recommend that the Town vote to approve Article 1 as written; MM seconded the motion. Motion approved 7-0-1(LD).

**Article 16: Public Access Department**

The Public Access Department, which among other services broadcasts the Finance Committee and other boards and committee meetings, is funded from Charter/Spectrum.

JW made a motion to recommend that the Town vote to approve Article 16 as written; MM seconded the motion. Motion approved 7-0-1(LD).

**Article 17: Sturbridge Tourist Association**

This funds the Sturbridge Tourist Association as well as the “Tourism Coordinator” half of Economic Development Director/Tourism Coordinator’s position. MH said he is comfortable that the Tourism portion of that position is being well covered.

JW made a motion to recommend that the Town vote to approve Article 17 as written; KN seconded the motion. Motion approved 7-0-1(LD).

**Article 20: Ambulance Stabilization**

This is money put aside for when an ambulance needs to be purchased. A new factor in planning for vehicle and equipment purchases is the new l8-month to 2-year lapse between placing and receiving an order, which results in having to work the delay into the cycle and fund the item one to two years before it’s needed. Once the equipment is ordered, the price is locked in.

The town has three ambulances — two are fully equipped front-line ambulances, and the third is used for special events or as a spare. As ambulances are replaced, older ones are moved down the line.

BB noted that the town’s reserves are finally up to pre-Covid numbers, except for the budget for roads, which can be covered by the town’s adequate Chapter 90 funds. Starting next year, the amount put into the Ambulance Stabilization fund needs to be increased from the current $60,000, as the town is always about $200,000 short when it comes time to purchase the ambulance, so the $200,000 is taken from Free Cash. Money received from insurance companies to cover ambulance costs goes into the General Fund.

MH noted the text box erroneously states the year the new ambulance will be purchased.

MH made a motion to recommend that the Town vote to approve Article 20 as written; MM seconded the motion. Motion approved 7-0-1(LD).

**Article 21: Capital Stabilization Fund**

If this $209,000 is approved, the Capital Stabilization Fund, which can fund a broad range of purchases, will be at $1.4 million. The amount being requested is in accordance with the town’s policy which calls for 0.5 percent of the Operating Budget for the previous year to go to the Capital Stabilization Fund. Because Free Cash has been available over the past few years, the town has been able to build the Stabilization Fund so it is available when Free Cash is not as healthy.

KT suggested that the town use the Capital Stabilization Fund instead of continuing to build up both that fund and Free Cash. KS said this is an example of why the Board of Selectmen needs to revisit the Free Cash and Stabilization policies, which are out of date and counter to the town’s current practices.

MH made a motion to recommend that the Town vote to approve Article 21 as written; JW seconded the motion. Motion approved 6-1(KT)-1(LD)

**Article 22: Fire Vehicle Stabilization Fund**

The 5-year Capital Plan includes replacing an ambulance in FY2026 and replacing Tower 1 — for $2 million — in FY2027.

MH questioned why not use the Stabilization Fund for the $2 million and save Free Cash for other things. BB explained that the town has been prudent in funding Stabilization Funds, and that the interest from the Stabilization Funds stays in the fund. Free Cash is money on hand and does not accrue interest.

MH made a motion to recommend that the Town vote to approve Article 22 as written; JW seconded the motion. Motion approved 7-0-1(LD).

**Article 23: OPEB Trust Fund**

This “Other Post-Employment Benefits Liability Trust Fund” pays for retired employees’ benefits. The fund has built up to $1,728,000, which is progress. That said, KT pointed out, at this pace it will take 118 years to catch up. BB noted this is a predicament most towns in Massachusetts are facing and will have to be addressed in the future. KT suggested offsetting some of the deficit with Free Cash. BB noted the town is not required to set aside more than $50,000 a year toward it — and Sturbridge is setting aside $100,000 a year — and that, she believes, once the retirement plan is fully funded, the funds that are now going toward that will be shifted toward OPEB.

BB noted that the health-insurance split for retirees is 50/50. Retirees over 65 are enrolled in Medicare Supplemental Insurance.

JW made a motion to recommend that the Town vote to approve Article 23 as written; MH seconded the motion. Motion approved 7-0-1(LD).

**Article 30: Sewer Project Debt — Betterment**

BB noted that the correct amount for the article is $125,100.

MH made a motion to recommend that the Town vote to approve Article 30 as written; JW seconded the motion. Motion approved 7-0-1(LD).

**Old Business:**

No old business.

**New Business:**

KS noted that the agenda for the April 9 budget meeting with the Board of Selectmen is broad, as it will be important to be able to speak about various issues. He is also adding to the April 11 meeting agenda, and asked for anyone with agenda-item requests to get them to him before Monday so they can be posted.

**Public Access:**

No public access.

**Motion to Adjourn:**

MM made a motion to adjourn at 9:02 p.m.; MH seconded the motion. Motion approved 8-0-0.