**Sturbridge Finance Committee**

**Meeting Minutes of April 6, 2023**

**Veterans Hall Meeting Room, Town Hall**

**Call to Order**

Finance Committee (FC) Chair Kevin Smith called the FC meeting to order at 7:01 p.m.

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

Guests: In-person: Resident MC Porter (MCP). Virtual: Finance Director Barbara Barry (BB).

**Public Access**

In deference to the resident hoping to speak, KS suggested the public-access portion of the meeting be moved to the first agenda item. All agreed.

Resident MC Porter of 193 Fiske Hill Road said she has been speaking with various Town employees regarding how the taxes are assessed and set and was referred to the BOS and Finance Committee.

In the three years she’s lived in town, she has paid a total of $23,100 in property tax, despite her not having town water, sewer or street lights. That amount included a 22 percent increase from 2021 to 2023. Having come from the Midwest, that shocked her, as did her unfamiliarity with excise taxes.

Reiterating that she was not complaining and loves the town and its people, she said she was taken aback by the tax rate and increases. She believes that having fluctuating assessed values that are reactive to market conditions seems like a shorter-term view. She suggested the town adopt a more “not ‘no,’ but not now” philosophy for spending discretionary funds, where things that are wanted but not needed are put off. Tax increases are particularly difficult in times where gas, electricity, food and all other costs are rising with inflation, which makes tax increases difficult for the “little people,” especially those on fixed incomes.

LM thanked MCP for taking the time to share her opinions, and told her to attend anytime, or watch the meetings online and contact any or all of the FC members if she thinks there is something they should know or that they might be missing. He wished there were 40 residents like her at every meeting. He also reminded her that the final word on all spending is made by voters at Town Meetings. MCP has attended Town Meetings since she moved here in 2020. LM also noted that voters accept the FC’s opinion about 97% of the time for two reasons: the FC does the legwork for residents, and FC members are not elected but appointed.

MH reiterated the importance of attending Town Meeting; MCP has attended annual and special Town Meetings since she moved here and is frustrated by seeing 100 people making decisions for the whole town. MH suggested it might be because residents are confident in the FC and attendees’ decisions.

**Budget review**

KS reviewed the meeting schedule, which is tight this year and already a week short. He does not expect any quorum issues. The Town Administrator is expected to be at the April 13 meeting, and the following Tuesday, April 18 is the joint meeting of the Board of Selectmen (BOS), at which many of the heads of the bigger departments will discuss their budgets.

KS solicited questions and concerns with the budget. LM asked if the Senior Center renovation is a viable project, as it is now $1.78 million above the $11 million approved at the 2022 Annual Town Meeting, and questioned how the difference would be funded. MH explained that the funding is in a Community Preservation Committee (CPC) Town Meeting article. KS noted the CPC, which has a number of significant items, has asked to be present during the FC’s discussion of the CPC items.

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LD questioned the $1 million being requested to fix the culvert on Cooper Road. KS explained it is will be repaired with an elevated bridge-like structure.

KN noted a lot of extra requests this year. She also questioned the beautification funds that were not spent and asked if some of that money goes to recreation. KS wondered if the extra beautification funds could go toward capital costs.

JW raised the issue of the HVAC project at the library, which is over $1 million. That combined with the $12 million for the Senior Center raises the question about what is necessary and urgent and what can be postponed. KS added to the list of upcoming high-cost the radio system replacement for $5 or $6 million.

JF plans to ask the Police Chief about the status of union negotiations, as well as his opinions on balancing new staff members with overtime costs and mutual-aid to and from other towns. He also questioned new items under “longevity” and “new tasers,” as well as whether the police cruiser request is consistent with the police-cruiser stabilization fund.

MH wonders what is driving the extra cost at the Senior Center, and whether it makes sense to pause the project and look at other options again. He questioned whether it would be appropriate for the town to consider a “top-down” plan that sets an amount that a department can spend based on what the town can afford, and let the departments figure out how to budget it. That is especially relevant to the School Department, as it is more than half of the budget and half of the proposed increase.

MH also discussed striking the right balance of Free Cash, as while it is necessary to have some, it is also important not to have too much, as Free Cash is made up of taxes taken from residents who live in town one year but are spent another year. KS noted that the town’s Free Cash exceeds the amount recommended by fiscal guidelines, but that there is a long list of significant major expenses facing the town, including the recently added Cooper Road beaver dam. MH wondered if there were a different, less expensive approach on Cooper Road, like removing the beaver dams, or other options that would solve the problem at significantly less cost. JW noted that a lot of the budget is made up of contractual costs carved in stone, including salary increases and the schools’ mandatory special-needs outplacements, which is why things like the beaver dams should be looked at for cost-cutting. MH agreed and suggested the town budgeters explain to departments what the town can afford and leave it to the departments to figure out how to stretch that amount beyond mandated costs, which may mean eliminating new positions.

KT suggested looking at what is driving the budget. He questioned how the settled union contract with a 7.8 percent increase was considered a win just because the town saved on the legal fees it would have cost to arbitrate the contract. He pointed out that when hiring, it is important to not only count rising salaries but also all benefits and additional costs like $46,000 for a car for the new detective.

KT also noted the $180,000 from investment income, which is a nice amount.

KS suggested another way to be efficient is to have department heads attend seminars on new technology and ideas and look at other towns’ practices.

KS noted that the budget message in the proposed budget speaks of the goal of maintaining reasonable reserves; yet the water and sewer funds do not reflect big balances. MH hopes the significant increase in last budget will help build the reserves back up.

KS also noted that while the salary of an assistant for the TA is $40,441 there are the additional costs of health-care and retirement benefits. KS and KT suggested that when a new position is proposed that the budget reflects a total, real cost, including benefits and vehicles.

KS pointed out the town’s increased contribution to 65% of insurance costs, which is in essence is a raise and counters reduced costs. KS will request a list of local communities’ contributions for comparison. LM, who represents the FC on the Personnel Committee, explained the reasoning is to encourage retention and be more attractive to prevent “a brain drain.” BB, who because of technical difficulties could not join through GoToMeetings, clarified in a text to KS that the increase was from 60 to 65 percent. JW does not think that is an overly generous contribution. KT noted that the increase negated savings in insurance costs.

LM discussed the initiative in bringing in grants, stressing the importance of including an analysis of what happens the day after the grant lapses and the grant-funded employee or service is no longer funded. He suggested grants not be sought until that analysis is considered.

KS noted that in the capital budget there is a request for a Ford Explorer to be used for investigative and undercover work. There will be no sirens or police lights added, and KS wonders why they wouldn’t use another type of vehicle, since Ford Explorer is known to be associated with police work and resembles every other police vehicle. MH noted that this budget includes two standard cruisers, which is the standard two-cruiser turnover in the budget, and wondered why the additional undercover cruiser is in addition to those two, not one of the two. LM noted that the town sells its older cruisers to other police department and that revenue is used to offset the cost of the new ones.

KS asked if everyone was comfortable keeping the same liaison assignments as last year, and if they would share the departments previously covered by Bruce Bryson, who resigned. KN took the Council on Aging, and LM took the library.

JW shared that the Worcester County Retirement System contribution is up 12.1 percent and the Medicare tax increased 7.1 percent and noted that those costs are not optional.

KS will request that the Finance Committee budget be increased back to $3,000 instead of $1,700. While the $1,700 is consistent with the FC’s spending over the past few years, this year the company that printed the Town Meeting Reports was bought out, and KS does not expect to get the same low rate of $3.75 a copy that he has gotten in the past. MH suggested that half as many be printed, and have it be available as download, including by displaying a QR code upon arrival.

KS calculated the FC’s upcoming schedule. With May 18 the last meeting before the report is finalized, the FC is behind the 8-ball. MH wondered if it would be more efficient to forego going department by department then vote on each bottom line individually, and instead review everything, but just vote the bottom line. The major departments — police, fire and DPW — will present at the April 18 joint FC/BOS meeting to answer questions. It is not clear whether the Superintendent of Schools will attend that meeting, nor who would extend the invitation to her. LM will look into that.

KT asked what the net difference between the budget that the FC received last year and what it ultimately recommended. MH believes they were the same, but that the process gave the FC the knowledge and understanding to be comfortable with recommending the budget and be able to explain and justify it to voters. Echoing the sentiment of MH and LM, KS said FC members do the voters’ legwork, and make sure they understand and are comfortable with every part of the budget.

LM cautioned that the FC has to be extremely careful not to try and manage the town, which is the role of the TA and BOS. Every person, board and committee in the process is necessary, but only to do the job it is charged with.

KS feels that there is a disconnect between the introduction to the budget, which says the town is facing a dire situation in a few years, and the budget being proposed, which is not dire. Is the solution to reduce the $40 million to $38 million? LM noted that while it is not the FC’s job to do that, it would be appropriate to relay that sentiment to the TA and BOS. KS agreed and noted that the current TA is the first TA to highlight the budget problems that are clearly coming but have continuously been pushed down the road, specifically the projection that in a few years costs will exceed revenues.

MH referred to his “top-down” comment at the beginning of the meeting, adding that the FC shouldn’t try to oversee the town’s operation, but should ensure that everything in the budget makes sense. LM reiterated that it is the voters at Town Meeting who decide if the budget is acceptable.

JW said the big budget hits are contractual salaries in the largest departments — school, police, fire and DPW. LM recounted that several years ago the town made a dedicated effort to have a superb special-needs program, which in the end saves money because it avoids sending students to a residential placement.

**Approval of Minutes**

LM and MH made corrections to the minutes of April 7, 2022. FC members agreed the new format, which does not include the snippets from the budget, is fine. LM moved to adopt the meeting minutes of April 7, 2022 as corrected; JW seconded. Motion approved 7-0-1, with JF abstaining as he was absent from that meeting.

JW made corrections to the minutes of Aug. 4, 2022. LD moved to adopt the meeting minutes of Aug. 4, 2022 as amended; KW seconded. Motion approved 6-0-2, with JW and JF abstaining as they were absent from that meeting.

**Old Business**

No old business.

**New Business**

KS expects a replacement for the vacancy created by Bruce Bryson’s resignation by next week.

**Adjournment**

JF moved to adjourn at 8:32 p.m.; LD seconded. Motion approved.