**Sturbridge Finance Committee**

**Meeting Minutes of April 23, 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.

Other committee members present: Leigh Darrin (LD), Joe Freitas (JF), Michael Hager (MH), Larry Morrison (LM), Kathy Neal (KN), Ken Talentino (KT).

Committee members absent: Jim Waddick (JW)

Guests: In Person: Fire Chief John Grasso (JG), Town Administrator Robin Grimm (RG); Virtual: Finance Director Barbara Barry (BB).

**Reserve Fund transfers**

JG presented two Fire Department Reserve Fund transfer requests. The Reserve Fund Transfer Balance is $165,083.

The first request is for a $60,000 transfer to the Purchase of Services account to fund the replacement of the Detroit Diesel motor in the town’s ladder truck. After a catastrophic failure of the motor, several mobile repair services looked at the motor but were unable to evaluate the extent of the problem. A local Detroit Diesel Authorized Service Center was contacted but would not be able to look at the truck for two to three months. The truck was towed to the closest repair facility, in Hartford, CT, where it was disassembled. The recommendation was to replace the engine with a remanufactured motor that would be “dressed” with the pieces from the old motor — the air condition compressor, alternator, fan, etc.

The new motor will be a complete motor with its own serial number from Detroit Diesel and comes with a 3-year, 300,000-mile warrantee. The replacement motor has “low mileage,” which JG estimated means under 50,000 miles. The ladder truck runs every day but responds to calls less frequently.

An 8- to 12-week lead time is needed once the contract is signed, and the work will take an additional 2-1/2 weeks to complete.

JG added that the Hartford facility said the broken motor could be repaired for $30,000, but there would be no guarantee or warrantee. The work is not expected to cause any problems with the transmission.

RG believes it makes sense to invest the $60,000 into an otherwise-good truck to delay having to purchase a new truck for $1 or $1.2 million. LG noted that the debate is really about $30,000, not $60,000, as it’s a choice between the $30,000 repair or $60,000 replacement, which comes with far more than the $30,000 repair.

JG is thankful it didn’t happen when someone was driving the truck or in the bucket over the fire.

RG clarified for KT that preventative-maintenance costs are included in department budgets, but that unanticipated “catastrophic” costs come out of the reserve fund.

LM made a motion to transfer $60,000 from the Reserve Fund to account 12202-52000 Fire Department, Purchase of Services; JF seconded. MH asked that a few more lines of explanation be included in future Reserve Fund Transfer requests. Motion approved 7-0-0.

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The second Fire Department Reserve Fund transfer request is for $46,500. While the Fire Department budgets for known, normal wear-and-tear vehicle maintenance, there are always unexpected repairs, which annually exceed the maintenance budget.

In addition to those costs is an increase in the annual records-management costs of $18,000 more plus a $4,000 set-up fee, because the previous record-management company was bought out by a bigger company. A search for an alternative new company were futile as the same company is buying all of the smaller companies. The new prices are comparable to the price the Police Department is paying.

JG noted that the new program is more user-friendly and intuitive, which is saving man hours and is preferred by firefighters. Another advantage is that with virtually all towns now using the same company, ideas, information and improvements can be shared.

KS and MH were confused by the funding calculations; RG and JG explained that some of the deficit was absorbed by various other line items in the budget that were showing overages.

LM made a motion to transfer $46,500 from the Reserve Fund to account 12202-52000 Fire Department, Purchase of Services; KN seconded. Motion approved 7-0-1, with MH abstaining.

JF asked that in the future requests like vehicle maintenance and software be separate. MH reiterated that a few more lines of explanation be included.

**Line Item Budget**

RG, who will be giving a budget overview at the Tuesday, April 18 joint Board of Selectmen (BOS)/FC meeting, spoke about the FY ’24 budget. She reported that the budget does not include a lot of dramatic changes. The key number is this increase compared to the prior year’s increase. The proposed ’24 budget calls for a 5 percent increase; the ’23 budget’s increase is 7.5 percent. RG noted that many towns went up more dramatically in ’23 because many of the COVID-driven decreases in the ’21 and ’22 budgets were restored to normal in ’23.

The biggest budget driver percentage-wise is the Worcester Retirement System (WRS), which increased 12%. The biggest driver of the school budget is special-education and state-mandated requirements. RG hopes the WRS increase next year will be closer to the typical 8 or 9%. KS noted that the WRS increase was 11% in ’22 and 9% for ’23.

KT asked if there is an alternative retirement system, like a 401K. RG said she has switched to that in the past in Rhode Island, but that requires state legislation. MH noted there are tradeoffs in doing that.

KT questioned why the column marked “FinCom Recommended” in the ’24 budget is already filled in. RG explained it is just a placeholder, and the final budget will reflect any changes the FC makes.

MH noted that there are a significant number of staffing issues that need to be addressed, which may lead to changes in the BOS budget. KS added that there have been times when the FC has supported adding position, but the TA declined to fill the position. RG said that has happened to her as a TA when she has not thought she needed the position. RG thinks it is her responsibility to defend every dollar in the budget, particularly the increases, and that she is ready to do that.

KS asked RG what she sees the role of the FC is, and how the FC can help her. KS said the FC’s role is not to help the TA, but to understand the budget and warrant articles completely, and recommend what is in voters’ best interest and what makes sense and works in the budget, and if warranted, recommending changes. KS recalled one past year in which the BOS approved a Cost of Living (COLA) increase of 3.5% in the budget, and the FC recommended a 2.5% COLA increase.

RG agreed the FC’s job is not to provide a service to her, but to the public, so between the BOS and FC, there is a collective set of eyes watching over the TA’s budget — there will be times the TA is prepared to defend her position, and there are also times she will concede and say “Okay, I can amend that.”

MH stressed that the FC is not charged with running the town day-by-day, but looking at whether the town can afford the budget, and how the budget is being funded. RG said the FC also provides a checks-and-balance of the BOS budget.

LM reiterated that the FC’s job is to do the legwork Sturbridge’s other 9,400 residents can’t practically do and relay information to the voters. The FC’s role in the the town’s operation is non-existent.

KS met with BB and RG earlier in the week to discuss the “dire” issues coming up in the next five years and agreed that it is essential to limit the budget as much as possible and to share that at Town Meeting. RG’s approach to a budget is not to raise it to the maximum amount allowed, but instead to look at what kind of revenue increases are coming in and use that as a guide. In this proposed budget year, spending up to the 2.5% allowed is necessary to provide level service.

MH pointed out that revenues, other than hotel/motel, are assumed in the budget to reflect no growth. It would be helpful to know what revenue growth could be forecast in the new budget and consider other funding mechanisms like using Free Cash. RG agreed and noted that it’s always a challenge to balance growing the tax base, maintaining the schools’ reputation, and keeping the town’s value of open space and limited growth. RG said that like BB, she is a fiscal conservative, and the budget is built accordingly.

BB said some revenue growth is built into the budget, in areas like excise taxes and hotel/motel/meal taxes. But the smaller line items that historically are consistent remain flat, unless there has been a fee increase.

RG added that a “wild card” in the projection is state aid, which is projected conservatively until final numbers are in.

KT asked what measurements are used to assess if the town is efficient, and noted that Sturbridge’s mill rate is in the top 5 percent of Massachusetts towns — would it be prudent to set a goal of lowering that? RG pointed out that Sturbridge is an anomaly in that it is a small town except for in the summer, when the influx of tourists bring in money but also require services, especially with the town’s heavily traveled roads like the Mass Pike, Route 84 and Route 20 passing through. Still, she compares the town to similar-sized towns as far as salaries, etc. RG pointed out that in the end it is up to voters at Town Meeting to determine what is included in the budget.

LM suggested that a meeting be set up after the budget process is over to delve into those issues.

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Line-item budgets discussed were:

**Finance Committee**: KS will wait until he gets a better estimate of the cost of publishing the report to finalize the amount being requested, as the printing company the town usually uses was recently bought out.

**Town Counsel**: MH questioned the decrease in the Town Counsel budget. RG reported that all of the labor negotiations have been settled with minimal Counsel, most grievances are handled internally, and the Southbridge sewer agreement is in place. Other than several odds and ends, and anything that might come up with Conservation or Planning, RG is comfortable with the lower Counsel budget.

MH asked for a copy of the new sewer agreement with Southbridge; RG said she will get the FC a copy, but it is essentially unchanged. RG confirmed that the property near the Southbridge border was purchased and available for use if the Sewer Department needs it.

**Economic Development**: MH will speak with the Director of Economic Development (DED) as a follow-up to last year. Last year, the DED seemed to focus on filling seats in restaurants and hotels and building the meals tax and room tax, which is only a portion of his job.

RG explained that the DED has only been a full-time position for a few years. Half of the DED’s job is to work with the Special-Events Committee and Sturbridge Tourism Association; the other half is to focus on general economic development. The DED has been working on marketing and advertising to bring in new businesses, and is creating a “One-Stop Sturbridge,” program for potential incoming businesses, which would help mom-and-pop businesses like Whoopie Doo and Cupcakes Too, which started as a small at-home businesses then grew enough to require retail space. One-Stop Sturbridge would coordinate all of the permits, approvals, licenses and other work required. It is a greatly needed service, as there is no coordination of services — just recently, RG’s assistant happened to drive by a planning-to-open-soon business and realized the owners had not applied for a victualler license, apparently because they were unaware they needed one. It was a summer business that would have lost four to six weeks of business had the owner not been alerted to the requirement.

RG would also like the DED to move toward encouraging new businesses by creating a database of available rental and for-sale space in town, then shepherd them through the approval process, acting as a liaison between the new business owner and the town’s boards and commissions.

KS asked if it would be helpful to have the DED work with the Town Planner and look at the zoning mix of property to determine if the town needs more industrial or more commercial zoning. KT noted that while it is financially beneficial to invite industrial growth, the voters have made it clear they like to use land for trails and open space.

KS said it would make sense to have a more defined role of the DED, because KS is often questioned about what that position does, and why more growth is going into other towns, not Sturbridge.

**Facilities/Town Hall/Center Office Building**: MH questioned the proposed cuts in maintenance, as that might be penny-wise and pound-foolish. RG said those do not reflect cuts in general maintenance, but diminished costs for projects that are completed.

RG said the $4,000 in maintenance for the vacant building at 8 Brookfield Road is to keep the building from deteriorating any further. RG has asked all of the town departments if, and for what, they could use that building, and is putting together a group of staff members to consider the options and determine how much repair and renovation would be required.

**Joshua Hyde Public Library Building**: LM discussed the library’s building budget, in which there is a budget-year-to-budget-year reduction of $6,140, largely due to the propane line. Because of the fluctuation of propane costs, particularly during the pandemic, earlier estimates were higher. The propane budget went from $7,000 to $16,000 and is now at $10,000. The town is currently opening bids for an HVAC project at the library, which will affect the future costs.

RG explained that as part of being the “Green Community” and the grants that come with it, the HVAC in the library and other town buildings are required to be electric. RG has concerns about whether the electric grids are equipped for the additional needs, and while brown-outs in the summer are one thing, brown-outs in the winter are a bigger problem.

RG added that being part of a Green Community means the town will no longer be permitted to turn retired police cruisers over to other departments and instead will be taken off the road.

RG commended Library Director Becky Plimpton for holding the library together through so many building issues. LM added commendations to the TA, library trustees and library director for striking such a good balance of being independent and working so well as a key member of the town’s team.

LM moved to recommend to the Annual Town Meeting the Library Building budget of $28,750 for the coming fiscal year; JF seconded. Motion approved 7-0-0.

**Education**: LM expects the school superintendent to be willing to speak with the Finance Committee during the budget process. He noted that the district’s Finance Director has resigned, but that the superintendent has experience as the school’s Finance Director and prior to that, was the Finance Director for Sturbridge. LM tipped his hat to BB for her ability to work so well and closely with the school district.

**Department of Public Works**: KS is concerned that only $150,000 is going into Road Repair and Maintenance and would like to get that budget built back up to $400,000 to $500,000. MH said there is money stored up and state funds available for repairs, so the $150,000 should be enough for now.

KS recalls when the town had an official road plan, where roads were listed by priority and were ranked by their condition. MH said that there are problems with that system, as different parts of roads are in different conditions and are different lengths, so it is more prudent for the DPW directors to use their own judgment. RG said such a study is typically done by an outsider because the issue is very controversial.

**Landfill**: RG pointed out a budget increase for leachate. In the past, the leachate was included in the sewer budget. However, leachate at the landfill is not specific to the septic department, so it is now included in the town’s landfill account. The sewer budget reflects the change as well.

The Board of Health has asked to meet with the FC to discuss their budget concerns.

**Council on Aging**: KN noted there is minimal change in the COA budget. There has been concern that the director is the only full-timer, thus she has no consistent backup. An additional full-time position is included in the proposed budget, but the net increase in the budget is minimal because the position was created from existing part-time positions.

KN said there is concern that part-time custodial help may not be enough once the proposed addition/renovation is open. The plan is that when constructions begin, the Center will move temporarily to the Federated Church next to Town Hall. The agreement with the Federated Church has an “out” clause in case the additional $1.78 million needed for the Senior Center expansion is not approved at Town Meeting. KS asked what the plan is if the funding is not approved. RG is unsure, as she would not be comfortable asking for funds other than from the CPC being requested at Town Meeting. Nor is she comfortable asking for an override, so she would look for direction from the Board of Selectmen, as it becomes a policy question: Bring the funding question back to the public, in light of the fact that the extra $1.78 million is a reflection of unanticipated inflation? Use the existing money be used for renovations but not additional space?

RG thinks the $1.78 million is a fair use of CPC funds. Not only is the building beautiful and an asset, but if the building is vacated and not renovated, then the town has a vacant building on its hands.

KS thinks it would make sense to have a concrete answer for Town Meeting voters asking what the plan is if the $1.78 million is rejected. MH said the answer may be “we don’t know.”

RG noted the CPC has been careful to ensure that all of the specific items being requested from CPA funds meet CPA funding guidelines. RG will give FC members a copy of the CPC’s list of the items that do and don’t meet CPA guidelines.

KN made a motion to recommend the Council On Aging budget of $158,031 to the Town Meeting; LD seconded. Motion approved 7-0-0.

**Joshua Hyde Library Operations**: LM reported that the library hosted 96,000 visits in this town of 9,500 where more than half of all residents have library cards. There are 46,789 items on the shelves, and 188,000 downloadable items. The circulation was 73,541, managed by a staff of the Library Director and 15 other full- and part-time people.

The proposed budget increase of $15,478 includes $7,566 salary-line increase, which represents step increases and COLA. The program coordinator position that was held to 10 hours because of the pandemic has been restored to the previously approved 15 hours a week. That job is to organize and conduct the 200 library programs a year.

LM noted that according to the state, a town of Sturbridge’s size must spend at least 19 percent of its budget on circulation materials. The Friends of the Library, a volunteer group, raises between $12,000 and $14,000 a year for the library. Because the median age of volunteers is raising, the fund-raising may begin to decline.

KT asked if the library has an RFID, which is an automatic check-out system to decrease labor, currently used by the Sudbury library.

LM made a motion that the Finance Committee recommend to the Annual Town Meeting $588,724 for the next fiscal year to finance the Joshua Hyde Library operations as distinct from the building itself; MH seconded. Motion approved 7-0-0.

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KS reiterated that the the FC will meet with the Board of Selectmen the following Tuesday, April 18, at 7 p.m.

**Old Business**

None

**New Business**

None

**Public Access**

RG noted that this was her first meeting with the FC and found it extremely pleasant.

**Adjournment**

JF made a motion to adjourn at 8:59 p.m.; MH seconded. Motion approved 7-0-0.