

FINANCE COMMITTEE MEETING

Tuesday May 17, 2022

1. Call to Order and roll call – P. Orenstein opened the meeting via Zoom at 6:30pm with a roll call: Milena Cerna, “aye, Madonna Meagher, “aye,” Anne O’Dwyer, “aye,” Philip Orenstein, “aye.” All members present.
Also in attendance: Finance Director Sue Carmel.
2. Welcome new members & Committee reorganization
 - a. P. Orenstein welcomed and thanked new Finance Committee members Milena Cerna and Madonna Meagher.
 - b. P. Orenstein stated a Chair and Vice Chair need to be elected.A. O’Dwyer made a motion for P. Orenstein to serve as Chair of the Finance Committee; M. Cerna seconded. P. Orenstein asked if any discussion – Committee members confirmed P. Orenstein’s interest in serving in this capacity. Roll call vote: M. Cerna, “aye, M. Meagher, “aye,” A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 4-0
P. Orenstein made a motion for A. O’Dwyer to serve as Vice-Chair of the Finance Committee; M. Meagher seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: M. Cerna, “aye, M. Meagher, “aye,” A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 4-0
3. Approval of Minutes for meeting of April 19, 2022
 - a. P. Orenstein stated he discussed with the Town Manager how to approve minutes without a quorum - it was confirmed the rule of necessity could be invoked and A. O’Dwyer and P. Orenstein may vote/approve. P. Orenstein made a motion and invoked the rule of necessity to approve the April 19, 2022 minutes; A. O’Dwyer seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor, 2-0.
4. Discuss replacement Finance Committee representative on Community Preservation Committee
 - a. P. Orenstein stated the role of a Finance Committee standing member on the Community Preservation Committee needs to be filled. He noted the Committee meets 6-8 times/year and its main mission is to allocate a CPC Fund where money from a special tax is matched by the state and used to identify and support Town infrastructure/institutions/projects that need additional funds. He stated one example is renovations to Memorial Baseball Field.
 - b. Eileen Mooney stated the CPC is meeting next Wednesday.
 - c. M. Cerna stated she will research CPC’s work. M. Meagher stated she is already overextended.
 - d. P. Orenstein stated he would attend CPC meetings only on an interim basis.
5. Town Manager – Town Manager Mark Pruhenski was unable to attend, and items were not discussed.
 - a. Update on process to appoint replacement for resigning Finance Committee member
 - b. Status update on legal review of Town’s discretion over Unused Free Cash related to Cannabis tax revenue
 - c. Update on request for OPEB data
 - d. Discuss potential use of Finance Committee reserve fund for purchase of bottled water for certain customers of Housatonic Water Works

6. Discussion and comment on list of future Committee priorities

- a. P. Orenstein opened the discussion noting the Finance Committee functions essentially as a fiscal watchdog and can determine where to direct its focus, time and efforts to make recommendations to the Selectboard and the Town. Committee members discussed the list of potential priorities and were asked for input/additions and areas of interest. It was confirmed that the list was good and comprehensive. Highlighted items included:
 - i. Invite Town Assessor and Treasurer/Collector to present on topics of interest and needing clarification/study/follow up such as the tax assessment process. The Committee discussed confidentiality around the process - and it was clarified that tax abatement application discussions are confidential - information on the abatements themselves are public. The topic of Town foreclosures/sales of properties delinquent in tax payment was also identified as of interest for discussion with the Treasurer/Collector.
 - ii. Review of budget reserves related to OPEB was identified as needing additional focus.
 - iii. Housatonic Water Works and Monument Mountain Regional High School were noted as big topics/projects with significant financial implications.
 - iv. A. O'Dwyer raised the topic of capital budget spending and long-range capital planning. It was noted that the Town's debt/credit rating is good, but capital borrowing is a significant part of the budget and should be monitored.
- b. Budget & Financial Policy for Fiscal Year 2023 – P. Orenstein stated the Budget & Financial Policy, which provides guidance for fiscal decision-making, needs deep dive review/discussion and updating – and approval by the Selectboard by year-end in time for the budget process.
 - i. P. Orenstein noted the current policy does not refer to important topics such as affordable housing, usage of free cash and OPEB.
 - ii. It was suggested there should be separate policy and procedures pieces.
 - iii. It was noted there are no glaring errors in the existing policy, just unaddressed items.
 - iv. Eileen Mooney stated the policy was intended to explain boards' roles in the budget process, not as a comprehensive manual. P. Orenstein stated it should be confirmed what is the document's purpose per the Town Charter/by-laws and what belongs in the Town's Master plan vs the Finance Committee document.
 - v. It was clarified that Town strategic priorities are set through Town departments/services as part of the budget process and Town staff ensure that budget/spending aligns with the Town's Master/Strategic plan.
 - vi. It was also suggested that building inspector fees be updated.
- c. P. Orenstein stated next steps would be to get thoughts/comments from Committee members in writing.

7. Specific discussion of next steps on OPEB funding trust study (postretirement medical benefits)

- a. Review of state guidelines in Informational Guideline Release 19-10 from May 2019 included in the packet.
 - i. P. Orenstein stated the Finance Committee should make recommendations to the Selectboard around OPEB in the fall so it is included in the Town Meeting process next year.

- ii. P. Orenstein emphasized two areas of focus for the Committee's OPEB work -
 - 1. Determine whether/how to establish a trust vehicle for the purpose of paying medical benefits to retired Town employees. He noted it is complex, but essentially procedural – the state outlines steps to establish the trust. Other towns have done so, but it is not a requirement.
 - It was noted that Town staff can confirm numbers to use - but an actuarial report estimated the cost as \$450,000 annually with a future liability of \$21m. The intention is to put money aside for the future in addition to what is paid on an annual basis. Research revealed some towns have fully funded the liability, others have not. By establishing a trust, meaningful amounts can be put away to begin to fund the obligation.
 - It was stated it is important to increase awareness and transparency of the Town's obligation, the funds required and the importance of the benefit – and determine if it should be funded for what amount.
 - 2. Make a recommendation whether or not to set up the trust and establish a budget process for how it will be funded and for how much.
 - S. Carmel noted this should be done during the budget season as setting up and funding the trust need separate Town Meeting votes.
- iii. A. O'Dwyer stated it would be helpful to get guidance from other Towns that have established trusts. It was confirmed that the obligation is funded at 6% state-wide and Lee and Williamstown are funding at 2-2.5%.
- iv. P. Orenstein noted the accountants have a part in this process as they will use the trust to reduce liability in audited financial statements so there needs to be assurances from the Town that the funds are used solely for retiree medical benefits.
- v. It was also raised that the Town Treasurer or a Town committee would be responsible for the trust – depending on funding levels.
- vi. The Committee discussed retiree Medicare/supplemental coverage and it was confirmed that benefits are Medicare based and the Town is covering the co-pay which is contractually agreed upon.
- vii. P. Orenstein emphasized in the short-term, the trust infrastructure could be set up so it is ready for when it can be funded. He also stated that anyone with an interest in the topic could reach out and he would provide the link to public information.

8. Quarterly update of local option tax revenue for short term rentals and traditional lodging (included in packet) – P. Orenstein shared state data on tax revenue for room occupancy lodging (hotels/motels) and short-term rentals. He noted overall tax revenue is up significantly.

9. Update from Finance Director

- a. S. Carmel provided an update on the April report stating the snow/ice budget deficit would be reduced by approximately \$30,000. She also noted in the last two months of the FY departments can request to transfer funds between salary and non-salary line items - and requested a joint meeting of the Selectboard and Finance Committee to review/approve. She further noted three departments have already expressed interest and would confirm requests at the upcoming department head meeting. She stated the joint meeting should be held before July 15.
- b. P. Orenstein asked why the Council for the Aging had not used funds for van drivers – S. Carmel replied it is being funded through a grant and what was budgeted was an estimate as it was the first year. P. Orenstein asked for confirmation if Polly Mann would be using the funds budgeted.

- c. P. Orenstein confirmed the Committee would like to discuss the budget report every month.
- d. S. Carmel stated the FY21 audit is in progress and expects a draft with a month. It was confirmed that the audit is performed by Scanlon and Associates who specialize in municipalities and that no delays in completing the Town audit are expected.

10. Future meeting schedule – discuss continuation of 3rd Tuesday of the month @ 6:30 pm • June 21 • July 19 • Aug 16 • Sept 20 • Oct 18 • Nov 15 • ** Dec 13 ** (2nd Tuesday) – The Committee agreed to the schedule as presented – with December 13 as tentative due to the budget process. It was noted remote meeting is the law through July 15.

P. Orenstein stated the Finance Committee is seeking an additional member and noted it requires a joint Selectboard and Finance Committee meeting/approval. He encouraged those who are interested to reach out to current Committee members and/or send a letter of interest to Mark Pruhenski and Amy Pulver.

11. Citizen Speak Time

12. Media Time

13. Adjournment – A. O'Dwyer made a motion to adjourn; M. Cerna seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: M. Cerna, “aye, M. Meagher, “aye,” A. O'Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 4-0. Meeting was adjourned by unanimous consent at 7:55pm.

Respectfully submitted,

Stacy Ostrow

Recording Clerk