

FINANCE COMMITTEE MEETING

Tuesday June 21, 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: Town Manager Mark Pruhenski, Assistant Town Manager Chris Rembold.
2. Welcome new member Richard Geiler – P. Orenstein welcomed R. Geiler who stated he had not yet been sworn in so would be an attendee for the meeting.
3. Approval of Minutes for meeting of May 17, 2022
 - a. A. O’Dwyer stated on page 1, #5 – should note Mark Pruhenski was not in attendance and the items were not discussed. She also stated for #4c M. Meagher’s statement should indicate she is “overextended” not “fully committed.”M. Meagher made a motion to approve the minutes of May 17, 2022 as amended; A. O’Dwyer seconded. P. Orenstein asked if any additional 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
4. Town Manager update
 - a. Pending items: legal review of Town’s discretion over Unused Free Cash related to Cannabis tax revenue – M. Pruhenski stated Town Counsel, David Doneski, is aware of the Committee’s request for legal guidance on use of free cash generated by the sale of cannabis - but he has recently been engaged on pressing Town matters. He stated D. Doneski would respond and he expects to report back well in advance of budget season.
 - b. Request for OPEB data – M. Pruhenski stated Alicia Dulin is working with KMS Actuaries and will provide updated data to them at FY22 close – including active employee updates, payroll figures, health coverage for employees/retirees, etc. – and the OPEB liability report will be shared when complete.
 - i. P. Orenstein stated that in his email he had raised questions/clarifications on last year’s OPEB report – M. Pruhenski stated he would review the email again and respond with any information he has.
 - ii. For context, P. Orenstein stated this is an effort to explore funding of retiree medical benefits – how to set up a trust under state rules/requirements/procedures and provide a recommendation on if/how to fund the trust annually for Selectboard/Town decision. He noted this requires a better understanding of how it is being funded now and what it looks like over the next few years – and clarified the focus is on how to pay for the obligation the Town has already made, not to assess the benefits being received.

5. Guest speaker: Mr. Ross Vivori, Principal Assessor

P. Orenstein opened the discussion stating within the Finance Committee's purview is the fiscal impacts on the Town of property tax/assessments – i.e., increased late payments/penalties due to new semi-annual billing – and not on operational details.

a. Time for questions

- i. A. O'Dwyer asked about R. Vivori's main responsibilities – He replied it is to ensure information on residential, commercial and industrial properties is accurate and current - this is done through permit, abatement and sales inspections. He noted data is fed into the CAMA system which provides a mass appraisal of the residential market using DOR guidelines requiring us to be +/- 10% of the market and move everyone together up or down.
- ii. M. Cerna asked how assessed value is determined – R. Vivori stated objective and subjective criteria/factors and cost tables are used to give a value, though he noted it is not exact science due to the mass appraisal approach. M. Cerna asked how market data was incorporated into the model and how recent sales in a neighborhood impact the valuation process - and A. O'Dwyer asked for clarification on recertification – R. Vivori stated all true "arms-length" sales across the Town are looked at - in recertification years (every five years) every property is recertified including a deeper dive/workplan/review by neighborhood and DOR sampling of properties. In interim years there is statistical sampling/analysis using sales prices across all properties to see where the market is going - values are adjusted, as needed, and submitted to the DOR for approval. He noted once approved, the tax rate can be set in a tax classification year. He clarified that specific neighborhoods are not looked at in interim years unless there is a significant change/reason. He also stated every ten years there is a total reevaluation.
- iii. The Committee discussed what would trigger a change in a property's assessed value – R. Vivori clarified it would be a significant change in the house/property footprint requiring a building permit.
- iv. P. Orenstein asked how taxpayers could better understand the assessment process and get more information on their properties – R. Vivori stated he can provide details and advise on how properties are differentiated. He also noted he can visit a property and make adjustments, if appropriate. It was clarified that all information on assessed values is public and maps/data can be found on the GIS system. R. Vivori noted it is helpful for people to have an understanding of the process/guidelines.
- v. It was noted that in January-March tax bills are sent and system/maps are updated with any changes.
- vi. A. O'Dwyer asked what is the relationship between a home's sale value and assessed value – R. Vivori stated the assessed value is different from the sale value. He noted an assessment sales ratio is used – assessed value divided by sales price to give a ratio of less/more than one - DOR determines where the Town needs to be statistically based on a sampling. A. O'Dwyer asked if the Town has an assessment ratio – R. Vivori stated yes, property is assessed at 100% full and fair market value - the Town generally in the mid 80-90% range, but with less state aid and local receipts - and increased costs it moves closer to 100% full/fair value – and he noted last year values were raised 12%. It was also stated in a declining market it can work the opposite way.

- vii. The Committee discussed the Board of Assessors process – specifically meeting in executive session. R. Vivori stated it is in executive session due to review/discussion of individual abatement applications. P. Orenstein noted other towns, such as Stockbridge, have a public component to the meetings to discuss general/broad issues, aggregate tax data, collection issues and procedure. R. Vivori stated every town is different and this is historically how GB has done it. It was noted it would be helpful for the Board of Assessors to clarify historical procedure. R. Vivori stated he supports discussing it further.
- viii. A. O'Dwyer commented that there is a lot of great information on the Town website - including helpful FAQs. She inquired about the FAQ stating that property tax payments are not affected by the assessment value. It was discussed that it depends on the tax rate - and suggested it should read - tax payments are subject to many factors not just assessed value.
- ix. P. Orenstein asked if there were any questions from the public – there were none.
- x. A. O'Dwyer asked about commercial properties and R. Vivori confirmed commercial properties are also reviewed, but they are only 325 out of 4700 parcels total in the Town.
- xi. P. Orenstein asked about interest in the senior tax deferral and R. Vivori confirmed 3-4 individuals had inquired.

6. Discussion and comment on list of future Committee priorities (included in packet)

- a. P. Orenstein highlighted for R. Geiler priority projects identified by the Committee – and noted the intent to match members with these projects for their additional focus/work.
- b. Addition of property tax billing – This item was not discussed specifically.

7. Review of potential revisions to Budget Policy

- a. Draft of proposed revisions and the first version of the Budget Policy from 2008 (in packet)
 - i. P. Orenstein stated this is a priority project that is part of the budget process. He noted this is the beginning of the conversation and there would not be decision-making at this point. He noted Sue Carmel and M. Pruhenski would be part of the review process as it impacts their work. He also stated the original 2008 Town Budget Policy is in the packet.
 - ii. P. Orenstein noted his suggested revisions – redlined in the document.
 - Stating “comply with state law” only once in the beginning of the document – and it will apply throughout.
 - Spending more time on larger dollar amount/commitment topics that should receive more attention - such as the allocation of free cash; pension expenses/ OPEB; employee medical benefits and the reserve portion of the insurance line item in the budget.
 - More information on the retiree medical pension - how the Town debt load has evolved and future projected debt payment.
 - iii. M. Meagher stated this is good work and a great starting point.
 - iv. A. O'Dwyer stated part of the Policy should focus on free cash and how it should be managed as it was a material part of the last budget discussion – she noted it needs to be formalized and there should be a target balance.

- v. M. Cerna asked for an explanation of free cash – P. Orenstein stated it is a mandated budgetary protocol – after going through the budget, excess funds not used is free cash. Accountants/the state certify it and a year later the Town can determine how it wants to use it. He clarified that the decision about how to use free cash is part of the budgetary process. M. Pruhenski added, under the Town Charter he presents the FY budget to the Finance Committee - included is how much free cash to be used to offset expenses for the coming year. He added it is not only unspent dollars from the prior year, it is also generated from conservative revenue projects from the prior year.
- vi. S. Bannon stated this is a joint Selectboard-Finance Committee policy and proposed changes will be considered at a joint meeting by the end of the summer. He noted the Selectboard will want to hear the Finance Committee's rationale for the changes and give input - he suggested only revising the policy once after the joint meeting. The Finance Committee agreed it would like to discuss/revise the Policy as a group before discussing with the Selectboard – and noted it is beneficial for new members.
- vii. A. O'Dwyer stated dates other than the policy FY and approval date should be removed. She also noted on page 3, "budget workshop meetings" should read "budget meetings in preparation for budget hearings" for clarity.
- viii. A. O'Dwyer asked if GB's policy was different from other towns' – P. Orenstein stated he had done some research and found other towns do not have this document.
- ix. P. Orenstein stated he inserted exhibits on what other towns do re: free cash as well as a financial policy manual prepared by the Division of Local Services working with Town staff in 2020 - though it was not formally adopted.
- x. P. Orenstein asked M. Pruhenski to provide his/staff feedback on the Policy.
- xi. P. Orenstein asked for public input/questions – there were none.

8. Discuss replacement Finance Committee representative on Community Preservation Committee

- a. C. Rembold presented stating he is the administrator for the Community Preservation Act and works with the CPC. He shared information on the composition of the Committee and its responsibility to set/draft an annual plan; get input on needs/funding priorities for parks, open space, affordable housing and historic preservation and review grant applications for recommendation to Town Meeting.

9. Review of Budget Reports thru May 31, 2022

- a. It was noted S. Carmel was not in attendance. M. Pruhenski was asked if he had anything to add – he did not, but asked for questions.
- b. P. Orenstein stated the only note is that a Reserve Fund account transfer is needed for oil bills.
- c. A. O'Dwyer asked about the Assistant Building Inspector role at 50% – M. Pruhenski stated the position is still vacant and should be at 50%.

10. Future meeting schedule – 3rd Tuesday of the month @ 6:30 pm • July 19 • Aug 16 • Sept 20 • Oct 18 • Nov 15 • ** Dec 13 ** (2nd Tuesday)

- a. P. Orenstein confirmed it is the same schedule as last meeting.
- b. M. Pruhenski clarified that for meetings, as of July 15, boards/committees will need to resume in person meetings to comply with the Open Meeting Law – though the public can remain virtual. He stated any updates will be shared with the chairs through the Town Clerk's Office.
- c. A. O'Dwyer stated she might not attend the July 19 meeting.

11. Dept. of Public Works Reserve Fund Transfer Request

a. C. Rembold, in his role as acting DPW Superintendent, presented a request for reserve funds under Public Buildings and Highway Division to cover unanticipated expenses not budgeted for due to significant increases in gas/oil prices. He requested \$13,500 to cover gas/oil and gas/diesel fuel expenditures. He noted the transfer of funds does not have fiscal impact.

b. It was noted there is currently \$25,000 in the reserve fund. P. Orenstein clarified that the Reserve Fund is under the Finance Committee's purview and is used for small budgetary needs.

A. O'Dwyer made a motion to approve the requested reserve fund transfer; M. Cerna seconded. P. Orenstein asked if any additional 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

c. C. Rembold noted a signature is required.

A. O'Dwyer made a motion to authorize the Chair of the Finance Committee to sign on behalf of the Committee for the Reserve Fund transfer request; M. Cerna seconded. P. Orenstein asked if any additional 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

12. Citizen Speak Time

a. Eileen Mooney stated the Selectboard-Finance Committee Budget Policy was started by Town manager Kevin O'Donnell in 2008 as a way of listing what each board did in the process.

13. Media Time

14. Adjournment

A. O'Dwyer made a motion to adjourn; M. Meagher seconded. Roll call vote: M. Cerna, "aye, M. Meagher, "aye," A. O'Dwyer, "aye," P. Orenstein, "aye." All in favor: 4-0. The meeting was adjourned by unanimous consent at 7:52.

Respectfully submitted,

Stacy Ostrow, Recording Clerk