

Finance Committee Meeting Minutes
Tuesday December 13, 2022

1. Call to Order and Roll Call Vote – P. Orenstein opened the meeting via Zoom at 6:30pm with a roll call: Madonna Meagher, “aye,” Anne O’Dwyer, “aye,” Philip Orenstein, “aye.” P. Orenstein stated Richard Geiler is attending the CPC meeting and may join later. Absent: Milena Cerna.
Also in attendance: Town Manager Mark Pruhenski, Financial Coordinator Allison Crespo

2. Committee Member announcements or statements

a. P. Orenstein congratulated and thanked the organizers of the Sip ’n Stroll for a great event.

3. Approval of Minutes

M. Meagher made a motion to approve the November 15, 2022 minutes; A. O’Dwyer seconded. P. Orenstein asked if any discussion – there was none. Roll call vote: M. Meagher, “aye,” A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 3-0.

4. Town Manager Update

- a. Welcome to new Financial Coordinator – M. Pruhenski introduced Allison Crespo, the Town’s new Financial Coordinator, and noted she is currently working on budget packets for department heads as the FY24 budget process gets underway.
- b. Salary Survey Adjustments – M. Pruhenski provided an update on salary adjustments stating that as a result of the FY21 salary survey, multiple department head positions were recommended for increases to bring them in line with their peers in other similar towns across MA/Berkshire County. Some of these recommended increases were implemented in FY22 and reflected in the FY23 budget. He continued to state in early FY23, another round of salary adjustments were made for some of the same positions to bring salaries further in line with other communities (salary adjustment list was distributed at the meeting and is attached to these minutes). These adjustments have already gone into effect, and will also be reflected in the FY24 budget, and no additional adjustments are anticipated.

He noted that FY23 funding for these mid-year adjustments came from existing salary lines/transfers where there was flexibility. He clarified that factors such as a competitive job market and inflation have had an impact - and second-round increases focused on getting titles/positions where they should be, including new hires, as well as job performance, experience/education, demands, etc. It was confirmed salary adjustments were consistent with the overall appropriation. Committee members asked for clarification that the Town Manager is responsible for setting salaries for specific Town positions/staff. M. Pruhenski added department heads are satisfied with these increases and grateful it was done proactively – he also noted he would be reviewing other staff positions for salary consistency with other towns.

- i. Steve Bannon clarified M. Pruhenski had kept the Selectboard informed on salary adjustments and that the total spent on salaries in FY23 is consistent with the total salary expenditures as was approved at the Town Meeting. He also reminded the committee that there are also funds in contingency, for just when such adjustments are decided. He also clarified that the Selectboard negotiates/determines the Town Manager’s compensation as per the Town Charter.
- ii. It was noted that the HR Director salary is unspent as salary/benefits are currently funded through a state grant.
- iii. P. Orenstein asked to have a detailed discussion on how to accommodate salary increases in advance of the budget process.

- c. Year-to-date Budget Reports. P. Orenstein asked about the budget report in the packet which shows a revised budget \$160,000 over from the original appropriation. It was stated later in the meeting that the overage reflects a number of encumbrances/carry overs from the prior year(s) which are unspent funds for projects in progress.

5. Housatonic Water Works – discussion of 12/7/22 letter from Housatonic residents –

- a. P. Orenstein stated there is a letter to the Finance Committee from three Housatonic residents in the packet with a request to discuss the points in letter at this meeting. P. Orenstein made the following statement:

Speaking for myself, I understand the distress and frustration of Housatonic residents over the quality of their water and health-related concerns – being told not to worry about the brown color of the tap water is not acceptable. The Haloacetic Acid levels are a similar cause for concern. The water quality problems are not unique to Housatonic Water Works, but its problems linger and persist - while the Great Barrington Fire District is mostly able to avoid these problems working with similar local water and climate conditions.

The Finance Committee has spent considerable time on this topic and most recently considered steps to accelerate a modest amount of emergency funding for low income affected residents. The Town recently received a state grant for this purpose - and thanks to everyone involved for getting that money to the Town. In August we expressed concerns to the Selectboard that HWW executive sessions prevented FC members from having any awareness of and ability to assist in their efforts. The Selectboard considered the FC request to have a representative in the executive sessions, and the matter was tabled due to legitimate open meeting law concerns.

This has left the Finance Committee in an awkward position – we want to assist the Selectboard, but are not fully aware of the details being discussed. As a result, any comments or analysis that we might add could inadvertently cause problems with the ongoing Selectboard process. It is important for the Town's efforts to be as coordinated as possible. Our role in this matter should be as an advisor to the Selectboard which could include the evaluation of any transaction they may consider.

It is premature and potentially counterproductive to evaluate the hypothetical acquisition price described in paragraph one in the letter from the Housatonic residents. The Town Manager believes we could have results from an independent appraisal by the end of February. At that time, the Selectboard can determine if there is a potential transaction that the Finance Committee should review. I thank Ms. Crofut, Mr. Hollenbeck and Mr. Barends for their thoughtful letter which has been reviewed thoroughly, and while I do not agree with various aspects of the letter, we are open to further discussion.

- b. M. Meagher stated she shares the concerns of Housatonic residents, but stated it is not within the Finance Committee's purview to pressure the Selectboard to act. P. Orenstein replied we are not applying pressure. A. O'Dwyer responded it is the role of committees to promote action (by bringing issues to SB). M. Meagher raised concerns about A. O'Dwyer's participation in these discussions as a Housatonic resident – A. O'Dwyer replied she had reached out to the state/ethics hotline earlier in the HWW discussions. She stated she would contact the state again to confirm, but expressed strong interest in participating and noted that she is taking a reasoned approach.
- c. Committee members discussed the complexities for any transaction the Town may consider and the logic/practicalities of running a variety of models, acquisition scenarios and costs at this time. P. Orenstein recommended doing a comparison of HWW and GBFD to understand how the cost of water is incurred and how customers are charged to help guide how the cost of ownership might be shared. He also stated there are currently three levels of expenditure: (1) assistance to residents in the near-term; (2) improvements to the HWW filtration system for which testing is in progress;

- and (3) long-term infrastructure replacement. It was also clarified that connecting the two systems is driven by the state regulatory authority for emergency back-up purposes.
- d. Annie Crofut, 210 Cottage Street stated she understands the Selectboard has been working on this, but the Finance Committee should help by developing various financial scenarios to increase understanding for HWW and GBFD customers. She also noted GBFD has a water shortage – and highlighted a 2018 draft report included with the letter/packet regarding a potential combination of the two systems. S. Bannon replied there is no water shortage for GBFD – and connecting the two systems is being discussed because they must have a secondary connection for emergencies.
 - e. A. O'Dwyer raised questions about the 2018 report and stated it would be useful to consider options and their financial implications. P. Orenstein stated that hypothetical scenarios could confuse the situation and are very complex – he suggested waiting for a specific transaction to be presented. M. Pruhenski stated the Town has hired a firm to do an appraisal of HWW as a next step and should have a report/public presentation by February 27.
 - f. P. Orenstein addressed other questions from the letter including the use of discretionary local option revenue - 3% of cannabis sales – noting these funds have been used to reduce increases in the tax levy and if redirected would impact the tax rate.
 - g. Janice Gildawie, 185 Christian Hill Road, expressed disappointment in the GBFD's position and urged them to gather/analyze more information before discounting a potential merger to help make a more informed decision.
 - h. Sharon Gregory, 32 Hollenbeck Ave., stated the point had been made at GBFD meetings that it has problems meeting its demands for water and sharing the Long Pond water source makes sense. She encouraged more investigation into how the two systems can be connected and to collect data to develop a base case for financing a merger and infrastructure improvement.
 - i. A. O'Dwyer asked if the DPU can help the Town think through the financials. P. Orenstein stated HWW is a private company - GBFD is also private, and operates as an independent water district separate from the Town and governed by a board whose responsibility is to their customers. Any effort by the Town to acquire HWW and create a new entity would require an agreed upon purchase price – and so an appraisal is the first step. He reiterated the need to understand the two water companies' fee structures which will be helpful information if a transaction is being considered. He suggested inviting Buddy Atwood/ GBFD board to attend a Finance Committee meeting to better explain its position from a legal/ regulatory/governance perspective – and how they might help going forward.
 - j. Andrew Barends, 1079 Main Street, stated he too is frustrated by the GBFD's lack of interest in a merger and noted it is important to show the Town how it can be done by analyzing data/ financials. He also stated HWW customer meters are not checked/working properly and monthly charges fluctuate/vary by customer – so monthly fees may not capture actual costs. He also suggested a tax abatement for Housatonic residents due to the water quality. It was confirmed that HWW customers had filed complaints regarding excessive charges to the DPW, and that although the Town/Selectboard do not have jurisdiction, they should be copied on those complaints.
 - k. P. Orenstein stated the Finance Committee would attempt an analysis of the fee structures for HWW and GBFD and would reach out to GBFD to ask the board to publicly clarify points made at the Selectboard meeting.

6. Review guidance on community impact fees and free cash - P. Orenstein stated the Finance Committee had asked that Town Counsel, David Doneski, to advise on the amount of discretion the Town has to allocate the accumulated balance of Community Impact Fees not yet allocated to nonprofits and other recipients – the email response is in the packet. He noted this is relevant to upcoming budget meetings. The Committee acknowledged the definition of what falls under the CIF umbrella is somewhat narrower than had previously been discussed and that this has potential impact for the budget process. M.

Pruhenski stated a Community Impact Funding request will be presented during budget discussions again this year – assigning funds to free cash, capital or raise and appropriate – and expenditures will be assigned to appropriate categories as defined in D. Doneski’s email. P. Orenstein asked M. Pruhenski and A. Crespo for information on the amount of funds in free cash as Community Impact Fees not at the full discretion of the Town.

7. Update on Community Preservation Committee – R. Geiler stated the CPC has been reviewing step two funding requests – the majority of which are in the affordable housing category. He noted CPC funds are generally used to fill gaps or as leverage to bring in other funding sources. He stated the next meeting is December 29 to discuss CPC available budget.

8. Future meeting schedule – M. Pruhenski confirmed timing for budget meetings - February 28 and March 1; March 7 and 8 and March 22 for the public hearing – all meetings starting at 6:00pm. P. Orenstein stated the Finance Committee would leave open its meeting schedule for after budget meetings though perhaps a separate meeting would be held with the GBFD.

9. Citizen Speak Time – No citizens asked to speak.

10. Media Time – No media asked to speak.

11. Adjournment - R. Geiler made a motion to adjourn; M. Meagher seconded. P. Orenstein adjourned the meeting by unanimous consent at 8:30pm.

Respectfully submitted,

Stacy Ostrow, Recording Clerk

Minutes approved on April 4, 2023

Attachment

Department Head Salary Adjustments

1. Asst. Town Manager- \$10,550 (\$114,450 to \$125,000)
2. DPW Superintendent- \$8,865 (\$96,135 to \$105,000) *Recent Hire
3. Fire Chief- \$8,060 (\$98,940 to \$107,000)
4. Collector/Treasurer- \$6,000 (\$77,520 to \$83,520)
5. Police Chief- \$6,000 (\$110,520 to \$116,520)
6. Library Director- \$3,800 (\$66,200 to \$70,000) *Recent Hire
7. A/P Clerk- \$3,661 (\$18.73/hr. to \$21.00/hr.)
8. Assistant Collector- \$2,129 (\$51,115 to \$53,244)
9. COA Director- \$2,000 (\$65,025 to \$67,025)
10. Assistant Treasurer- \$1,589 (\$45,000 to \$46,589)

11. Town Manager Contract \$22,650 (\$127,350 to \$150,000) *This increase was a result of contract renewal negotiations with the SB.