

Finance Committee Meeting Minutes

Wednesday, January 25, 2023

1. Call to Order and roll call vote - 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.”

Absent: Richard Geiler

Also in attendance: Town Manager Mark Pruhenski, Financial Coordinator Allison Crespo

2. Committee Member announcements or statements – No Committee members asked to speak.

3. Approval of Minutes – meeting of Dec 13, 2022

M. Meagher made a motion to approve the December 13, 2022 minutes; A. O’Dwyer seconded. P.

Orenstein asked if any discussion – there was none. Roll call vote: Milena Cerna, “aye,” M. Meagher, “aye,” A. O’Dwyer, “aye,” P. Orenstein, “aye.” All in favor: 4-0.

4. Town Manager Update

a. FY 2024 budget process update – M. Pruhenski stated the budget process at Town Hall is progressing with regular discussions with department heads to review budget line items. He noted as in the past, difficult budget decisions are being made. He noted collective bargaining is winding up and the Memorandum of Agreement (MOA) with all three unions should be signed soon. He noted there is no need to build in a contingency fund for FY24 as it will already be included in the budget. He also stated that budget books will be provided as much in advance as possible.

i. P. Orenstein asked if other towns are involved in the collective bargaining - M. Pruhenski replied it is just Great Barrington which has three unions – public works, libraries and police. He clarified that once MOAs are signed, they will be taken to the Selectboard in executive session for ratification and then the budget can be updated accordingly. He also stated budget books will provide the dates for each department’s presentation.

ii. A. O’Dwyer asked if the meetings would be virtual, in person or hybrid – M. Pruhenski replied that is up to the Selectboard and Finance Committee chairs – and it is possible to do hybrid.

5. Discussion with Buddy Atwood, Chairman, and William Brinker, Member, of the Prudential Committee, Great Barrington Fire District (GBFD), Water Department

a. P. Orenstein introduced B. Atwood and W. Brinker representing the GBFD Prudential Committee, noting this conversation is a continuation of the November Selectboard meeting, with the purpose of gaining additional details and an understanding of the larger goal to improve water quality for all of Great Barrington. He continued with a statement:

One way of achieving the objective of better water quality for Housatonic Water Works (HWW) customers is improvements to their filtration system, and that process is ongoing, albeit slow, and we will not address that here. The other potential avenue is a potential sale of HWW to some entity that perhaps has more technological and financial resources to provide better water quality. As indicated by HWW in its September letter, they are amenable to discussions about a sale at an agreed upon price. Obviously, a sale requires a seller and an agreement on price to move the process forward, and to determine that price, the Town has hired a qualified independent appraisal firm and we are on track to get a report in February.

The potential sale could be to a private entity, the most frequently mentioned is Aquarion Water Company, a subsidiary of Eversource, the publicly traded, for-profit utility. Or it could be sold to some public entity, probably connected in some manner to Great Barrington - and that is where we get closer to our discussion tonight. Hypothetically, the sale could be to the GBFD or a newly created entity controlled by the Town – perhaps an entity similar to the wastewater plant which is referred to as an enterprise fund and is controlled by the Town and Selectboard, The GBFD is unique in that it is a completely separately managed entity – it has Great Barrington in its name, but it is its own entity and mini-municipality created as a management district which has specific meaning in MA law backed by special act of the state legislature in 1865.

P Orenstein continued to by stating he would like to pick up where the prior Selectboard meeting left off. At that meeting B. Atwood was asked if the GBFD has interest in acquiring HWW and the response was that GBPD has no interest in acquiring HWW– and that disappointed some and created more questions, but there was a good amount of thought and discussion on the Prudential Committee’s part to get to that opinion.

P. Orenstein asked B. Atwood if he would provide background on how that conclusion was reached and what were the considerations that went into it.

- b. Atwood stated the topic was discussed at a couple of meetings of the GBFD Prudential Committee and the unanimous decision by the board that they are not interested. He stated that the reasons are multi- faceted:
 - * there is no avenue to finance without impacting taxpayers - the money would be borrowed;
 - * GBFD would have to request the state’s approval for a rate increase, just as HWW would do – which might get rejected and taxpayers and GBFD would still have to make payments on the loan; M. Cerna confirmed GBFD would borrow money at the same rate as the Town.
 - * GBFD also does not have expertise in dealing with the type of lake water HWW has and there is no interest in exploring that.
- i. P. Orenstein asked if the financial burden would be on all Great Barrington residents not just GBFD customers. B. Atwood replied payback on the loan would be on GBFD members only – and would require raising taxes or water rates. It was clarified that the GBFD can charge for water and raise funds via property taxes (as allowed by its charter)
- ii. A. O’Dwyer asked if having 800 more customers paying for water would offset cost of purchasing the water company. B. Atwood stated it would not – as state approval is required for a rate increase and if that is due to taking on Housatonic the state would not likely look on it favorably. And even if it was approved [by the state], GBFD still would not be interested.
- ii. A. O’Dwyer asked for confirmation that GBFD is a public entity overseen by the state – B. Atwood replied yes, there is oversight by Department of Revenue and other state agencies. She asked about if there are other similar situations with water systems in other towns – B. Atwood replied Williamstown and Dalton - and in Adams the district serves part of the town. He continued to state the only way to expand GBFD to include Housatonic is through a method where everyone must join creating one continuous district. It was clarified this situation is unique to a water district. He again noted because GBFD can raise funds via taxes, it requires approval by every member of the water district to be

added to the GBFD. It was also noted as there are other towns served by HWW, this further complicates the situation.

- iii. A. O'Dwyer asked for additional information on the Prudential Committee's discussion/decision about HWW. William Brinker—also a member of the GBFD Prudential Committee--replied the topic was discussed at length. He raised concerns about if a change in management would be able to improve water quality. He noted HWW's significant infrastructure issues and that the plan to remedy those issues is very costly and long-term.
- iv. P. Orenstein noted one of GBFD's concerns are various uncertainties in the process. B. Atwood stated he does not want to be in the same position as the Mercers as far as public perception/ reaction and believed the GBFD could not make improvements quickly enough to Housatonic residents' satisfaction.
- iv. P. Orenstein asked if the water sources are similar, how can the water quality be so different? B. Atwood replied the state classifies GBFD and HWW as surface water – GBFD draws water from the Green River and HWW draws water from Long Pond through a filter system – but both treat the water the same. M. Cerna asked if the issue with Housatonic water relates to source, different filtering methods or infrastructure – B. Atwood replied he does not know the infrastructure of HWW in detail, but supposed the water quality is similar before it get to the filter system and after is likely the same, but perhaps when it gets in the pipes it is different. It was noted the GBFD occasionally has contaminant problems, but they are usually addressed within 24 hours.
- v. There was a discussion about approaches to replacing pipes and B. Atwood stated replacing old pipes might help in Housatonic, but if the main is replaced there could still be issues with lines going to individual homes. He noted new pipes are increasingly costly and difficult to obtain. A. O'Dwyer asked about how GBFD handles pipe upgrades – B. Atwood replied they try to coordinate with the GB DPW to do upgrades when there are street repairs. He added that GBFD staff know the approximate age/condition of its pipes though leaks can happen at any time and are hard to detect.
- vi. There was a discussion about staffing levels and B. Atwood noted GBFD has four full-time staff including three who are licensed by the state. P. Orenstein made the point if an enterprise fund was created, there would likely be issues finding staff to operate it.
- vii. P. Orenstein asked B. Atwood to clarify that the connection being planned between GBFD and HWW is driven by state regulators for emergency back-up purposes – and that would not enhance the ability to provide cleaner water to Housatonic. B. Atwood explained the steps required to make the emergency backup connection and confirmed that mixing the water systems would not address Housatonic's issues especially related to manganese.
- viii. P. Orenstein asked about GBFD's meter reading practices – B. Atwood replied it does get questions from customers, but issues are investigated and meters replaced as needed.
- ix. Public Comment
 - Sharon Gregory, 32 Hollenbeck, compared the water intake systems noting the differences between the filters process/techniques used. She also noted for the distribution systems, the information in the engineers' report regarding older pipes/replacements for HWW and GBFD and related costs – and encouraged efforts to find financing. P. Orenstein clarified the report was high level and incomplete/inaccurate information regarding pipes.
 - Debra Herman, 373 North Plain Road disputed B. Atwood's characterization of HWW customers' as unfair to the Mercers, stating customers basically want safe water.

6. Letter from Chip Elitzer regarding proposed regional school district merger

- a. P. Orenstein opened the discussion stating this is an important issue for the area and Town, but noted that the Finance Committee has not spent much time on this topic recently and is not at the point for a larger discussion. He stated the 8-Town District Task Force is in the process of developing what they want the Finance Committee to respond to as to the proposed way of financing the new school district. He introduced C. Elitzer who had submitted a letter to the Finance Committee regarding his proposal for changes to how school district financing is determined.

C. Elitzer stated this is early on and there is ample time for discussions, but how the regional school district is financed is an important issue from a financial and taxpayer perspective. He pointed out the disparities in tax rates depending on the town within the district which is based on student enrollment - and stated the method should change.

He suggested transitioning to a single tax rate for all towns over a 10-year period. He used the example of Great Barrington which is currently paying \$11.20/thousand of assessed property. His approach would be for towns like GB that are paying more than the single rate would not see an increase, but towns currently paying less would see an increase in their tax rates pro rata and incrementally - and over ten years with budget increases/inflation those towns would rise to the level of a single rate across all school district towns: his proposal suggested a single rate of \$6.91/thousand.

He noted this proposed change in how towns' contributions to the school district's budget are calculated would have a significant effect of equalizing tax rates across the district towns, as 75% of taxes collected in GB currently go to Berkshire Hills. He also noted that based on the outcome of past Town and school votes, there is existing local support for a single school-district rate. In discussion he clarified under a single rate there would be two tax bills – school and property. He suggested as a next step to do additional education/outreach and signaling to the 8-Town Committee that a single rate is a good prospect for the district – and he requested that the Finance Committee make that recommendation to the Selectboard. He continued to question why student enrollment is determinative since in most places public education is financed by property taxes regardless of the number of students per town.

b. Public comment –

- i. Michael Wise stated Essex is another district that follows this approach – C. Elitzer replied that it is likely that in Essex the ratio of assessed property values is equal to students.
- ii. Sharon Gregory stated she agrees somewhat with C. Elitzer's assessment/position. And towns not paying as much should have incremental increases. She emphasized there are educational benefits to the 2-district, 8-Town Merger currently being considered committee which would enrich program quality/offerings.

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

8. Media Time – No media asked to speak.

9. Adjournment – M. Meagher made a motion to adjourn; A. O'Dwyer seconded. P. Orenstein adjourned the meeting by unanimous consent at 8:10pm.

Respectfully submitted,

Stacy Ostrow, Recording Clerk

Minutes approved on April 4, 2023