

Finance Committee Minutes

September 20th 2018

The meeting was called to order at 5:58PM .Present were Mr. Steven Klein, Mrs. Sandra Walker, Mr. John Pshenishny, Mrs. Marilyn Fracasso and Mrs. Prudence Spaulding. Mr. Robert Miller joined the group at 6:05.

Mr. Klein brought to the Committee a bill from the Association of Town Finance Committees (One Winthrop Square, Boston 02110, Phone number 627-426-7272) for the amount of \$138.00. Mrs. Walker made a motion to have this bill paid, with Mrs. Fracasso 2nd passed unanimously. Mr. Klein also reported that there were several periodicals of interest which would be placed in the Finance Committee's mail box for members to borrow and return.

The minutes for June 28th were approved, Mrs. Fracasso 1st, Mr. Pshenishny 2nd passed unanimously.

Mr. Klein also reported that he had been working with Mrs. Enoch (Town Administrator) and Ms. Shalaby (Chairman of the Board of Selectmen) on reviewing the different sources of revenue, also the effect the land trusts have on the towns' revenue. He stated that later in the meeting Mrs. Chris Regan will report on the work that the special committee has been involved in regarding the yearly school assessments and their fluctuation. He shared the fact that the library had lost its part time aide and its volunteer and was now looking for new staff. The library had inquired about hiring a staff for 20 hours per week since part-time staff is so difficult to obtain. It had been decided that the regular processes towards solving this problem should be followed.

Mr. Pshenishny had some questions about how the minutes were amended prior to their presentation at the meetings. Mr. Klein stated that he did not consider it wise to spend a lot of time amending the minutes in the meeting when they could be amended prior to the meeting by using e-mail. Mr. Pshenishny also wanted to know more about state funding and grants received for the school districts. Mr. Klein stated that he hoped that Mrs. Regan would be able to provide some answers to his questions.

The Finance Committee members then went to take part in the joint meeting with the Board of Selectmen (6:15PM). The meeting now consisted of the members of the Finance Committee and Mrs. Michele Shalaby, Mrs. Mari Enoch, Ms. Tara White, Mrs. Sharon Fleck, and with guests Mrs. Marsha Pshenishny, Mr. Alan Isaacson, Chief Graham Frank, and Mr. Peter

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Schuyten. A motion was made to allow Mr. Nathaniel Yohalem to join in the discussion by telephone.

Chief Frank came before the joint committee because he had serious problems to share and will need additional funds to cover some unexpected expenses. He provided each member with a letter (see attached). Briefly, two part time officers had left and, two new officers were hired. However, the combined training hours for the new officers will cost an additional \$3696 (an unplanned for expense.) The officer scheduled go to the police academy (budgeted as 18 week program, but is a 26 week program) will result in an increase in pay of \$6864. Thus the total unexpected expenses will be \$10560. He also provided some statistics that showed an increase of police activity! After some discussion Mr. Klein made a motion that when the police budgets ran out of their funds because of the above unexpected expenses the amount up to and not exceeding \$10560 be transferred from the Reserve Fund into the appropriate accounts (Police Salary and Police Expenses) with Mrs. Fracasso 2nd and the motion passed unanimously. Mr. Klein also suggested that Chief Frank include training expenses in the coming year's budget.

Mr. Yohalem discontinued being a part of the committee proceedings by phone because the reception was not good, at 6:40PM.

Mrs. Walker then presented some research that she had done during the summer months. She attended a PILOT (Payment In Lieu Of Taxes) program investigating untaxed property. Stockbridge has some properties, but does receive negotiated payments in lieu of taxes from, Tanglewood. The New Marlborough Land Trust holdings were then discussed. Mr. Klein reported his understanding that the Land Trust had no income and thus could not pay taxes on their land unless such payments were negotiated and included in the sale of the property to the trust. For instance, Mr. Goodnow recently agreed to donate 300 acres of property to the Land Trust. He has agreed to pay a diminishing proportion of taxes for the next three years. The Land Trust maintains that once this land once developed for walks and hikes etc. will bring people into the town. These people may spend money while within our town. Further research will take place. Mr. Pshenishny added that while such folk may spend money in the town, should they get lost or need emergency services there will be costs involved. Ms. Shalaby did add that the Land Trust donated some needed property to our cemeteries, and reminded the group of the Community Preservation program (which is another form of taxation)..

Mr. Klein stated that we should know how much land is tax exempt, like churches, schools, town buildings, state lands or land owned by "not for profit" businesses. The town should look into taxing temporary lodgings, (less than 60 day rentals), and perhaps tax meals etc. sold in the town.

Mrs. Walker then reported on her brief exploration of the use of "Stipends" to compensate some who provide services to the town. She stated that the US department of Labor defined stipend as funds paid to help Interns cover their expenses while working. It was not designed to prevent employers from paying a salary for needed work. Small amounts such as what the library trustees receive each year may cover expenses, and might be labeled an honorarium since it in no way relates to work done by an hourly wage. Mrs. Walker had spoken to Mrs. Krejci about the money involved in paying the EMTs. She stated that those who covered nights from 6 PM to 6 AM being were paid \$25 per night, however if they went on a call, (usually 2 crew members are needed to go on a call) each member would receive \$15.00 per hour. Calls usually last between two to three hours, and they are paid through the payroll. Ms. Enoch noted that all who are paid a stipend are taxed accordingly and that there is no difference between benefit treatment on the basis of receiving a salary or stipend.

The committee members were given a copy of the Financial Policies signed on December 10th 2015 (see attached). When a capital item is purchased it can be paid though incurring debt, free cash or out of the stabilization fund. The State apparently does not want to get involved in directing which one should be used and when, it leaves that determination to the towns.

The transfer of free cash into the stabilization fund requires a 2/3 vote at a town meeting to access the funds while the use of free cash requires a simple majority. Further discussion is anticipated.

At this time Mrs. Chris Regan, the business manager of the Southern Berkshire Regional School District, joined the meeting at 7:12PM. Mrs. Regan reported on the efforts being made to develop an assessment method so that the required yearly payments of the various towns would not fluctuate so radically and would be somewhat predictable and equitable. In recent years the yearly assessments have fluctuated over a \$100,000 for some towns, making it difficult to plan annual budgets. Mrs. Regan brought three charts (see attached) which allowed the members of the group to see the changes in the various budgets from 2014-2019 as well as the impact of several alternative assessment calculations being considered..

A committee involving all five towns is working on this challenging project with Ms. Shalaby and Mrs. Walker representing New Marlborough. Each town is required to pay each year a required local contribution which is based upon the Chapter 70 Formula. This cannot be changed. The other part of the assessment is dependent on the number of students from each town, how this number relates to the total number of students in the district, and other factors. The colored printouts that Mrs. Regan brought showed the various impacts of these alternatives In order to change the assessment method each town must adopt the proposed change at a town meeting thereby amending the regional school agreement. A "rolling

average” of attendance is being considered as part of the changed assessment methodology.. Mr. Klein suggested that Mrs. Regan develop a chart using the proposed new assessment method for each of the past five years which will show the difference of the new proposed assessment would have had versus the old method of assessment. This might make it easier for people to understand the difference and the benefits of the new method of assessment.

The method of payment for school choice students would not change.

New Marlborough is the first town to ask Mrs. Regan to come and present some of the processes that the committee is involved in now. Mr. Miller stated that it would be important to see how the “rolling average” would have affected the budget over the past five years, and would it indeed affect the predictability? Mrs. Regan was asked if this method proved so much better could it be used to develop this year’s school budget. Mrs. Regan responded that since each town has to approve the change in the regional agreement and would therefore have to have a special town meeting to accept the new method of assessment, it is unlikely that this will happen quickly enough to all a new methodology, assumed one is adopted to be used for the next school year. Any changes in assessment methodology would likely go into effect for the 2019-2020 school year budget.

Since each town has to approve the change in the regional agreement and would therefore have to have a special town meeting to accept the new method of assessment it is unlikely that this will happen.

Both the Finance Committee and the Board of Selectmen expressed appreciation to Mrs. Regan for coming and presenting the financial material and explaining the possible changes being considered in the assessment that the towns pay to support the SBRSD.

A motion to adjourn at 8:08 was made by Mrs. Walker seconded by Mr. Pshenishny accepted unanimously.

Respectfully submitted,

Prudence Spaulding, secretary.

Prudence Spaulding,
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