

Minutes of the Williamstown Finance Committee Meeting

March 13, 2024, 7pm Town Hall

Members Present: (unmarked are absent)

x_ Melissa Cragg (Chair, MC)
x_ Paula Consolini (PC)
x_ Charles Fox (CF)
x_ Molly Magavern (MM)
x_ Elaine Neely (EN)

x_ Fred Puddester (FP)
x_ Suzanne Stinson (SS, minutes)
x_ Michael Sussman (MS)
x_ Rachel Tarses (RT)

Staff:

x_ Robert Menicocci (Town Manager, RM))
x_ Anna Osborne (Town Finances, AO))

Agenda:

1. **Call to Order**—Melissa Cragg; welcome to new member Rachel Tarses
2. **Minutes**—March 6, 2024
3. **Non-Profit Applications**
 - a. **Williamstown Youth Center**—Michael Williams (MW)
 - b. **Williamstown Pre-K**—Katherine Myers (KM)
 - c. **Williamstown Chamber of Commerce**—Sue Briggs (CF)
4. **Community Preservation Act Recommendations**—Charles Fox
5. **Ad Hoc Debt Study Group Work to Date**—Suzanne Stinson, Fred Puddester, Melissa Cragg
6. **Capital Budget Priorities (to be distributed at least a day ahead and posted)**—Bob Menicocci
7. **2025 Budget Adjustment Discussion**—Group (Budget Book pdf pages 5-7, copy attached) and budget book generally. Topics include operating budgets for DPW (pp. 39-57) , health insurance (p. 21), general insurance (p. 8) , utilities (electric in various budgets), legal (p.6), and free cash and reserves for stabilization, OPEB, compensated balances, and other topics pertaining to budget.
8. **Public comments, questions**
9. **Adjournment**

MINUTES:

Voted to accept the minutes from last meeting recorded by Charles Fox. Motion to approve by EN, approved.

Draft budgets posted

Williamstown Youth Center:

Presented by Michael Williams, including his comments as follows:

His 18th anniversary at Youth Center. What's new and different? Programming continues at or near capacity. Continue to provide all-day services when school is out for professional days, weather or other catastrophic closure events. Services to everyone regardless of ability to pay.

A great year as reflected in the application. Past few years (5-6) in good shape, despite COVID. Did well with investments, became more responsible financially, raised prices, more philanthropy. June 19th is centennial celebration, which will be held at Williamstown Historical Museum. Mindful and responsive, looking after our own house. Reduced funding request from \$77,000 to \$50,000. Comfortable with that since we had a good year. BUT, this period could be coming to an end, for example, stabilization grants from State licensing agency for past 3 years are going away. However, we knew this could be taken away at any time so we never fully relied on this in our budgets the past, and now it is going away. For next year we are increasing fees 10% across the board in line with other providers. However, this should not impact the income-disadvantaged since we have some financial assistance programs, and are putting additional funds into an endowment for this purpose. Hope to not continue the 10% increase each year after this.

?MC: Was there a change in way you count students? MW: Yes, historically we would just report the # of kids served "right now" (say in January) which is just a snapshot. Here we are looking at total membership over the whole calendar year which is now 750 kids over the course of the year, so it includes sports and the summer program.

?SS: What is the comparison point, so what was it last year? MW: Have been conservative so this year is consistent with prior years. Concern that the enrollment fluctuates with the other parts of the community, eg, Williams staffing. Previously "kids served" was 343, using prior methodology, but represents a similar number of kids served.

?MS: Will there be capital needs in next few years? Have requisite funds set aside to address capital needs. (MS: can you provide some numbers?); MW: hundreds of thousands, not millions, in cash. Investments perhaps \$600k set aside for maintenance (pursuant to ground lease), perhaps additional \$200-300k for scholarships, and about \$100k for cash on hand (checking).

?MM: How are you making sure no families are priced out, since you have done this a couple of times? MW: Outreach to community. Working closely with WES to reach the children in need. Surveys to parents, enrollments, financial aid applications. Still significantly lower than comparable programs.

?MC: Is parental giving on the rise thru parental education? You realize that Realtors for the College feature you in their recruitment literature. MW: Yes, education and giving has increased significantly and folks realize that. Yes, this is contributing to quality of life here.

MW: We know that there is a recognized shortage of indoor recreational space in our community, and we have to look at opportunities to address this crunch. This winter was crazy and our gym is 1/3 the size of WES, so we try to use gyms at WES and Mt Greylock (competing with other groups for access), but this year we had to use our own gym. It is more of a “a spare tire” and not appropriate for full time use. Need a better solution. Would like to expand our gym, which has pitfalls. Looking at other resources/indoor space resources. Looking at our assets: how could we come up with a solution while simultaneously dealing with other needs.

?SS: What might this cost? MW: Well into 7 figures to build out the gym. Fortunately, when we built originally, we planned for a gym that was easy to expand, so this is a lower cost than it would be otherwise.

Williamstown Pre-K:

Presented by Katherine Myers

KM: We take care of the kids in age before the Youth Center. Equally important to employment infrastructure. Unlike the Youth Center building, our building has already aged in the old Methodist Church. While in the past we have had a relatively healthy financial position, we have had to spend some of that to maintain our building. [Noted that they have lost their Treasurer and so they are still struggling to sort out their financial statements.]

New roof was a big expense, plus some internal building maintenance expenses (eg, floors) required expenditure of our funds, and there is more to do. Have been judicious in selection of projects and vendors to accomplish these renovations. Complication is that we have to renovate while children are using the plant. Asking for same amt of money as last year, and now it is 6% of expenses, versus 8% last year. Good in the sense that we have reduced our reliance on this funding, but salaries have increased significantly.

Berkshire Bikes fundraiser: previously quite successful but went away due to COVID so we need a replacement event. Held a trivia event similar to Berkshire Nursing Families (BNF) but did not raise as much. Note that BNF depends on this for 14% of their budget. We want to keep fundraising to a lower percentage of our operating budget.

?MC: Portions of the application packet are missing for this year, particularly 2023 financial information. KM: Don't have audited FY23 (fiscal year is June). In June the stabilization funds are going down 75%. Maybe \$260k came from these sources. Cash & Investments stand at about \$1.2M (balance) with maybe \$175k spent on capital this past year. Probably ~\$250k needed for additional renovations. ?MC: Did you make money last year? KM: Yes, though as Mike mentioned, some State funding is going away. ?MC: So these grants total \$260k, and you made \$193K, so cash continued to grow? KM: not really as we spent quite a bit, about \$175k on renovations. MC: we have been asking folks for more of a multi-year vision of their capital expenditures, some how much more are you looking at for additional capital for the other needs you mentioned earlier? KM: perhaps another \$250k at least. MC: in light of these, why would we appropriate more funding? Even in a period of renovation, at your current balance, you can fund another 3 or 4 or so years of capital spending. KM: Don't have a good enough

handle on capital expenditures. [Asked Lauren Svenson, Board President, if she had any sense of that.]

Board President [Lauren Svenson (LS) at the podium and now speaking]: We are without a Treasurer right now, volunteer position hard to fill. We are operating at a slight loss annually, which previously had been bolstered by COVID and other state and federal support funds. Have a lot of concerns about safety of the building, and uncertain about the cost and extent of these needs. Additionally, there are considerations of façade and stained glass windows, for example. The amount we could spend is unknown at this point but not a small quantity for cost. Exacerbating this, grant money will dry up this year, similar to what the Youth Center faces (same grant sources).

?CF: Wondering: you have an enormous building structure relative to your operations – have you considered the possibility of relocating? KM: not really an option: Don't think they could sell it. We have considered using more of the building. Restrictions on use of building with children, as a result can only use lower floor. ?CF: First Congo is leasing out small sections to make ends meet. KM: not really the same options available given the nature of the operations, licensing.

?MS: Looking forward to next year with a 3-5 year plan for operations and strategy. Need a spreadsheet of your expectations, as best you can. Desire to be helpful to you but need some additional information. KM: yes, will try.

?MC: How many children are served, and census relative to Williamstown? Request is to support needs of total census, not just Williamstown? KM: Census: 69 last year, 65 this year. Number of children from Williamstown is down from last year. [unclear actual number] Yes, they often work in Williamstown, though do not live there.

?SS: Would there be any benefits from growth? Economies of scale? KM: not much possibility for growth. Space is an issue, especially for smaller kids on the first floor. But staffing is the major issue, given the regulation around staffing intensity

?MC How many children in the past, before COVID? Also, believe there was a drop in enrollment due to the resumption of the WES side-by-side program? KM: maybe 75 pre-COVID and previously, so more but not a lot. Longer hours than WES: offer care 8:30 to 5pm, but hard to staff and comply with mandated ratios (caregivers to children). Desire to raise prices but difficult. No scholarship program like Youth Center.

Community Preservation Act Recommendations:

Presented by Charles Fox

Materials posted. Essentially, we were able to use the available funds to meet every one of the requests that came before committee. Noted that the articles show that we recovered and incorporated into the budget a lot of unspent funds. Each spend item references unspent funds. Grant approvals now contain sunset provisions to better track fund availability. Very successful year. Met needs and have some cash left over.

1. Meeting house \$50K: \$47k new plus \$3k old)
2. Affordable housing: \$70k: \$30k old, \$40k new
3. Sand Springs: \$11k, structure changes for handicapped access
4. Fitness Center: \$90k CPC (Bob M for Town) National Corp offers this package: partnerships with health plans (BX here) and this is available to us. 40ft x 40 ft different stations consolidated (versus trail stations); \$50k grant to go with this. MIA (Maya?) also may provide grant money. To improve use of trail path. Perhaps use skateboard park location? ?SS: Operating costs? Programming costs? Maintenance costs that impact budget? BM: Not really needed to operate; could have some programming and maintenance to be determined, along with other recreational plans.
Routine item: CF: we are mandated to set aside \$5k per year for CPC activities (minutes and spreadsheets) and very little is spent and returns to the coffers.
5. MS: last item is NE Bike Association also for recreation: \$50k from FY21, plus another \$25k, for a total of \$75k. BM: our skate park is well past its life. Group of volunteer citizens plan to create a non-profit org to fund raise \$750k.

Williamstown Chamber of Commerce:

Presented by Sue Briggs (SB)

Exec Dir

SB: We look to Town to help with marketing budget. Distributed the guide for last year, it has 1 year shelf life. It showcases the members but not all organizations in town. It is a tourism and relocation piece. Printing 20k of these for this year's physical regional distribution in tri-state area, and is also utilized online. Other printed materials: Mohawk Regional Trail (State) also has similar material. Hearst media: summer special edition to CT shore; similar tourist for "cultural" tourism. Hard to tell the impact of print.

Destination Williamstown website: 10hrs/wk employee to maintain. 2 newsletters weekly, and this is the basis for "Window on the Weekend" with WilliNet. Info booth at bottom of Spring St, other community events.

Partner on Festivals and Events: also National Night Out; facilitate with police at Spruces. Eclipse this year. Not in full Totality but close by for some thru traffic. Opportunity for partnerships. Community wants more engagement and events. To that end, have been working with the Town to enhance wayfinding and branding. Received a \$25k State grant for consultant (State selected the consultant) for branding and wayfinding; perhaps get logo and sign placement guidance. Signages are all different. Grant is for a consultant, not a fabrication grant, which we could apply for later. DPW and Police, Clark, College, are all on the group for the grant.

Town is a designated "Cultural District" for 10-15 years from State's Mass Cultural Council (MCC). Town gave responsibility to the Chamber. Total of 5 districts in the County. "Eyes on Art" Town banner display: celebrates artists on banners.

Fiscal Year = Calendar Year; last year we had 167 business members; 130 today, with potential for 180. Does continuing Ed and marketing for members.

?MC: \$55k up from \$50k last year (request). Comments from Town? BM: worth supporting. SB: websites are expensive (upkeep).

Ad Hoc Debt Study Group Work to Date:

Presented by Suzanne Stinson, Fred Puddester, Melissa Cragg

Key points:

- The six members of the study have been meeting twice a month since June
 - Fred Puddester
 - Don Dubendorf
 - Hugh Daley
 - Carrie Greene
 - Melissa Cragg
 - Suzanne Stinson
 - Bob Menicocci (Town manager) also usually attends
- with the purpose of preparing background materials in the event that we issue new debt for the new fire station.
- Assessed existing debt, both direct and indirect (“overlapping”)
 - Direct: Elementary school, Cable Mills, Police Station
 - Indirect: HWQD (~44%), MGRHS (~66%; 2 issues: old and new)
- Created a draft Capital financial policy: covers capital planning, and the use of debt and cash for capital projects
- Creating a multi-year view of upcoming capital needs modeled on the Town of Lee’s “Capital Improvement Plan” document
 - Have met with each of the “Capital entities” to hear about potential future plans
 - Town, MGRSD, HWQD, and Fire District
- Reviewed rating agency report(s) and methodologies
- Pro forma analysis of the impact of additional fire station debt is underway
 - Rating agency metrics (leverage, cash flow coverage)
 - Projected future debt service
 - Implications for future tax rate

MC: also will provide some capital project assessment parameters

Capital Budget Priorities (to be distributed at least a day ahead and posted)—Bob Menicocci 2025 Budget Adjustment Discussion

BM: Last week’s discussion of capital needs was a long list, indicating things that were deferred in the past and staff making things “last” for longer than normal useful life. But now we need to make some expenditures. A lot of deferred maintenance, and we have some cash, and we should make some capital investments now. Debt committee: how we should use our cash will help. The items here are prioritized and culled from last week’s list. “Restlessly comfortable with” this list. Road maintenance has been tough with some equipment laid up.

?PC: Is the garage door no longer on the list? BM: off the list but deemed essential and being addressed immediately. MC: FY24 has room for some substitutions that will accommodate the garage doors.

?MC: have you added a "Hotbox"? BM: Hotbox is new need but will be assessed and probably added. Some reductions but also new needs.

?MC: are we being consistent with conservation principles? Are there, for example, electric vehicle alternatives or technological innovations around the corner that we should be thinking about? BM: yes, though there is not a lot of opportunity with heavy equipment. In our climate especially, there is not good solution for green equipment for another 10+ years. For example, at this time the extended hours of plowing require the vehicle to be up and running for a long period of time, without taking time out to recharge.

Light duty equipment: potential for some electric vehicles, though will be a blended, hybrid approach. Maybe some vans or light duty trucks, so one or two. Limited options for specialty built, but we will revisit when more available. Unfortunately, most grant/incentive programs are for full electric rather than hybrid, so we are likely to miss out on these for the most part.

Finally the last section of the agenda, **2025 Budget Adjustment Discussion:**

MC: package for MGRSD package on website (meeting next week); warrant articles needed for next week.

So focusing on the Town's operating budget, we wanted to revisit some assumptions on:

1. Debt service corrected
2. Health insurance conservatism (Berkshire Health group)
3. Revenues seemed conservative, especially tourist-related items
4. Capital items pared back, now \$1.396M
5. Reserves: (1) OPEBs (\$50k/yr plus fund as we go); (2) compensated balances for employees who have accumulated unused sick time and vacation time, which we try to stay current with; and (3) stabilization reserve: which has been drawn down in recent years, now trying to build up, \$50k a year ago, \$250k this year, and we will see if we have the ability to add further

EN: How much does Bob think stabilization should be?

BM: our fund position is not very favorable compared to other cities and town in free cash and stabilization. A future conversation around this is needed. Comparing: we rank ~300th and 250th out of 351 jurisdictions, for free cash and stabilization, respectively. Based on a "per capita" basis, though per capita may not be the best way to compare, given the student population. If we bring free cash levels down further, we will likely be even lower in these rankings, which could impact our rating.

The capital number now proposed edges out a contribution to the stabilization fund, so we will not be growing that this year. But we need to address some previously deferred capital needs now and defer stabilization.

?EN: What have we used stabilization for? BM: used for unforeseen events. General discussion ensued and examples included over-runs in snow and ice removal, streetlights, pieces of

equipment, etc. Also, weather is tricky and causes events like wash-outs which then need to be repaired.

MS: Non-property tax revenues seem low, and perhaps \$60-65k low. Why are we being this conservative? If you agree, why would we not increase? Why is Motor Vehicle tax going to be less? \$700k rather than \$749k? BM: trying to be conservative overall, with the expectation that we will generate some free cash.

MC: it is a simultaneous equation: try to keep taxes the same. The Select Board gave the direction to achieve flat property taxes. If everything were approved as proposed, we would need to raise ~\$450k more in taxes.

AO: Bob has taken local receipts to budget free cash at \$1.5M, as we do each year. Because that is how we fund capital projects. The changes we have made here will reduce free cash by ~\$500k. EN: why aren't these capital items simply in the budget?

BM: if you take the reserve down, you no longer have a cushion. MC: not taking it all away, looking for a moderate proposal. Understand how big the totality is and then figure out where we are going to choose to be conservative.

CF: Confused about new growth number for 2024 and why it is down so much in 2025. Discussion ensued: this budget assumes \$170k generated by \$11m new growth. For comparison, \$45m of new growth (Cable Mills conversion and new riverfront condos) times the \$15.15 of tax rate, resulted in \$680k of revenue.

FP: the fire station will be a shock with a 7% increase. We need to keep the other increases as low as possible. Looking at the FY25 proposed budget, the comparison to FY23 actual is a much larger increase than from FY24 to FY25 proposed. An increase of 13%, or 6% per year compounded annually. We can take some of the remaining Free cash and use that to buy down the budget. Tricky part is that once you do that, you have built it into future budgets.

There may be additional tax revenue from Cable Mills. Bob has removed \$92k from BX budget. The question is how conservatively do we want to set this budget?

?FP: Do we all really want to keep the tax levy flat? BM: hear all sorts of responses. Depends on what is being funded and who you ask. Note that we would be an outlier among other towns if we keep it flat. Is this the result we want at the expense of not adding to reserves?

MC: \$1.85M free cash balance available; 3.5% increase in MGRSD only achieved by pulling down some reserves. If we are trying to keep taxes unchanged, 2 things go into that: new growth of \$170k, and anything that we allocate from free cash. How conservatively do we want to set this budget? I can go either way on this.

BM: everyone has a want: if our levy is flat, we will be unique in the state. The Select Board is looking for a flat levy. They did not speak to reserves. Residential tax is fairly stable while other revenues may be more volatile.

FP: we have a positive gap between our current rate and the levy limit of almost \$3 million.

MM: not quite there yet on flat tax rate.

MS: When will fire station come onto taxes? Answered by several members: 2027

MC: The Select Board asked us to keep tax levy flat. We have been the highest tax rate (in MA) until Great Barrington beat us out. Not looking to slash and burn, just to bend the cost curve. Because it carries over, we can be more conservative on the expenses and less on the revenue. And still try to balance this so we are given more flexibility to rearrange expense budget, it makes sense to be express conservatism inside the expense budget than the revenue budget. So let's look at how to do this and hear from Bob. For example, why keep DPW the same when it is up so much from prior years?

BM: We've got replacement staff coming on board (for vacancies); we want to give Craig a chance, and flexibility, in his first year.

PC/MC: shaving where we can without creating an undo amount of pain

Discussion of the non-profits: clear approval of Youth Center and Chamber requests, but members debated the need for full amount of Pre-K request: potential to reduce by 50%? For this year, agreed to keep level but assigned two Fin Com members to better understand their operations and finances for next year.

Discussion of two recent Town resignations, HR & IT, and we may need to establish a small reserve (\$30-40k) to transition new staff. Add this to the list as an increase.

Extensive discussion of the trade-off between contributions to free cash and/or stabilization fund, versus a reduction to the originally proposed budget that would preserve the current tax levy (no increase to taxes).

Summary of the assumptions for an adjusted Town budget:

1. \$40k non-residential tax revenue increase: vehicles
2. IT/HR resignations: add a reserve for transitions for both positions, totaling \$40k
3. \$90k BX reduction (more realistic assumptions on take-up of coverage)
4. Approve Pre-K request along with other non-profits
5. Contribute \$50k to OPEB balance and \$50k to compensation balance
6. Support budget with some reduction/contribution \$100k from free cash (\$220,000 now)
7. \$100k added to stabilization (\$1.15M now)
8. \$1.396M to Capital (versus \$700k/yr normal capital; last year included \$325k Library renovations)
9. This assumes that MGRSD proposal is as stated at 3.6%.

10. So total Town Budget is a 1.9% increase before the free cash “buy-down” of \$100k and including an increase of \$170k from new growth
11. This leaves property tax rate up 0.6% after “buying down” the tax rate with \$100k free cash

A cautionary note: we need to remember in future years that we made a conscious decision to fund reserves to give us flexibility and a more gradual and predictable path to the higher tax rate that we know we will face in 2027 when the fire station expenses will become part of the overall budget.

Public Comment:

Randy Fippinger:

Recognition of Public employees’ value, support their proposals. Note that we are down at least 4 employees this year alone. But still, Town Hall is still very focused on taxes. What will happen to services? At some point with the budget we approve, Town Hall will need to cut back on services.

FP: I don’t think this will affect services as it is 13% above FY23 actual.

SS: if we don’t diversify our revenue base, we will have this painful conversation every year.

MC asked for a Motion to adjourn

Motion by PC

Second by SS

Adjourned