

MONTAGUE FINANCE COMMITTEE
Final Meeting Minutes
Wednesday, October 6, 2021 at 6:00 p.m.

This meeting was held via Zoom and recorded: <https://vimeo.com/624968289>

PRESENT: Jen Audley, Chair; Greg Garrison, Vice-Chair; John Hanold, Francina Wisnewski, Christopher Menegoni, members.

OTHERS PRESENT: Carolyn Olsen, Town Accountant; Steve Ellis, Town Administrator; Ariel Elan, resident.

ABSENT: Jennifer Waryas and Fred Bowman, members.

1. The meeting was called to order at 6:00 p.m by JA Chair. This meeting is being recorded by MCTV and Town Hall. **Members present – JH, FW, GG, CM and JA.**
2. The purpose of tonight’s meeting is solely devoted to a one-hour presentation of the Multi-Year Financial Forecast and Updated Financial Policies for the Town of Montague. FW spoke to those attending stating the outline of tonight’s presentation on addressing the policies and allowing time for questions which will be via chat or reaction buttons..

The presentation began by JA who placed a PowerPoint presentation on the screen for all to view. The outline showed a 10 minute introduction describing the policies and the timeline, defining a policy and the difference between policies and bylaws, what are the policies in discussion for 2021 and then a deeper dive into examples of specific policies which are A-3 Debt Management, A-4 Enterprise Fund, A-7 Other Post-Employment Benefits (OPEB) and A-10 Revenue and Expenditure Forecasting. The end of the presentation will be set aside for any questions and further discussion.

JA explained the two inter-related special projects and their timeline initially with consultants, then gathering information and the development of draft policies. These draft policies were given to the Selectboard and staff at the Town Hall for their review. After all reviewed, these draft policies were then brought before the FinCom for discussion. Fifteen of the eighteen policies were brought before the Selectboard with the Finance Committee’s recommendations and after this public presentation, shall be adopted into final policies. The FinCom’s hope is to have the last three policies ready to be approved by the Selectboard by May or June of 2022.

The definition of a policy and examples of a policy versus a bylaw were given. Basically, policies guide decisions and financial policies are intended to help guide decisions that involve money. A list of all financial policies were shown in this presentation and included those who are the decision-makers. The financial operations policies were also shown in this presentation and they are basically the day-to-date operations of the administrators of the Town.

There were no questions from the audience at this time, therefore the FinCom members will now go more in depth on the four policies for discussion. GG gave a quick overview of the financial policies the Town is already using. The old policies overlap with the new policies which include OPEB and some of the operational policies. The newest policies come with a detailed fixed timeline for planning

i.e. a 5-year window. He stated that this planning part has a much stronger function for these new policies and will help the people in the community to understand how the Town is doing financially.

Ariel Elan from the audience asked a question regarding the older policies and the newer policies being lumped together? GG clarified that the policies in 2014 and the newer policies have been incorporated for a better planning window resulting in more inclusive policies.

A-3 Debt Management Policy – JH described this policy, its purpose and who is involved. It is a guide to the Town in making decisions regarding the issuance of debt needed to maintain capital assets, yet at a level that recurring revenue can support without adversely affecting the delivery of local services. Key element is to enhance the Town's bond rating so as to qualify for bond rating. All borrowing for capital projects must be authorized by a Town Meeting vote. Borrowing to support major projects, such as the G-M High School, police station, and Public Works garage, may be proposed outside of Proposition 2 ½ limits if it is voted on by Town Meeting and a separate vote by the total voting public.

A-4 Enterprise Fund Policy – GG gave specifics on this policy as to its purpose and those who are involved. He described what are the Town's goals and expectations for financing the town's two enterprises; the airport and the WPCF which run like businesses outside of the general fund of the Town's accounting. These two enterprises set their own fees and provide services. They are to present their own forecasting using their future revenue and debts. These are then incorporated in the Town's overall financial picture.

A-7 Other Post-Employment Benefits Policy (OPEB) – JH described this new policy to the audience. It is primarily health insurance and its liability for all employees past and future. The municipal employees in MA are entitled to receive OPEB, principally health insurance, after retirement. The unfunded liability for this benefit is required to be calculated each year and amounts to about \$15 million. The Town has begun setting aside funds each year to meet this obligation but the balance is presently about \$868K, and will increase faster after its unfunded pension obligation is satisfied, approximately 2033.

Ariel asked the question about former employees who are eligible for Medicare and under this policy, what is the Town responsible for covering. CO stated the benefits that are required under the Medical Extension Plan are not related to OPEB.

A-10 Revenue and Expenditure Forecasting Policy – GG covered this policy and described to the audience the methodology for forecasting revenues and expenditures and the timing for completion of an annual forecast and the identification of all parties involved in this process. He stated that the biggest component of this policy is the forecasting on a 5-year interval updated annually and separating for the general fund and enterprise funds. It uses inflation, current collective bargaining agreements and service contracts. This policy allows the community to see the plan 5 years out which can be beneficial.

JA spoke of the next steps where in October 2021, the final drafts of the 15 policies will be brought to the Selectboard for their approval. The other three policies (Annual Budget Process, Reserves and Capital Planning) will be discussed with the FinCom in the future and then brought before the Selectboard by the end of the next fiscal year. Mike Naughton, former FinCom member asks for a change in the language of who endorsed the compact for the school funding to say by the School Administration, Selectboard and the Finance Committee of Gill and Montague as it was a complete joint effort. This edit will be passed on to CO.

FW also stated that CO made mention that the tax rate will be delayed and set in late November. JA stated that the FinCom will develop a calendar in early November which will include this information.

3. Unanticipated topic:

Steve Ellis thanked and commended everyone involved for tonight's presentation, stating he received an education and it is a valuable tool for future FinCom members. He also wanted to share the word that the Selectboard will be having a meeting Tuesday, October 12, 2021 at 5:30 regarding 5 bids that have been received for the 5th Street pedestrian bridge. Therefore, this item will come to Town Meeting with more information to create a whole picture.

4. There was no further discussion. Therefore a Motion to adjourn was moved by JH and seconded by FW. JH, aye; FW, aye; GG, aye; CM, aye; JA, aye. The meeting adjourned at 7:00 p.m.

Respectfully submitted

BettyLou Mallet
Scribe

Meeting materials: Forecasting tool, Users' Guide and updated financial management and operations policies: <https://montague-ma.gov/p/1452/Policy-Update-Forecasting-Projects>

Finance Committee Approved: October 27, 2021 vote

