

Town of Longmeadow

Minutes of the Finance Committee for August 15, 2018

Longmeadow Police Department

Finance Committee Members Present; Paul Santaniello-Chairman, Ed Clark-Clerk, Maury Garrett Jr., Chaya Kosofsky, William Welch and Eileen Morin

Finance Committee Members absent: Andrew Lam-Vice Chairman

Visitors: Mark Gold-Select Board Chairman, Paul Pasterczyk-Finance Director, Jason DuCharme-Town Accountant

The meeting was called to order at 7pm.

No visitor Comments

Ed Clark liaison for the tax ceiling task force reporting on the past meetings discussion:

- Possible petition to the state for removal of the tax ceiling and possible changes to proposition 2 ½
- Looking for ways to expand the tax basis
- Possible cuts to operation costs
- Issues with crumbling foundations effecting some homes in Longmeadow are not an issue going forward and will not have an effect on the tax basis.
- What is the impact of the MGM surrounding community agreement
- Possible change in the zoning for the Christ Church next to the Longmeadow Shops.
- Impact of the DPW project and borrowing on the tax rate

Paul Santaniello would like to see changes made to the annual town report in-terms of the individual salary information that is available to the public. The request is that all town and school employee salaries be included in the annual town report not just the top administrative positions. South Hadley's Annual Town report was used as an example.

Mark Gold came to speak in support of possible changes to the OPEB policy and Capital spending policy: See attached documents.

Other

Minutes from the July 11, 2018 meeting were approved (Approved 4-0)

William Welch and Eileen Morin abstained (not present at the last meeting)

Motion to adjourn at 8:24pm (All in favor 6-0)

Town of Longmeadow

Other Post-Employment Benefits Funding Policy

The Select Board recognizes the Town has an unfunded liability for Other Post-Employment Benefits (OPEB) and needs to annually fund the liability with a dedicated revenue source. Beginning in fiscal year starting July 1, 2013 the Select Board will recommend as part of its annual budget process a sum of money equal to one quarter of one percent (0.25%) of the fiscal year's estimated tax levy, less any excludable debt amount within the total estimated levy, to the OPEB Trust Fund adopted under Section 20 of Chapter 32B of the Massachusetts General Laws voted in Article 21 of the April 28, 2009 Annual Town Meeting. Beginning in fiscal year starting July 1, 2015, and as Town finances allow, the original one quarter of one percent (0.25%) will increase by one quarter of one percent (0.25%) annually up to a maximum of two percent (2.0%). This dedicated funding to the OPEB Trust Fund does not preclude additional funding to the Trust from Free Cash or other sources.

Once the OPEB Trust balance reaches five (5) million dollars, the annual contribution described above may be reduced by the Trust's estimated earnings in that fiscal year.

Originally adopted by the Select Board September, 2012

Amended 10-20-14

Amended 8-6-18

Capital Improvements Policy

Capital Policy Statement

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond five years and equal to or more than \$25,000 in value.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than many capital assets. Examples include roads, bridges and related drainage systems, sidewalks, water and sewer distribution systems and information technology systems.

A capital project is work on or purchase of a fixed facility, object or asset costing equal to or more than \$25,000 with an estimated useful life of 5 years or more. Projects and assets that do not meet both of these requirements should be included in the operating budget.

The goal of the capital improvement program is to improve and upgrade existing capital assets to extend their useful life, or build or acquire needed and new capital assets. These are considered investments because the money expended is used to reduce costs, improve efficiency and/or improve services over a multi-year time frame.

Preventative or routine maintenance should be included in the operating budget as a separate line item. These expenditures extend the useful life of the existing Town's assets.

Capital Improvements Budget Funding

The Capital Improvement Budget (CIB) should be funded by a combination of General Fund revenues, enterprise fund revenues, other special purpose funds of the Town, and grant funds from federal and state governments, community preservation or other special/specific taxes created by the state legislature.

Upon adoption of this Policy revision, 3.00% of the General Fund's estimated operating revenues, less any excludable debt amount within the total estimated General Fund operating revenues, will be allocated towards capital projects including, but not limited to, upgrades to sidewalks, pavement, buildings, grounds, etc. This percentage should be increased 0.25% annually up to a maximum of 4.00%. The CIB will fund cash costs for capital improvements and not be used for debt service.

Also, revenues that are one-time in nature that are not required by law or agreement to be expended for a particular purpose may be used for capital purposes, or the augmenting of Town Capital Stabilization Fund.

Free cash may also be used to fund capital improvements or retire capital debt rather than be used to fund operating expenses.

Debt is a source for funding capital projects and can be wisely deployed by following Longmeadow's Debt Management Policy.

The Town's Enterprise Funds (EF) are to fund their own capital expenditures through funding of their own depreciation/and or debt service, and are not to rely on non-enterprise funds unless approved by Town Meeting.

Unexpended General Fund capital appropriations will revert back to the Capital Stabilization Fund no later than June 30th of the fiscal year in which the capital project is finalized.

Master Facility, Equipment, and Infrastructure Plan:

The Town will develop a Master Facility, Equipment, and Infrastructure Plan (MFEIP) with the view of assessing, quantifying, and prioritizing all the town's known capital needs for the next 30 years. This MFEIP and related engineering studies will be available to residents and on the website if feasible.

As part of the MFEIP, the Town will update and readopt annually a five-year capital improvement plan ("CIP"); including the upcoming annual CIB creating a five-year capital plan.

Procedurally, the Town will follow the process outlined in Section 7-7, "Capital Improvement Program" of the Town Charter.

Coordination with the Community Preservation Committee

With the passage of the Community Preservation Act (CPA) by Longmeadow, an annual pool of taxpayers' funds becomes available for CPA eligible capital projects. The use of CPA funds is authorized by the Community Preservation Committee and approved at the annual Town Meeting. The capital program policy is to encourage a high level of coordination and between this committee, the Select Board, School Committee, Town Manager, and the Capital Planning Committee, to fund projects of common interest and purpose.

Adopted by the Select Board 10-20-14

Amended 8-6-18