

Town of Longmeadow

Minutes of the Finance Committee for September 19, 2018

Longmeadow Police Department

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

Finance Committee Members absent: Chaya Kosofsky

Visitors: Paul Pasterczyk-Finance Director, Jason DuCharme-Town Accountant, Stephen Metz-Capital Planning Committee Chairman

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
- Possible change in the zoning for the Christ Church next to the Longmeadow Shops.

Stephen Metz from the Capital Planning Committee spoke about the committee's process and timeline for projects that are recommended by the committee. Mr. Metz also spoke in favor of articles 9 and 10 for the upcoming Special Town Meeting in October.

Finance Committee warrant article recommendations

ARTICLE 1.

To see if the Town will vote to transfer from the Solid Waste / Recycling Enterprise Retained Earnings account the sum of \$55,920.69, or a greater or lesser sum, for the purposes of paying Bills of Prior Year, or take any other action relative thereto.

A timing error that began at the end of FY 2016 was discovered during the process of making final payments in FY 2018. In FY 2016, only 11 monthly payments were made to the Solid Waste / Recycling hauler leaving an appropriation balance of just over \$76,000.00 that was closed into the Retained Earnings account. In FY 2017, 12 monthly payments were made to the hauler covering June 2016 through May 2017. In FY 2018, 13 monthly payments were presented to the Accounting Office that would have covered June 2017 through June 2018. The appropriation was not ample to cover the 13 monthly payments presented and thus the June 2018 invoice was stopped in order to get the service dates aligned with the proper fiscal year timetable of payments.

9/10ths Vote Required (all in favor 6-0)

ARTICLE 2.

To see if the Town will vote to raise and appropriate the sum of \$435.35, or a greater or lesser sum, for the purposes of paying Bills of Prior Year, or take any other action relative thereto.

In the spring of 2018, a minor Fair Labor Standard Act infraction was discovered through the internal review of a departmental payroll. It involved the non-payment of wages at a rate of time and one-half to a few non-exempt employees of the department. The matter was immediately rectified for FY 2018. Through advice of labor counsel, it was suggested that the Town audit the last two fiscal years' departmental payrolls in order to discover and rectify any of the same issues that had been discovered in FY 2018. The audit of the FY 2016 and FY 2017 payroll records discovered a few other infractions. This appropriation will allow the Town to rectify the prior year infractions.

9/10ths Vote Required (All in favor 6-0)

ARTICLE 3.

To see if the Town will vote to (A1) appropriate \$1,345,000.00 from the premium paid to the Town upon the issuance of the bonds for the Department of Public Works Facility project issued on August 28, 2018 to pay costs of such capital project and to reduce the amount authorized for such project by the same amount; (A2) appropriate \$110,000.00 from the premium paid to the Town upon the issuance of the bonds for the Dwight Road Improvement District infrastructure project issued on August 28, 2018 to pay costs of such capital project and to reduce the amount authorized for such project by the same amount; (A3) transfer any remaining premiums, net of issuance costs , to the Premiums Reserved for Capital Projects account; and (B) supplement each prior vote of the Town that authorizes the borrowing of money to pay costs of capital projects to provide that, in accordance with Chapter 44, Section 20 of the General Laws, the premium received by the Town upon the sale of any bonds or notes thereunder, less any such premium applied to the payment of the costs of issuance of such bond or notes, may be applied to pay project costs and the amount authorized to be borrowed for each such project shall be reduced by the amount of any such premium so applied; or to take any other action relative thereto.

The Town allowed bond bids with a premium structure in order to give potential bidders flexibility in their bid structure to match the demands of the bond buyers thus driving down the overall True Interest Costs of the financing. The accepted low bid for the bonds issued on August 28, 2018 included the above mentioned premiums and so the Town reduced the par amount of the actual bonds issued so that the total par amount of the actual bonds issued plus the premiums equated to the amounts needed for the projects. This article will now allow the above premiums to be used for the specified projects and will eliminate a like amount of debt authorized but unissued for the projects. Part B of this article suffices the statutes to allow future borrowings under existing appropriations that have been previously authorized by town meeting to be structured in a similar manner without needing further town meeting action.

2/3rds Vote Required (All in Favor 6-0)

ARTICLE 4.

To see if the Town will vote to raise and appropriate the sum of \$132,300.00, or a greater or lesser sum, from the FY 2019 Community Preservation Fund revenues for: CPA Fund Balance Reserve for Open Space \$44,100.00, CPA Fund Balance Reserve for Community Housing \$44,100.00, and CPA Fund Balance Reserve for Historic Preservation \$44,100.00, or take any other action relative thereto.

The Community Preservation Act (CPA) requires Town Meeting to appropriate or reserve for future appropriation at least 10% of the estimated annual CPA revenue for acquisition and initiatives for each of the following three categories: Open Space, Community Housing and Historic Preservation. Approval of this article will satisfy the requirement for FY 2019. Currently, the FY 2019 State matching share is estimated at 11.5% of our current year's estimated revenues; surcharge, \$370,000.00 and other miscellaneous revenues \$25,000.00, and State match \$46,000.00. (All in favor 6-0)

ARTICLE 5.

To see if the Town will vote to raise and appropriate or transfer from available funds, the amounts from the below listed sources, all to the FY 2019 Operating Budget accounts, to cover the FY 2019 debt service on the new DPW facility,

General Fund

Raise and appropriate	\$ 50,000.00	Retirement of Long Term Debt
Raise and appropriate	\$367,096.00	Interest on Long Term Debt

Sewer Enterprise Fund

Sewer Retained Earnings	\$ 55,173.00	Interest on Long Term Debt
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Water Enterprise Fund

Water Retained Earnings	\$ 67,495.00	Interest on Long Term Debt
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or take any other action relative thereto.

These additional amounts to the FY 2019 operating budget will satisfy the first year's debt service on the DPW Bond sold on August 14, 2018. The debt service schedule was designed to minimize the impact to the tax rate along with the water and sewer rates over the life of the bond. (All in favor 6-0)

ARTICLE 6.

To see if the Town will vote to transfer from available funds in the Treasury the sums, or greater or lesser sums, from the below listed sources, to the Operating Stabilization Fund, or take any other action relative thereto.

Available funds in the Treasury	\$ 250,000.00
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Per policy of the Select Board, all free cash, which is synonymous with “available funds in the Treasury”, amounts in excess of \$500,000.00 once the Town’s fiscal year’s budget is balanced and related financial matters covered, shall be transferred into the Town’s Operational Stabilization Fund established by vote of town meeting on November 18, 2003 pursuant to Massachusetts General Law Chapter 40, Section 5B. Additionally, as a result of a tight operating budget and additional revenues expected from the State, the Town is appropriating a portion of its excess levy capacity to the Operational Stabilization Fund to help improve future Moody’s credit rating opinions that currently state the Town’s “financial position is satisfactory with reserves below the median for the credit category” of Aa2. The August 1, 2018 Moody’s Credit Opinion can be read on the Finance Department’s web page on the Town website. The estimated remaining excess levy capacity is approximately \$93,000.00. The July 1, 2018 balance in the Operational Stabilization Fund was \$3.52 million. (All in favor 6-0)

ARTICLE 7.

To see if the Town will transfer from available Funds in the Treasury the sum of \$130,000.00, or a greater or lesser sum, for the purposes of supplementing the FY 2019 budgetary accounts as listed below, or take any other action relative thereto.

Health Insurance – Employee	\$ 75,000.00
Liability Insurance	\$ 55,000.00

The FY 2018 Employee Benefits / Liability Insurance function ended up fiscal year 2018 with a \$1,870.00 deficit. This function includes 10 specific accounts. Within the function, the FY 2018 Employee Health Insurance account was \$111,021.00 in the deficit and the Liability Insurance account was \$18,218.00 in deficit (FY 2017 deficit was \$16,629.00). These deficits were mainly covered with excess funds in the other accounts within the function. The FY 2019 increase in the Health Insurance budget correlated with the percent increase in premiums but starting off \$111,000.00 in red potentially means we may end up with the same deficit at the end of FY 2019. The FY 2019 Liability Insurance account was increased by \$35,000.00. FY 19 premiums for Property / Casualty Insurance, Workers’ Compensation Insurance and Police / Fire Accident Insurance have already been paid in amounts exceeding the FY 2018 premiums by \$70,000.00. Funds within the Employee Benefits / Liability Insurance function can only be used for the function purpose and would revert to the General fund if unexpended at fiscal year-end. (All in favor 6-0)

ARTICLE 8.

To see if the Town will vote to raise and appropriate the sum of \$37,000.00, or a greater or lesser sum, for the purchase of six (6) in-car video systems for the Police Department, or take any other action relative thereto.

These dash mounted audio and video recording systems provide an unbiased account of events that occur between the Police and the public thereby eradicating any doubt that may exist in court testimony when officer behavior is questioned. Some of the benefits of this technology include: enhancing officer safety, facilitating evidence gathering, gathering of information of suspects, training of new officers, protecting the department from law suits, refuting allegations of officer misconduct, enhancing professionalism and performance, and promoting transparency. (All in favor 6-0)

ARTICLE 9.

To see if the Town will vote to transfer from the Sewer Retained Earnings account the sum of \$40,000.00, or a greater or lesser sum, for the purposes of replacing two (2) channel grinders at the Emerson Road Pump Station, or take any other action relative thereto.

The two (2) channel grinders have a 4 to 6-year life span before the grinder teeth start to wear out and the cores have to be replaced. The channel grinders have reached their expected life span. JWC Environmental is the direct supplier for the core replacements and quoted an estimate of \$40,000.00. (All in favor 6-0)

ARTICLE 10.

To see if the Town will vote to transfer from the Water Retained Earning account the sum of \$28,800.00, or a greater or lesser sum, from the Sewer Retained Earnings account the sum of \$28,800.00, or a greater or lesser sum, and from the Capital Stabilization Fund the sum of \$28,800.00, or a greater or lesser sum for a total of \$86,400.00, for the purposes of purchasing a Department of Public Works replacement skid steer, or take any other action relative thereto.

Our 1995 bobcat skid steer loader experienced a major component failure that made it cost prohibitive to repair. The piece of equipment is a critical part of pavement repair operations. The skid steer, with the asphalt paver attachment, enables a DPW crew to mill damaged pavement sections, sweep up the millings, and lay down new pavement. The skid steer is used for roadway repairs related to water main breaks, potholes, sinkholes and catch basin repairs.

2/3rds Vote Required in the case of transfers from a Stabilization Fund (All in favor 6-0)

Other

Minutes from the August 15, 2018 meeting were approved (Approved 5-0) Andrew Lam abstained; absent at August meeting

Motion to adjourn at 8:47pm (All in favor 6-0)