

MINUTES
FINANCIAL MANAGEMENT TEAM
Town Hall 2nd Floor Conference Room
February 9, 2023

Members Present: Mac Anderson, Kathy Logue, Jennifer Rand, Bruce Stone, Joan Chavez

Others Present: Skipper Manter, John Christensen

Meeting was called to order at 1:00 PM.

Bruce reviewed the updated spreadsheets regarding the warrant and tax levy, including all warrant articles that have money requests, and the second page which included the updated projected tax levy. The major changes included the addition of borrowing authorization and interest for the library HVAC repairs (he assumed \$1.5 million for five years at 5% interest), the high school \$2 million debt approval, for which he assumed we would do a debt exclusion vote. Bruce did note that the high school debt would not hit the FY 2024 budget at all, so we could vote the exclusion later, but he thought it best to do it now with the authorization. The other updates were to reassign sources of funds based on one-time items being assigned to free cash, and annual recurring ones to R&A. He noted that the actual levy limit is not yet final because new growth has not yet been finalized, as the tax rate is still pending approval. However, it appeared that an override of approximately \$700,000 would be needed.

Bruce recommends tying the override to specific warrant articles rather than a general override, because when a general override fails, that requires revisiting the entire budget and another town meeting on a very tight time schedule. He suggested that the Personnel Board 10% extra COLA (cost \$415,000) and the Affordable Housing article (cost \$400,000) be the two specific articles. Including all of the warrant articles, the levy would be up 8.5%, while it would only be up 4.2% without these two, which is far more in line with historic and sustainable trends. This will require using all of free cash, because of the loss of ARPA money.

Jen said she was looking for a recommendation from the FMT to bring to the Select Board, because the deadline for ballot articles was February 23 (*note: this turns out to be inaccurate, the deadline is March 9th*) She reported that an early reading of the affordable housing article from Town Counsel was that it was legal, but that the pilot program has to be fleshed out by the time the warrant is posted, and it is not at all clear that can happen. In addition, it needs to be clear that the Town is getting something in return, and it was not yet clear what that would be.

There was a discussion about the proposed 10% COLA, including that it was not formed from a rational basis, that it would mean an up to 19.4% increase for some employees, and that the taxpayers certainly would not be looking at increases of anywhere near that magnitude. Kathy pointed out that the Personnel Board had carefully chosen a particular index to rationalize this process years ago, and had committed to sticking with that index over the long term for a strong methodology. Further, that the way to address a perceived problem with the wage scale was to do a compensation study, as provided

for in their bylaw. Mac agrees with the methodology, but felt that the chosen index is low. Bruce circulated a spreadsheet that compared the long term performance of our index against the CPI, which showed that they get to the same place over time, but that because ours is based on municipal employees, many of whom have union contracts, it tended to lag behind by a year or so. Bruce noted that the Personnel Board's charge is to set and maintain a competitive wage scale, but the proposal was throwing a wrench in as a COLA between regular period wage adjustments and compensation studies.

Skipper point out that a COLA is not a raise, it is supposed to adjust for inflation.

Kathy said that the Personnel Board is also charged with maintaining an equitable pay scale, but that the problems with our wage scale were not across the board, but at the bottom steps and grades. Bruce said that hiring people is the challenge, which adds to the need to adjust the bottom of the scale, and that the top was at least comparable to other towns.

Jen again called for a recommendation from the FMT to the Select Board regarding the override. She noted that if voters are persuaded, they will be forewarned about the effect of their votes. Skipper said that in fact he did not think we were allowed to take a position on this – or perhaps even discuss – because of a possible conflict of interest or financial interest. Jen said that she would inquire with the ethics commission and report back, but it was also agreed that the time schedule was such that having a position now was important, if it would be permissible.

So, Mac moved and Kathy seconded that the FMT recommend what Bruce had proposed to the Select Board, with the understanding that the discussion and recommendation would not be made, and the vote rescinded, if the ethics commission forbade it. The vote was unanimous in favor. They then went on to vote to recommend to the Select Board if the prior vote had to be rescinded to recommend the Board find two articles to assign the override to without tying up the whole budget.

Jen noted that she was still struggling with finalizing the warrant, and trying to honor the planning board's request not to be buried at the end of what would likely be two nights. This may be a case where interspersing articles to keep the meeting flowing would make good sense.

Mac reported on the status of the tax rate approval. He said he was hoping to submit values the next day, and given that, expects that the March 1st date for a tax rate hearing is doable. He needs permission from the DOR to start the public disclosure period. He noted that the state of the data had been so bad that it required far more work than either he or Paul Kapinos had anticipated. Jen inquired why, if it was so bad, we had received approvals from the DOR year after year, despite close scrutiny? Mac responded that he had been working very hard to correct things that had been done in previous years that weren't appropriate. He added that the work environment was the worst he had every had with harassment from both his board and the members of the Financial Management Team, and if he was still doing this job next year it wouldn't take as long as a result of everything he did this year. Jen noted that this wasn't the time or place for this conversation and clarified for him that he was, in fact, protected by the Personnel Bylaw and encouraged him to avail himself of the policy. Mac then finished his explanation of the tax calendar.

Minutes of 1/31/2023 meeting were approved unanimously.

The meeting was adjourned at 1:55 PM.

Respectfully submitted,

Kathy Logue

Approved March 7, 2023