



**LANCASTER FINANCE COMMITTEE (“FinComm”)
Meeting Minutes of Monday, August 14, 2023, 6:15pm
Meeting held via ZOOM
(Meeting ID 861 5543 5000)**

1. CALL TO ORDER & MEMBER ROLL CALL

Richard Trussell called the meeting to order at 6:15PM. Roll call was taken, Michelle Vasquez, present; Stanley Starr, present; Emily Kerrigan, absent; Richard Trussell, present, Jocelyn Mylott, present. Also in attendance were Finance Director Cheryl Gariepy and Town Administrator Kate Hodges.

2. APPROVAL OF MINUTES, JULY 18, 2023 MEETING

Ms. Vasquez noted that Ms. Kerrigan’s last name should be corrected. Mr. Trussell had changes to the Finance Director’s report; Ms. Gariepy will correct. Ms. Vasquez moved to approve the minutes of July 18, 2023 as amended; Mr. Starr seconded the motion. *Vote taken, Michelle Vasquez, Aye; Jocelyn Mylott, Abstain; Stanley Starr, Aye; Richard Trussell, Aye. Motion passed. [3-0-1]*

3. PUBLIC COMMENT

Mr. Trussell recognized Deb D’Eramo, 127 Harvard Road. Ms. D’Eramo appreciates the level of detail shown in tonight’s agenda; she would request that meeting materials be posted on the website as well.

Mr. Trussell recognized Lisa Engel, 922 Main Street. Ms. Engel stated that the Finance Committee had been talking well before the meeting was called to order, and that everything that was said needed to be repeated, citing Open Meeting Law. Ms. Gariepy noted that the recording had started at 6:00pm.

4. FINANCE DIRECTOR BUDGET REPORT YTD; COMMENTS, QUESTIONS

Ms. Gariepy is working on closing the books for FY23; she noted that this project has taken on a “whole new dimension” since the announcement of the Treasurer-Collector’s retirement. Normally, reconciliations needed to set the tax rate are done during the Fall, but since the Treasurer-Collector will be retiring mid-September, Ms. Gariepy is trying to get the reconciliations done now.

5. FINANCE COMMITTEE (FINCOMM) MEMBER TO TAX FAIRNESS AD HOC COMMITTEE

Mr. Trussell explained the requirement to include a FinComm member on the Tax Fairness ad hoc Committee. Because this is an ad hoc committee, once they have made their recommendations to the Select Board, the committee is dissolved; there is no term expiration date. The frequency and number of meetings has yet to be determined. Ms. Mylott would like more information; Ms. Hodges will provide this. Mr. Trussell will move this item to next meeting's agenda.

6. 2025 BUDGET INSTRUCTION LETTER: DISCUSSION & RESOLUTION AS TO DESIRED TONE OF DEPARTMENT BUDGETING

** Mr. Trussell said he would like to wait on this topic until the Town Administrator Report **

Mr. Trussell stated that he has seen a draft of the letter from Ms. Hodges to department heads giving them instruction on preparing the budget. He is concerned that the letter does not contain instructions from the Finance Committee as to the tone of the budgeting process, i.e., level funding, level spending, etc. He asked FinComm members what their feelings were. Ms. Vasquez suggested that she would favor level services, with exceptions to be reviewed on a case-by-case basis. Ms. Mylott and Mr. Starr agreed. Mr. Trussell would support level funding due to increases last year and the rate of inflation. Mr. Starr asked what the differential would be between level services and level funding. Ms. Hodges stated that she and Ms. Gariepy have a goal of zero-based budgeting, with some reallocation from one "bucket" to another, but with no additional funding in the next fiscal year.

Mr. Trussell asked if the instruction letter had gone out yet. Ms. Hodges said yes, and that departments had been asked to provide both level funded and level services. Ms. Gariepy pointed out that last year, for the first time, every expense was categorized, removing generic line items. Mr. Trussell hopes that in the future there will be a reference in the letter to the FinComm's recommendation, stating, "We are not to be left out of consideration for how the Town should be run." Ms. Hodges explained that the letter serves to explain to departments how to fill out the attached form, an administrative function. She stated that if the FinComm has a recommendation, it could be attached as a cover to her instructional letter. Ms. Gariepy explained that in past years, after the FinComm has voted on their recommendation, she has emailed all departments advising them of the recommendation.

7. REPORT ON INFO AVAILABLE RE. NEW NRHS FUNDING FROM AUGUST 3 MEETING (Vasquez)

Ms. Vasquez reported that she had attended a meeting (as did Ms. Gariepy and Ms. Hodges) of the Bond Advisory Subcommittee and their meeting with Hilltop Securities. Financing for the new high school building project was discussed. Basically, the project cost is \$241.7 million. The state pays about \$64,000,000; we need to finance about \$175 million between the three towns. Lancaster's percentage is literally almost one third, or 32.9%. The models being used are based on an assumption of a 4% interest rate.

In the first model discussed, the entire amount is borrowed at 4% over 30 years. The first payment would be in FY25; you have to wait one year to pay, and you cannot pre-pay. The tax impact of this would be \$2.62 per \$1,000 for Lancaster.

In the second model, money is borrowed in two parts. We would borrow \$75 million in FY2023 and then, two years later, borrow \$100 million so you avoid some interest.

In a third model you do short-term borrowing every year and roll it out over 30 years.

Mr. Starr asked if any documentation had been shared at the meeting. Ms. Vasquez has requested some charts that were used but has not received anything (nor have Ms. Garipey or Ms. Hodges). Ms. Hodges also asked to see a payment model that would break the total into thirds.

Ms. Vasquez noted that she had asked if these loans could be refinanced if the interest rates go down. She was told yes, but there are some stipulations whereby the Town could not take action until about the eighth year.

Mr. Starr asked if the 32.9% of the \$175 million that Lancaster would incur comes to about \$58 million; Ms. Vasquez agreed.

Mr. Trussell noted that the project cost started at \$40 million, about a 46% increase in two months. He also asked if overrides had been discussed. Ms. Vasquez said no, this had not been discussed. Mr. Trussell stated that per newspaper reports, valuations in Lancaster are now higher than those in Bolton. Ms. Vasquez asked if numbers could be run based on a 20-year borrowing, which might lower the interest rate to about 3.25%; she asked Ms. Hodges to help “prod” the school building committee to investigate this option.

Ms. Vasquez likes the idea of doing partial borrowings, which would help cash flow in general. Some discussion was held about when first payments might be due, since the budget that is now starting to be prepared is FY25 – would this borrowing need to be included in this budget?

Mr. Trussell asked Ms. Hodges if a recommendation from FinComm would be requested or required. He does not feel that they have enough information at this point to do so. Ms. Hodges cautioned against creating new materials, and has asked the district to provide some materials.

Mr. Starr asked what the average home valuation is in Lancaster; Mr. Trussell responded that it is \$476,000. Mr. Starr calculated that this means that at \$2.62/1,000 it’s about \$1,100 additional to residents’ property taxes, or an ongoing 8% increase.

Mr. Trussell asked what happens if people vote no? Ms. Hodges explained that regardless of Town Meeting results, there still would be an election. The election could only be cancelled by court order. If more than one community has a fail, then they could go back to the Building Committee and propose a lesser cost project. This would then go to Town Meeting again, and then to a district-wide vote.

Mr. Trussell asked Ms. Hodges if she was looking for a FinComm recommendation for the Warrant. Ms. Hodges stated that the Town Code calls for the Finance Committee to provide a summary and make a recommendation based on articles of financial consideration. She asked what policy and procedures were for this; no one knew what past practices have been. Mr. Trussell stated that he does not think the FinComm has enough material or enough time to make a recommendation prior to the Warrant closing on August 16th. Ms. Hodges noted that FinComm could make their recommendation on Town Meeting floor. Ms. Vasquez asked Ms. Hodges to explain the Warrant Article. Mr. Starr asked what other towns are doing; Ms. Hodges said that from what she sees, other towns are in the same position as Lancaster. Mr. Trussell said that part of the problem was that if North Lancaster had progressed, which it has not, this would be a source of money.

Ms. Hodges shared a draft of the Warrant article. Discussion continued about a variety of scenarios. Ms. Vasquez stated that there is another meeting next week (Monday, August 21, 2023 at 1:00pm, via Zoom), and she would be happy to take additional questions to the meeting.

8. TOWN ADMINISTRATOR REPORT

a. Report on other information available on new NRHS building from all sources.

Previously discussed.

b. Explain Warrant and scheduled timing of events for new NRHS; is a recommendation from FinComm expected?

Previously discussed.

c. Report on MBTA and DCAMM. Date requirements needed to be met, and State environmental study payment

Mr. Trussell asked Ms. Hodges to report on these topics. The MBTA issues will be captured in the Housing Production Report (a grant to fund this has been applied for; notifications will be issued in September) and the Master Plan (bids are currently being sought.) Regarding DCAMM, the State required a separate Access Plan for MassDevelopment and the contractor to access the property for the Phase I site analysis and Building Analysis. This took about 1-1/2 months to get through the state's attorneys and will be underway this week. The Town is looking for three to four different recommendations; entirely housing, mixed use, potentially some municipal services. This will then be opened to the community. It is understood that the Town would want traffic routed through Still River. This report should be done by November 1. She is currently working with DCAMM on an updated list of holding costs. Right now the State spends over \$120,000-\$130,000 just for rental fencing, security, and minimal electricity. Because of this, when the property is turned over there should be a developer available in a short time period. One of the questions that the Town will need to address is the appetite for keeping some of the buildings that might be in good enough shape for some municipal purpose, to rehab, or for historical significance.

At Mr. Trussell's request, Ms. Hodges showed a list of the site and explained the status of several of the buildings. She explained that there may be action taken to remove some Chapter 97 (Conservation) land from the overall parcel so that the Town does not have to pay market value for this piece that cannot be developed.

d. Town Solar System maintenance situation

Ms. Gariepy has been working with the Facilities person to compile a list of needs for the solar fields and are looking for quotes; two have been received and one is expected tomorrow. The company that had been maintaining the solar fields has re-focused and is working only on or near Cape Cod; the contract is over. Mr. Trussell asked if the solar fields are operational at this time. Ms. Gariepy stated that she is not sure; one source has said that the fields are working but the website is down. Electric bills have climbed drastically. Mr. Starr noted the need for monitoring and needing to know immediately if the system goes down. Ms. Gariepy explained that this had been true in the past, but the alarm system seems to have failed in the last fiscal year.

e. Pumper Fire Truck requests and pertinent details

** Taken out of order **

Mr. Trussell recognized Fire Chief Mike Hanson. Mr. Hanson presented a PowerPoint slideshow explaining the status of Engine 4, which had been on the Capital Plan for FY24. He reviewed past history of repairs of this truck, which according to the manufacturer (E-One) is the last one of its kind in active use in the United States. He reviewed the lengthy current build time; a current quote for replacement is \$1.1 million. There would be no cost to the Town until the engine is built and delivered, probably end-of-summer 2026. He explained the leasing structure. The last payment on Engine 2 will be this year; the first payment on the new truck would be in 2029, at a cost of about \$135,000/year. It was noted that the truck would need to be custom-built because today's standard trucks would not fit into Lancaster's South Fire Station, a historical building that cannot be modified.

Ms. Hodges explained further the process for funding a replacement fire truck. There is some confusion because Town Meeting would need to vote on funding for a distant year.

Ms. Vasquez moved to approve to explore leasing options to be finalized at a later date. Mr. Starr seconded the motion. Mr. Trussell asked the Chief what would happen if the current truck broke town tomorrow. Chief Hanson said he would have to try repair shops to see what could be done, or look for a used or borrowed truck from the manufacturer. He explained that mutual aid is difficult because all surrounding towns are short-staffed and in similar circumstances; he stated that mutual aid is there to help, but not to replace. It was noted that trade-in value for the current truck is \$7,880. *Vote taken, Michelle Vasquez, Aye; Jocelyn Mylott, Aye; Stanley Starr, Aye; Richard Trussell, Aye. Vote passed. [4-0-0].*

f. Discussion on a Capital Funding procedure for the future

Tabled to a future date.

g. Explanation of Memorial School RFP funding etc.

Ms. Hodges reminded the FinComm that funds from the CPA were allocated to study this, and ARPA funding will be used, not to exceed \$225,000. She noted that when proposals are received, a member of the FinComm might be asked to sit on the group rating the proposals.

h. Information on sale of Town owned small parcel land in N. Lancaster to date.

Ms. Hodges explained the Abutters' Lots Sale program. The impetus for this is to return unused parcels to the Town tax rolls. Specific uses are itemized. About 25-30 parcels would be identified and would need approval to sell by Town Meeting.

i. Update on Treasurer position and Audit Committee members and activity

Ms. Hodges reported that the Treasurer position has been posted and will close this week. Some very good resumes have been received. Mr. Trussell asked if current funding will meet with Lancaster's budget. Ms. Hodges explained that because the incumbent in the position is at the high end of the pay scale, there should be no issue.

Ms. Hodges reported that she is unaware of any action regarding the Audit Committee.

9. TOWN ADMINISTRATOR REPORT ON PLANNING DIRECTOR POSITION & OBJECTIVE(S) OF THIS NEW SEARCH. RECENT REPORT ON HIRING DIFFICULTY AREA-WIDE.
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Ms. Hodges has received a letter from Planning Board Chair Frank Streeter with worries that the existing salary may be too low for the level of experience and education required for the position. Several excellent candidates have applied. Potentially Ms. Hodges may come back to the Reserve Fund if a change is needed here.

10. REVIEW OF LETTER TO INSPECTION COMMISSIONER SILVA REGARDING PERMIT FEES AND SELECTED ONGOING PROJECT PERMIT INCOME

Ms. Gariepy has drafted a letter to the new Building Commissioner on behalf of the FinComm requesting work to be done to analyze permit and building fees vis-à-vis surrounding towns.

11. NEW BUSINESS

No new business.

12. NEXT MEETING DATE

Ms. Vasquez suggested that since the School Bond Committee will be meeting on Monday, that the FinComm meet to review this on Tuesday, August 22. This would need to be posted by Thursday-Friday of this week. Ms. Mylott asked if the meeting could be scheduled for 6:30 instead of 6:15; no objection was heard. Ms. Vasquez stated that at the end of Tuesday's meeting a recommendation should be voted on.

13. ADJOURNMENT

Mr. Starr moved to adjourn the meeting. Ms. Mylott seconded. *Vote taken, Michelle Vasquez, Aye; Jocelyn Mylott, Aye; Stanley Starr, Aye; Richard Trussell, Aye. Motion passed. [4-0-0]*

APPROVED October 17, 2023
Emily Kerrigan, Clerk