DRAFT

Brattleboro Representative Town Meeting Finance Committee
Thursday, September 17, 2017
5:30 p.m.
Hanna Cosman Meeting Room, Municipal Center

Committee members present: Franz Reichsman, Alex Fischer, Scott Smyth, Abbe Sweeney, Ralph Meima. Others present: Town Manager Peter Elwell, Judy Davidson, Andy Davis, George Carvill.

1. Meeting called to order/agenda reviewed.

2. Minutes of August 17, 2017 meeting were unanimously approved.

3. Discussion with Town Manager Peter Elwell
Topic: How the FY 19 budget is coming along; other financial issues

Other matters have prevented completion of the Long-Term Financial Plan update. It is expected within a few weeks.

Last year: the initial comprehensive review of town operations (CRTO) and LTFP were completed. The goal is to manage the town's financial resources, not merely produce a budget for the coming year.

Key challenge (and good example of where long-term financial resource management is needed): an equipment replacement fund. Very hard to muster funds when key equipment must be replaced, e.g., the current ladder truck, which is on its last legs. Replacement vehicle will cost approx. $1 million and take a year and a half to be delivered.

Ideal cycle for CRTO:

- Spring: annual look at CRTO with selectboard
- Summer: look at LTFP over 5 years; repeated use increases familiarity with the long-term issues (goal: forward-looking conversations with staff)

Budget events for this year

- Present LTFP on 10/17
- 10/31: Overview of budget with selectboard, followed by review of specific portions of the budget at subsequent board meetings.
- Use November, December, & January to finalize the budget, selectboard approval, and submit to Town Meeting.

This year will be especially interesting. There are several areas where the selectboard is actively considering adding costs to raise levels of service, invest more in capital improvements, and do more training. Example: creating a professional HR manager position (right now, each department does its own; training & organizational development is bare-bones; so is benefits management).

This may mean something like a 2.5 to 3-cent tax increase for these things. (Tax rate is currently about $1.20 for every $100 of property value. People currently pay around $2.80 - $3.00 for both town and school budgets.)

Along with consideration of an HR Manager, there is also a stipend-funded Energy/Sustainability Coordinator, plus talk of a possible Social Services Coordinator.

Franz: Q: Does the above 2-3 cent increase include debt service for a bond for a ladder truck? A: No.

Franz: What is the overall financial position of the town?

- Fund balance: not as large as last year's, but we are currently $400K better than the target balance.
- Overall better-than-expected performance. Hotels & meals tax has grown steadily.
- As has been said before, if we use the excess fund balance to lower taxes, what does that do to the subsequent year's budget? It creates a hole that needs to be filled with new revenue (most likely a tax increase) the next year.

Peter went on to discuss complexities of how to plan financial resources for future needs.

4. Act 46 Statement/Investigation Request

The meeting was joined by Andy Davis, Judy Davidson, and George Carville, who have reservations about an Act 46 merger. The discussion tonight will focus on financial issues.

George: Concerned that Act 46 is being sold as a free lunch. How will it help educational equity? If Brattleboro is already paying for something and other towns aren't, how much would our taxes go up?

Re: Merger articles published by Act 46 Study Committee: The most recent version (September 11) has been sent as the final version to the State Agency of Education. It will be the version voted on by referendum on November 7.

Andy thinks that the study committee has avoided looking at "alternative structures", including an enhanced supervisory union. There is now too much momentum for the preferred merger without adequate scrutiny and analysis. This is <u>not</u> being done to save us money; that needs to be understood by all. It is being done to consolidate control. But a merger is not required under Act 46 as there are other ways to reach the goals.

Franz: Q: Are there financial numbers available for some alternative governance model, in order to compare with the projected financial implications of a merger? A: No. Q: At this point is the 8 cent decrease in the tax rate if the merger is approved still on the table if we vote in favor of a merger? A: Yes.

Data from Appendix B of the final Act 46 Study Committee report were presented and examined.

Judy: We believe that the savings are exaggerated and the costs underestimated. No new costs are shown on the budget, yet Judy gave examples of several high figures that do not appear to have been factored in, such as Guilford head start and Dummerston pre-K position.

They have unanswered questions about what is presented/claimed in the Act 46 Study Committee proposal:

1. Vernon is being included, but should they not be excluded as a revenue source?
2. The 8-cent savings appears to have been used as 8% decrease. This overestimates what will be received from the state to defray the cost of a merger.?
3. Income sensitivity figures are not included.
4. Tax incentives are referred to, but there will not be tax incentives for taxpayers. The incentives are intended to defray the costs of merging.
5. There may not be any tax savings from the State, after all. The money provided for the incentives has to come from somewhere, in this case most likely from the state's portion of school taxes, which means the tax to raise that money would have to increase. Judy: By paying for new services in other towns, Brattleboro's tax rates may have to increase and any tax benefit for Brattleboro would be lost.

Franz: Potential action: We could request an explanation of the financial implications of the proposed merger from the Study Committee, the WSESU, and other interested parties before we reach a final position. By collecting this information over the next several weeks, we would be in position to make a decision at our October 26 meeting.

Motion: Franz will send out a letter requesting information about the proposed Act 46 alternatives in order to have a variety of viewpoints before we take a position their financial implications. The motion passed unanimously.

Work plan, timelines, and meeting dates.

Next meeting: October 26 at 5:30 p.m., place to be announced. Goal: To have responses on the Act 46 letter we sent out; based on those responses, and draft a statement on the financial implications of Act 46.

Next meeting: Decide on who will take on the analysis and report-writing work surrounding the three budget processes, town, town school district, and BUHS. Alex and Abbe may have time limitations due to family and work considerations.

The meeting was adjourned at 7:10 p.m.