

**Finance Committee
Minutes of March 9 2023**

Present from the Finance Committee: Chair Michelle Clement, Vice Chair Shawn Ashe, Cori Stott, Rich Cowan, Renee Plummer and Alyssa Nazzaro. Also present: Town Manager Ann Vandal, Finance Director/Assistant Town Manager Victor Garofalo and Recording Secretary Samantha Carver. The meeting was held at Town Hall 62 Arlington Street, 2nd floor Dennis E. Piendak Conference Room.

Absent: Nancy McDonald

The Chairperson opened the meeting at 5:30 p.m. The first order of business was the reorganization of the committee. Mr. Ashe nominated Michelle Clement to continue as the chair. No other nominations were made for chair. The motion moved to a vote with all members voting in favor. Cori Stott nominated Alyssa Nazzaro as the Vice Chair. The motion moved to a vote with all members voting in favor.

Community Input

There was no one present to offer community input.

Minutes

Ms. Nazzaro made a motion to approve the minutes of October 27 2022 as presented. Mr. Ashe seconded the motion. The motion carried with all present voting in favor. The members absent from the minutes abstained.

Initial Review of the FY2024 Budget

Mr. Garofalo presented the overview of the FY2024 budget with a PowerPoint presentation which he also handed out to the committee. Mr. Garofalo began by stating the he is presenting a level funded budget with no reduction in services. Mr. Garofalo went over the six driving factors for the Town Manager's department budgets being legal fees, police, fire, regional dispatch center, solid waste and sick leave buyback. Mr. Garofalo explained each item briefly. Mr. Garofalo explained the next section being the School Budget and that it is an increase of 4.78% which does not include the chargebacks. Mr. Garofalo indicated that he and Ann met with Superintendent Stone, which he agreed to fund two SRO officers on the school budget.

Mr. Garofalo reviewed the revenues and transfers, which the largest driver of the budget is property taxes, state aid, enterprise funds, local receipts (such as excise tax) transfer, other and community preservation. Mr. Garofalo discussed the cannabis excise 3% tax which totaled \$1.3 million. The Town does not budget the impact fees because this has a sunset clause based on State Law. The impact fee cannabis money is being used for capital items. The State Aid figure is an increase of 11.43% and this number is not final, the State will not release the final numbers in June. The sewer and water revenues were discussed and there will be no increase in water or sewer rates.

Mr. Garofalo discussed the other transfers slide and noted they have received a \$100,000 grant for Economic Development \$50,000 will be used for the economic development salary in FY24 and FY25. They have not received the Chapter 90 number yet, and the amount being budgeted, \$815,457 is the FY23 number. This funding is used for the roadways in Dracut. Although the snow deficit is stated at \$200,000 currently, this is not a final figure and won't be known until the winter is over.

Mr. Garofalo discussed the free cash balance and usage. Currently the free cash for Dracut is at \$8.4 million and they will use some of this to fund the capital projects, the snow deficit, the town sick leave buy backs that are from retirements of personnel for both Town and School.

The enterprise funds showed the funding of \$300,000 for phase two of the sewer-lining project that is part of a six-phase project. The water enterprise fund using \$100,000 for increase in Contract Services for water breaks. The general fund expenditures slide shows the breakdown of the budget starting with education. This is the biggest part of the budget of 48.4%, which does not including the chargebacks. Enterprise and CPA funds expenditure also includes the PEG Access which is an estimated budget.

Mr. Garofalo discussed the overlay of exemption and abatements for veterans and elderly abatements. The Veterans benefits reimbursement rates from the State are set by statute. Mr. Garofalo discussed the tax foreclosures and that the work that goes into these will now be done back in-house. We had a legal team dealing with these, but it was costing not only the Town, but also the taxpayers. The tax collector's office will eliminate their part time position, there will be an increase in contractual services with the online billing platform and deputy collector. The legal fees have increased by 31.8% due to upcoming 40B development and other developments.

There has been a decrease in the human resources medical exams and advertisements. The Assessors budget is a decrease due to the cyclical assessments being completed. The Town Clerk's office and Election and registrations shows an increase due to postage and employee training for the elections. There is an increase in building maintenance due to utilities increasing and moving all the utilities from the other buildings under this budget. There is also a shift in personnel where they have eliminated the PT custodian position and increased the hours to full time to eliminate the custodial overtime being expended at the DPW.

The Committee asked how many custodians there were. There are six full time and three part time.

Liability premiums are increased due to the reevaluation of the town's buildings. There is an increase in the Police Departments budget due to the hiring of three new patrol officers in FY2024, expenses with outfitting them and energy costs. The Committee asked what the beginning salary of a police officer was. Response from staff was approximately \$70,000, and it depends on their education.

The Fire Department's budget shows a slight increase due to their hiring of a fire prevention officer which will be a promotion from within and then filling that vacated slot in the fire department. The Town will be applying for Federal grant money to increase the fire department

staff. The grant is for three years, and slowly over the next three years the Town can increase the fire budget to pay for these additional firefighters. The Fire Chief has been working on the grant. The grant will be over \$1 million dollars. The Committee asked if the grant was guaranteed? Staff stated it is hopeful, but not guaranteed.

The RECC (Regional Dispatch Center) has been 100% covered by the State's 911 grant up until this budget. The Town will pay approximately half as an annual assessment toward the operating expenses of the center. Dracut is 48% and Tewksbury is 52%. They are trying to add towns to help fund the center, Tyngsboro is thinking about joining the RECC. The Committee asked if there was any lag using the dispatch center. Staff was not aware of any problems. There was a discussion on the 911 charge on the cable and cell phone bills this funds the 911 grants.

Expenditure highlights of the Schools showed an increase in net school spending of 8.17%. The increase in State Aid was \$3 million however the Net School Spending was \$4.1 million. The Town has had to come up funding the difference. The School has hired twenty-seven new people in FY2023, and the increase costs are with insurance and contracts for the added personnel. The estimated chargebacks for the additional personnel is a 15.2% increase and the capital projects are not included in the chargebacks. Mr. Garofalo stated they have ongoing discussions with the School Department on the chargebacks. The Committee asked if the chargebacks were a requirement. Mr. Garofalo stated that chargebacks have been in place for a while. There was a chargeback agreement in place with the schools about eleven years ago. If the School obtained their own services, it would more than likely cost the schools a lot more money. The Town does payroll, snowplowing, solid waste removal etc. and are not over charging for these services. The Committee discussed how the schools get more money. Town Manager Vandal stated the only way to increase the overall budget would be an override voted in by the taxpayers. In the past operational overrides have never been supported in Dracut and they fail at the ballot.

A brief discussion took place by the committee about the tri-board meetings that begin in March. The tri-board consists of the finance committee, the school committee and the board of selectmen.

Mr. Garofalo went over the capital plan projects for FY2024 and noted that these will use free cash and/or ARPA Funds as a funding source. There was a discussion with the Committee on fixing the culvert on Lakeview Avenue. It will be a significant cost saving on the project if they shut down the area while the work is done. The cost savings was \$1 million dollars so they will be re-routing traffic. The Committee asked about the businesses in the area and one side of the street will be usable to get to the businesses.

Mr. Garofalo talked about another cost savings to the town by buying the copiers in the Town instead of leasing them. Staff discussed the date of the next meeting of March 16, 2023 where Superintendent Stone would be present.

Next Meetings: March 16, April 6

FinCom Minutes
March 9 2023

Adjournment

Ms. Nazzaro made a motion to adjourn the meeting. Ms. Stott seconded. The meeting adjourned at 7:26 p.m.

Minutes Approved – 3/16/2023 with amendments by Finance Committee.