

Finance Committee Notes
April 27, 2022
Town Offices
6:00 p.m.

The meeting was called to order at 6:05.

Present: Ginger Robinson, Glenn Caffrey, Nate Messer, Michèle Higgins, Bill Glabach (Select Board), Erica Jensen (Select Board).

Absent: Joyce Muka

Guest: Jack Golden (6:27 - 7:54)

Because there were only two people present who were in attendance at the meeting of April 13, we could not vote to approve. We will take them up at our next meeting. We needed to amend the approved minutes from our meeting of March 23, however; Michèle noted that she had missed Glenn's name as guest. Michèle made a motion to approve the amended version showing Glenn as guest. Nate seconded. Ginger, Nate and Michèle approved. Glenn abstained.

Next were the minutes from our meeting on April 6. Glenn noted that a correction needed to be made on Karin Parks' salary. She stated that she is paid for 17 1/2 hours and not 17 hours. Also under the Assessors section \$7,5000 is really \$7,500. Glenn made a motion to approve as amended. Nate seconded. All approved.

Ginger wanted to check in on our timeline and noted that while the MLP is not within our purview, it is important to understand how it works. It is time to start filling in the budget pages, and she will ask Michele G. to begin that process so that we can see where we are.

Erica reported that our assessment for Pioneer will go up approximately \$52,000 but noted that Michele G. has more knowledge about their process and that we should have her come in. Glenn said that he will attend the next school committee meeting. Ginger reflected on how little impact we actually have as a finance committee and that the issues with the schools are very complicated and in need of big solutions. Some of us did attend their meetings on a regular basis but no longer do. Ginger noted that Jane Dutcher of Bernardston continues to go.

The rest of the meeting centered on a wide-ranging and confused discussion of the MLP, Enterprise Fund and Broadband with Jack. Susan and Angelica both emailed to say that they couldn't attend. Susan is on vacation; Angelica has a prior commitment. Each has a different version of how an MLP and Enterprise Fund work. This is a very frustrating process .

There is a new finance agreement/loan payment due before the end of June. We do not know in what account the \$63,000 from Town Meeting last year is but think it is in the General Fund. We believe that we can use ARPA money to pay down the debt and think that we can transfer it to the Enterprise Fund. There was discussion of paying it after Town Meeting and will have to ask Susan who has told Erica that whereas the interest rate last year was .45%, it is now .5%.

We wondered if the Enterprise Fund itself can service the debt. There was a lengthy discussion of what is the Broadband account? What is the Enterprise Fund? What money can go where? We owed \$160,000 to Westfield Gas & Electric and whether it can be paid in part from the \$143,000 in the fund. Jack stressed that this is a fundamental issue and that Susan and Angelica must be in the same room at the same time to get the same answer. That there are conflicting answers from them is frustrating.

As for the retained earnings in the Enterprise Fund, can they be applied to the loan after all expenses are paid and been certified? Should there be a line item for debt repayment? Does the Enterprise Fund pay expenses without a warrant?

Jack thinks that when the MLP begins to show a profit, users can experience lower subscription fees.

The Broadband account is down to zero. Can/Should we keep the \$63,000 in the budget? We seem to feel that we should keep this in the budget. It has been there for several years. Can we attach a loan to the Enterprise Fund and pay back loan from fees? Should the EF show a loss? Should it show a profit? Jack would like to see balance, and we agree. Erica wonders if the EF should be attached to the budget. We say that it is separate. Jack notes that the DLS has indicated that it does not like the idea of "Enterprise Funds" in general.

Erica notes that Leyden will be receiving approximately \$48,000 in ARPA funds which she believes can be used to pay for the construction of the redundant backhaul. Jack added that the five towns which are working together on the backhaul (Charlemont, Heath, Rowe, Colrain and Leyden) have applied for a Community Compact Grant which would help if approved though the amount is unknown.

Jack would like to build free cash. This statement brought about a discussion of what does “retained earnings” mean? Are they a kind of stabilization fund? Can the term “stabilization fund” be used for an MLP, or does it pertain only to the Town budget? One way that this fund, by whatever name it might be known, could be increased is through the maintenance fund which includes repairs to the poles and lines. There are 34 miles of lines in Leyden at \$1,200 per mile. While it is unlikely that they would all need to be repaired within the same year, it is prudent to budget for such an occurrence. The number could be reduced to 21 miles and could help to balance the budget.

The total budget is \$312,640; \$48,000 is for construction. Indirect fees such as plowing and retirement are not included. The word “construction” could be changed to “capital” if it matters. Jack noted that there is no contingency amount in this budget. Erica noted that there could be federal money coming in the fall/winter for the coming fiscal year called CAF2 which would probably be in the amount of \$20,000 per year for twenty years. These funds would go to the Town and not the MLP, but we wondered if we could use this to pay down the debt and if they must be used for broadband. It might be tied to benchmarks such as the speed of connection. Ginger would like to separate construction from the budget and would like clarification on this point. It appears that if construction is taken out, there would be a surplus of \$48,000. Erica noted that a capital expense would not come out of the operations budget. Once again, we noted that we need input from both Susan and Angelica.

Nate found his notes from last year and commented that our discussion of this year is nearly identical to the discussion we had last year. The confusion and questions are the same!

A surplus is needed over time and should not go towards the debt. A replacement Hut will be necessary, but Retained Earnings need to sit. They should not go towards paying down the debt. Do “Retained Earnings” = savings? Is it possible to have stabilization in the Enterprise Fund?” Another question for Angelica and Susan is if CAF money can be used to pay down the debt? Jack noted that Westfield Gas & Electric has people who would know the answer to some of these questions. For instance, can we use money now to pay down the debt? What is the minimum payment? The ideal would be if that \$63,000 could be used for this purpose. Ginger wondered if the loan can be tied to the Enterprise Fund. Can we combine the \$48,000 with the \$25,000 in the Reserve Fund of the budget and call it “Capital overlay?” The MLP could determine what an appropriate expense is.

Erica stated that the Hut replacement is really important. Money should be set aside for that each year beginning two years ago. We wondered how much replacement would cost in another eight years. Two years ago, it was projected to cost \$80,000 and prices have gone up substantially since then. We do not know what is in the Enterprise Fund; Angelica has not communicated this information to us.

Should "retained earnings" be called "MLP Stabilization?" How should accumulated money be labeled? We noted that the certification process is long. Can the MLP use this certified money after that point or save it? Does it remain surplus? What happens to it after two years? We feel like we are swimming in these questions. We all need lessons on the concept of "Enterprise Funds."

Jack will call Westfield Gas & Electric to ask about all of our questions. Ginger has one question in particular which she would like for Jack to ask: can line items be moved? Other questions include using CAF2 money to pay down the debt, the question of how to label free cash, what happens to funds after two years, can money be moved from the Enterprise Fund to the Town?

We looked briefly to the on-line State booklet on MLP's which confused us even more. Nate asked if there is a way to move out of and Enterprise Fund.

Ginger will ask Michele G. to start putting a draft budget together. She also asks Michèle H. to list budget requests from the Fire and Highway Departments which are outside of the budget. She also noted that we need to have the Municipal Assistant, the Town Clerk, the Tax Collector and the Board of Health in to talk to us about their budget requests.

Glenn made a motion to adjourn at 7:57. Nate seconded. All agreed.

Our next meeting is May 11.