



# Franklin Regional Council of Governments

## Finance Committee — *MINUTES*

Date /Time:	Thursday, January 10, 2019 / 6:00 p.m.
Location:	JW Olver Transit Center – Library, Room 221
Facilitators:	Lynn Sibley, Chair

### ATTENDEES:

- **Lynn Sibley**, *Chair*, Whately
- **Kevin Fox**, Colrain
- **Jay DiPucchio**, Regional
- **Michele Giarusso**, Leyden
- **Kayce Warren**, Ashfield
- **John O'Rourke**, Conway
- **Ellen McKay**, Shutesbury

### STAFF:

- **Linda Dunlavy**, Executive Director
- **Claire McGinnis**, Finance Director
- **Rebekah Boyd**, Admin Services Coordinator

#### 1 Review and adopt 12.18.18 minutes

Lynn opened the meeting at 6:04 p.m.

**Jay motioned to adopt the minutes of the 12.18.18 meeting. Kayce seconded the motion, which passed with 1 abstention.**

#### 2. Review draft 2020 budget

Staff walked the committee through the draft budget, highlighting budgetary priorities and noteworthy changes, including:

##### Regional Services

- A 2.5% Competitive Market Increase (CMI) increase, as directed and after learning that a 5% increase in group health insurance is likely
- Significant changes in line items (many increases and drops to zero) are actually Claire combining lines, as Claire would like to do in future years to simplify and shorten the report.

##### Miscellaneous and Contingency

- Website modernization project funding
- Strategic and succession study funding
- No projected use of fund balance

##### Planning Administration Budget

- Significant reduction in budget overall, showing a budget that's closer to actual staff activity. Looks like a big change, but tracks to FY16, FY17, and FY18 actual spending levels.

## **Municipal Services Programs**

- Indirect charge is increased from 10% to 11% for all municipal programs to better cover the administrative support programs receive from FRCOG staff.
- *Purchasing* — No fee increase for many years; still no fee increase in FY20
- *Cooperative Health* — Needed to use its fund balance several years running, but not this year, with Shelburne coming on as a full member, and permitting projected to increase revenue.
- *Town Accounting* — Increases in wages and benefits only; level services. Trying to fill a staff vacancy and attain a grant to assist in hiring a trainer and offering a training program
- *Cooperative Inspections* — A stable year, increases in salary & group insurance; revenues good.

## **FCECS**

- Allocated \$55,000 to hire radio system manager (funded in part with Council-allocated FRCOG undesignated fund balance in FY19), which increases FCECS FY20 budget by \$32,517.
- Oversight board requested hold on assessments to 2.5%, which is only possible if capital reserve assessments are reduced.
- To fund \$75,000 to the capital reserve, the finance committee could choose to 1.) Increase assessments, or 2.) Use FRCOG undesignated free cash (\$27,175) to get us to the \$75,000, or 3.) some combination of the first two options

The Committee discussed state and federal legislator FCECS advocacy; the Executive Committee's feeling that funding the full \$75,000 capital reserve is prudent; the confusion around the use of capital reserve (some citizens incorrectly believe it's used for operations/dispatch, rather than for its true purpose, repair and replacement); the possible responses of member towns to FCECS assessments increases; the January 31 FCECS decision-making and informational meeting; and the options for bringing the FCECS capital reserve fund to the planned \$75,000 (outlined above).

John suggested a combination would be the best strategy to fund the capital reserve. Ellen agreed, adding that if FRCOG keeps using the fund balance, it's not going to have one. Kevin decried the Proposition 2 ½ approach to funding. Lynn suggested a split between assessments and free cash. Ellen suggested FRCOG commit to an amount this year — an amount which would decrease over several years, with the understanding that assessments would increase each year to cover the difference.

Members amended the draft budget using a 3-year FRCOG free cash phase-out/user assessment phase-in schedule, with FRCOG allocating the following amounts: \$21,000 for FY20; \$14,000 for FY21; \$7,000 for FY22; and \$0 for FY23 — assuming the FRCOG continues to own the system, and revenue and expense trends hold steady — with the difference being made up by system users to reach the Council's \$75,000 annual FCECS capital reserve commitment. Lynn asked Claire to determine the number of system units (users) and email them the impact to towns in dollars and percentages. The committee planned to meet prior to the full council meeting if anyone is dissatisfied with the results.

## **Statutory and Regional Assessments to Municipalities**

Claire reported that the sum of regional services and statutory assessments from the draft FRCOG budget result in a 2.3% sum total increase. Because the formula used to calculate the FRCOG membership assessment uses EQV (90%) and population (10%), town 2018 EQV changes will also result

in an increase of assessments for many towns. FRCOG had a very good year last year, closing with \$96,000 in surplus, thus, Claire explained, asking committee members their thoughts about FRCOG absorbing the budget increases (\$12,471) to towns in FY20. She clarified that this would mean level funding assessments to towns, but that each municipality will be impacted by EQV changes. Members agreed to this idea.

**Ellen made a motion to level fund the total statutory and regional services assessments, using the general fund balance to absorb the \$12,471 budgetary increase. Michelle seconded the motion, which passed with all in favor.**

**Jay made a motion to recommend adoption of the FRCOG FY20 draft budget to Council as presented with amendments made (bringing the total budget to \$3,696,163). Ellen seconded the motion, which passed with all in favor.**

### **3. Discuss new funding and business model concept**

Linda reported that Partnership For Youth (PFY) is struggling to keep the program funded. One challenge is that the federal government places lifetime caps on some grant programs — once a grant has been awarded, PFY can't return for more funding. One employee, Kat Allen, who heads up PFY's 20-year old Communities That Care Coalition, is now recognized as a national expert in the social impacts model, which makes her in high demand. She has repeatedly been asked to travel to coalitions in California and elsewhere to outline strategies that have worked for FRCOG, and suggest other tactics. Because of this, Linda and Claire have wondered whether FRCOG can use flat-fee billing to bring in revenue for that program. The auditors have given the okay — even to make a profit from some projects — if the revenue is designed for a specific purpose and held in a general fund.

FRCOG's would use flat-fee billing to keep PFY solvent, keep our staff employed, and to continue to provide PFY services to Franklin County, said Linda. Staff will create a policy with parameters for how and when to use the billing change, but they wanted to know the Fin Com's feelings about the idea. Consensus was to move forward, exploring the possibilities. Ellen commented that staff Kat Allen should be congratulated for her coalition-building expertise!

### **4. Business not reasonably anticipated 48 hours in advance of the meeting**

**Jay motioned for adjournment, John O Rourke seconded. The meeting adjourned at 7:00 p.m.**

#### **DOCUMENTS DISTRIBUTED:**

- Agenda
- Minutes of 12.18.18 meeting
- Memo from Linda Dunlavy and Claire McGinnis, dated January 4, 2018
- Draft FY20 Budget
- Draft Regional and Statutory Assessments from FY20 Budget
- Change in EQV for Franklin County Towns, 2016 to 2018