**Sturbridge Finance Committee**

**Meeting Minutes of February 21, 2024**

**Sturbridge Town Hall**

**Call to Order**

Finance Committee (FC) Chair Kevin Smith called the FC meeting to order at 7:00 p.m and read the agenda:

1. Call to order
2. Reserve Fund Transfer(s)
   1. DPW: Repairs to snow removal equipment
3. Meeting Minutes
   1. January 4, 2024
4. Public Access
5. Adjournment

*Committee members present*: Leigh Darrin (LD), Michael Hager (MH), Michael McGlone (MM), Kathy Neal (KN), Larry Morrison (LM), Kevin Smith (KS) Ken Talentino (KT), and James Waddick (JW).

*Committee members absent*: Sean Wawrzkiewicz.

*Guests present*: DPW Director Heather Blakeley (HB).

**Reserve Fund Transfer(s)**

**DPW: Repairs to snow removal equipment**

HB explained the H-10, 6-wheel, 15-year-old, International dump truck with almost 60,000 miles which is used primarily for salting, sanding and plowing had an engine failure at the beginning of the last storm rendering the vehicle inoperable. The cost of the replacement engine is $43,320.

HB said replacing the engine appears to be the best option for several reasons: the new engine is ready to be installed and the truck can be back on the road in two weeks, which is critical because the truck is essential during storms; the new engine comes with a two-year warranty on the engine and one-year warranty on injectors and includes a new turbo, which has never been replaced; the cost of repairing the engine is $50,076.46 and would only carry a one-year warranty on parts and labor and would take longer to return to service as some parts are on backorder. HB explained that waiting for any length of time to return the vehicle to service is risky because another DPW dump truck is also experiencing problems and being down two vehicles during a storm, should it break down, would impact the effectiveness and timeliness of snow plowing operations. Replacing the engine is expected to add another 5 years to the truck’s life.

While HB understands the inherent drawbacks of investing in a 15-year-old piece of equipment, she noted it is virtually impossible to find a replacement truck of this type, new or used. Presently, it takes at least two years for an ordered truck to become available based on experience with purchasing a new vehicle approved at the last Annual town Meeting. New trucks currently cost between $220,000 and $225,000.

KT asked if leasing a truck is an option, as the H-10 has only been driven 60,000 miles in 15 years. HB said the unavailability of trucks is the same for leasing as buying, and that leasing is complicated by the town procurement process, but that she will look into that option. MH said that leasing equipment like the H-10 is not the same as leasing cars; it is more like a different form of financing. JW added that the town would lose control when leasing, as it is up to the lessor when to make repairs.

HB noted that for a 15-year-old truck, the H-10 has minimal corrosion. She added that among the factors in her upcoming request for a new DPW garage is the need for an area to wash trucks, and space to keep all vehicles inside, neither of which is available in the current space.

KS asked if there is such a thing as mutual aid for DPW departments. HB said there is, but they have to be in writing and was not aware whether Sturbridge has entered into such an agreement, and unfortunately, towns tend to be using the same type of equipment at the same time — especially during storms — so it is rarely helpful and typically used in emergency situations, like tornados or, in one case, a situation where a town lost all of its equipment in a fire.

MH reported the Reserve Fund Balance is $148,301.

MH made a motion to approve a transfer of $45,000 from the Reserve Fund to the DPW Purchased Services Account for the purpose of repairing the truck engine in Unit 10; JW seconded the motion.

MM discussed adding to the motion “providing the truck can be repaired within 2 or 3 weeks,” so that if the storm season is over before the repair can be made, the town can take more time to look at other options, such as looking for a used truck to purchase. The fact that the $38,000 for the body of that truck is included in the next budget makes it more compelling to wait if possible instead of spending $80,000 on repairs to a 15-year-old truck.

HB said that if the H-10 cannot be on the road within two weeks, she will cancel the plan to have the engine replaced.

MM agreed to have that condition be an understanding instead of part of the motion.

Motion approved 7-1(KT)-0

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KS thanked HB for hosting the recent tour of the Water Department, Wastewater Treatment Plant and Pump Stations, which was interesting, eye-opening and gave insight into the challenges the Water and Sewer Departments face.

**Meeting Minutes**

KT questioned the line in the minutes regarding discussion of Free Cash: “The decision on how much Free Cash to have is made by the Board of Selectmen, not the Finance Committee.” MH suggested the minutes be changed to “The Town’s Fiscal Policy, which states how much Free Cash should be there, is set by the Board of Selectmen.”

KT pointed out that the amount being held in Free Cash, about 16%, is far in excess of what is in the Town’s long-standing written policy, so either the practice or the policy should be changed. MH read the policy, which says the town will endeavor to maintain a combined balance of Free Cash and Stabilization at 10% to 12% of its General Fund, with Free Cash at 3% to 7% and Stabilization between 7% and 9%. MH noted that while the Town has tended to keep Free Cash on the high end and Stabilization on the lower end of these targets, the current Free Cash balance is not significantly out of line with the overall target. MH suggested that one option to consider is transferring some free cash to stabilization funds if closer alignment with the fiscal policy is desired.

LM warned that the Bond-Rating companies see Free Cash numbers as black and white, not as part of anything combined, and such transfers and combinations may appear as a shell game. KS noted that there are fewer restrictions on spending from Free Cash than from Stabilization.

KS also pointed out that the town is facing a $6 million radio-replacement project, which was originally projected at $4 million, and there is a new proposal for a $1.4 million piece of fire apparatus, which would likely be funded with Free Cash so the town doesn’t have to borrow.

LM referenced a letter from Finance Director Barbara Barry, which speaks to Free Cash levels. All of this is slated to be discussed at a yet-to-be-scheduled meeting with the Town Administrator and Finance Director.

MH suggested the Finance Committee try to have the joint meeting with the Board of Selectmen regarding Free Cash prior to the start of the budget cycle, or just schedule a Finance Committee meeting to decide if the Committee would like to make a recommendation to the Board of Selectmen, and what that recommendation would be. LM suggested giving the rationale for any recommendation, noting that as appointed, not elected, public servants, FC members’ goal is to do what is best for voters, not to win their favor.

LM made a motion to adopt the minutes as amended; KS seconded the motion. Motion approved 5-0-3. (MH, MM, KN abstained)**.**

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KS reported that he is hearing that the Finance Committee will receive the budget package by mid-March, possibly later. As far as he knows, there will be no Saturday meeting, but a joint meeting with the Finance Committee and Board of Selectmen, as has been done in the past few years. JW suggested the Committee meet two days a week — Tuesdays and Thursdays — as was done in the past. In hopes of keeping with the clarified Open-Meeting laws, the Committee will need to schedule in advance each liaison’s department report for a specific date during the budget season. KS said nothing can be scheduled until there is at least a draft Warrant, as the budget is part of the Warrant.

KT asked if there is a sense of what the budget increase is expected to be, and whether departments will be held to a limit, or if the budget is zero-based, meaning the budget is submitted, then adjusted. Larry noted that many of the costs, including the bulk of the school budget, is mandated.

KT said he doesn’t feel like the Finance Committee makes many changes to the budget during the budget review; KS said while there have been times the Finance Committee has challenged the budget on the Town Meeting floor, typically the Finance Committee’s role is to be an independent and informed eye delving into the budget, ready to explain every expenditure at Town Meeting and to give its recommendations in the text box of each Warrant item.

**Public Access**

No Public Access.

**Adjournment**

MH made a motion to adjourn at 8:00 p.m.; LM seconded. Motion approved 8-0-0.