

MINUTES
Warrant Committee Meeting
February 28, 2023

Warrant Committee Members	<p>Participating in person: Stephen Callahan (Chair), Ed Vozzella, Mather Eldred, Peter Michelson, Brent Nelson, Jeremy Marsette, Bob Sliney</p> <p>Participating remotely: Jillian Rafter, Sharon Tatro</p>
Guests	<p>In Person: Yvonne Remillard, Principal Assessor Georgia Colivas, Town Treasurer Andrew Foster, Town Accountant Frank Gervasio, Assistant Town Administrator Bill Harvey Chair of Water and Sewer Department</p> <p>Remotely: Maurice Goulet – Department of Public Works</p>
Meeting Location	Chenery Hall, Medfield Town House and by remote participation via Zoom
Meeting Times	Meeting convened: 7:05 pm Meeting adjourned: 9:15 pm
Approval of Previous Meeting Minutes	<ul style="list-style-type: none"> ● February 13, 2023, Minutes. Approved unanimously.
Operational Budgets (including votes taken)	<p>The Proposed Agenda for the meeting is as followed:</p> <ul style="list-style-type: none"> ● Call to Order ● Disclosure of video recording ● Approval of Minutes ● Department Budget Reviews and Discussion ● Council on Aging ● Department of Public Works ● Non-Department Budget Reviews and Discussion ● Norfolk County Pension Assessment ● Other Post-Employment Benefits (OPEB) ● Update from Town Finance Team ● Review of updated FY2024 Budget Worksheet ● Review of proposed Opioid Stabilization Fund ● Informational Items <p>Chair Steve Callahan noted that here was a quorum and called the meeting to order. Steve started the meeting off with a status check of budgets ready for review by W.C. at future meetings and then turned the discussion over to Jeremy Marsette who provided an update on the DPW Budget.</p>

- Overview of the DPW Budget

Jeremy introduced Maurice Goulet and they provided an overview of the general fund as it relates to the Water and Sewer Department proposed budget.

Currently there are 30 Full Time staff.

The tree budget has an 8% Increase proposed driven by police details. The highway budget total request of ~\$ 1.48M, which is a 3.2% increase over last budget. Major drivers being salary-based employee's steps and a notable increase of \$10K for increasing materials cost for highway materials to repair and pave of the town's roadways. Another driver of the increase is the Storm Water Discharge Permit issued by the EPA that the town must comply with. The permit is a 5-year permit, and the cost is \$25K to comply.

The cemetery budget total request is ~\$213K, the % increase is due to salary steps.

The sidewalk budget is level funded.

The snow and Ice line item is level funded at \$293K.

There is currently \$189K remaining at this point in the winter.

The solid Waste Budget total request is ~\$630K with mostly a salary adjustment due to the increase year over year.

Peter Michelson asked a question regarding the unused snow and ice funds remaining from this year and if the unused \$189K would be going to free cash if unused. The response was that yes, it would roll to free cash if unused.

For the Equipment repair and maintenance budget there is a proposed \$467K, a 3.7% increase. The salary component and large cost of fuel are the main drivers of the increase at an additional \$15K increase for diesel. It is the cost of fuel for the entire fleet of Medfield vehicles.

The Water budget contains a proposed 18% increase. Major increase drivers are salary and the cost of electricity with an increase of \$130K in the budget which accommodates for the additional water treatment facility.

The Sewer budget is \$138K with an 8.4 % increase. The major driver is a \$75K increase cost due to electricity increases.

Maurice Goulet elaborated on budget increases and provided context of the proposed budget figures referring to the operating cost to the new water facility. He noted that there is an increase due to electricity costs that went from \$.09 to \$.15 per kilowatt hour. This is a major

driver of budget increases across all departments. There was a general discussion of rates and what the economics of the rates were comprised of.

- Frank Gervasio gave an overview of the current contract for electricity that the town has.

Steve Callahan asked if the \$193K budget number was estimated off delivery and supply. Frank Gervasio Elaborated on the current contract for electricity, which is set to expire at calendar end. The budget number is based on a 6-month estimate at contract end through the end of FY.

As of the time of the meeting the Water and Sewer Department had not reviewed or approved the proposed budgets, and they are preparing their model for the cost of electricity based on the past fiscal year. Steve Callahan asked for the timing for the Water Sewer Department to approve their portion of the budget. The reply was that they are still working on grants through ARPA and the approval through the federal procurement mechanism. These grants have not been factored into the upcoming rate model yet and the meeting on the upcoming Friday is when the budget would be voted on. Steve Callahan recommended that W.C. have the Water Sewer Department back once the final budgets were known.

The new water treatment plant is to be commissioned in the spring. The plant is expected to have a significant contingency left over after the completion of the project that will be a project savings. This money could be used for a later date project. The unused borrowed funds could be set aside for future use. Funds were borrowed at a very low rate.

Ed Vozzella asked if the department must keep retained earnings in free cash. The response was that the department strives to keep ~ \$1.1M in free cash for any emergency projects or larger upcoming projects that can't go to capital markets. Ed Vozzella asked if there was a MA State minimum? The response was that there was a study performed that said towns of our size were keeping cash reserves of \$300K- \$400K.

Steve Callahan proposed a question to Jeremy Marsette regarding the % of retained earnings needed for out of budget expenses and what amount of retained earnings are tracked? The response was that the retained earnings are what are used to cover variability season to season. In general, the plan is to use retained earnings for capital outlays. The department performs a mid-year reconciliation of outlays to determine if retained earnings will be needed for capital outlays.

Ed Vozzella asked if water rates were set to break even. The rates are set to look forward in manner to be efficient and include a lot of assumptions about the 10 year forward capital plan.

Peter Michelson asked about the new normal of dry summers and what projections would factor into budget considerations. There was then a general conversation about use restrictions and water supply and the Town's infrastructure constraints. The use restrictions are largely regional considerations. Use restrictions are also affected by Medfield infrastructure limitations if the demand is extremely high. It is the infrastructure's ability to serve that is the constraint, not necessarily supply of water that drives the restrictions. 95% of the cost is fixed and the cost/unit must go up over time as a new norm develops.

Jeremy Marsette asked if in general are there anything that the Warrant Committer should be concerned about in the coming years. Maurice Goulet stated that water and sewer chemicals are going up over time as well as fuel costs based on the Boston low, which is the base price the town goes off. That low was \$2/ gal and has been as high as \$5/ gal and is now back at \$3.83/ gal, so costs are variable and result in cost concerns. Also, cemetery lots are being sold at a higher rate and this is resulting in the cemetery expansion article. There were a lot of services due to Covid and this is the cause for the upcoming article regarding the cemetery expansion.

- Presentation and OPEB Discussion referencing slide presentation included in these Warrant Meeting Minutes.

Georgia Colivas highlighted the methodology of the prepayment of the post-employment benefits due to a 2% discount from the county.

Steve Callahan took the WC through funding of the pension budget which is ~ \$ 3.3M and discussed the Reserve Stabilization Fund to help with the offsetting cost. The OPEB / Pension Reserve Fund does not include teachers. The town must pay into the fund at a mandated actuarial amount. The number is based on the number of active employees on the payroll. The State put a mandate in that all these liabilities must be funded by 2040. This year the formula on how the funds were assessed resulted in a decrease in the budget number. The assumption is that Medfield benefited from the formula change because we are getting closer to being fully funded. We also benefit from a one-time payment on July 1 option method of payment. This prepayment allows a discount of 2%. Norfolk County is tracking to be fully funded by 2029 or 2030. This will result in a much lower assessment due for Medfield.

There was some general discussion around the 7.5% discount rate used by Norfolk County Retirement System in their funding assumptions and how PERAC has spoken out and said that they disagree but had approved the County's assumption. PERAC has approved the FY24 appropriation of \$275 from the Town Pension Reserve Fund.

- Presentation On the OPEB Budget by Andrew Foster and Mike Pastori, Chair of the OPEB Trust Fund committee to take us through the post-employment benefits.

The discussion included background and benefits. The net OPEB liability of FY 22 was ~\$28M. The OPEB Team has asked the actuary to perform a funding scenario and put a study in place to when the fund will be fully funded. This has never been performed. The cost for this study is ~3K.

The FY 24 OPEB Budget Request is 525K. Medfield oversees funding the trust account. There is no mandate to have this fund fully funded. The fund mostly pays for retired town employees' health insurance upon the age of 65. The Town pays 50% of the amount and the employees pay 50%. The question raised by Ed Vozzella was, is the town adding enough to achieve fully funded status. The Town has asked the actuary to define multiple funding scenarios for clarity. We are currently not taking money from the trust to pay for town employee health insurance. The FY24 OPEB appropriation is \$525K. Due to the changes in the financial policy the expected final payment has moved from 13 years to 17 years as of FY21.

- Frank Gervasio provided an update from Town Finance.

Currently the only change is the budget variance that has gone from ~\$700K to \$615K. The change being that the state aid figures released last Weds. Initially the budget assumed level funded state aid, but Medfield received an additional ~\$125K in state aid. This was the only substantive change to the budget worksheet at this time.

- Frank Gervasio provided an Overview of the Opioid Settlement Funds.

Frank provided an oversight of the Commonwealth settlements with opioid distribution companies. 40% of the abatement fund is to be allocated to participating municipalities. As of last week, the BOS authorized Kristine Trierweiler to participate in all the settlements. Medfield is at ~.2% of the overall 40%. The funds are not to be used for general purposes. The funds must be used for opiate abatement

	<p>strategies. Medfield is thinking of using the funds to hire a clinical nurse (permanent FTE) to be shared by multiple town departments. Due to the unknown nature of the fund distributions, the thought would be to create a stabilization fund to pay for the FTE clinician and not have the role funded out the general fund. There will be two upcoming articles on this issue. One to create the stabilization fund and the one to fund the stabilization fund.</p> <ul style="list-style-type: none"> • Discussion of Informational Items. <p>Chair Steve Callahan highlighted and discussed WC information items.</p> <ul style="list-style-type: none"> • The Warrant Hearing Date is now March 28th, 2023, changed from March 20th. • The School Building Committee is set to meet on March 2nd. <p>There being no other business, a motion to adjourn was made by Ed Vozzella, seconded Peter Michelson, and voted unanimously by a roll call of all Warrant Committee members present at 9:05pm</p>
Warrant Articles (including votes taken)	<ul style="list-style-type: none"> • None
List of all documents and exhibits used	<ul style="list-style-type: none"> • Department of Public Works Proposed FY24 Operating Budget • Summary of anticipated O&M costs for the new Water Treatment Facility • OPEB Worksheet Slides • Draft 2022 Annual Report • Opioid Settlement money worksheet
Other Business	<ul style="list-style-type: none"> • None
Follow-ups	<ul style="list-style-type: none"> • None
Dates for Meetings including WC	<ul style="list-style-type: none"> • March 6, 2028 • March 14, 2023
Other	<ul style="list-style-type: none"> • N/A
Meeting Link	<p>https://medfield-net.zoom.us/rec/share/D5wboX3ISGoJdQssmb-IQIIBcmzTr_GykQFN-XBsCBp6R9ADlyhr5PJox8gPGCoy.i_2NSSSjozeguDwf Passcode: RYUGw7^Z</p>

Respectfully Submitted: Mather Eldred

Approved minutes to be sent to: fgervasio@medfield.net

