

Lenox Finance Committee Meeting Minutes

Date: February 11, 2021

Members Present: David Carpenter (DC), Kristine Cass (KC), Michael Feder (MF), Mindi Morin (MM), Elliott Morss (EM), David Neubert (DN), Andrea Pignatelli (AP),

Guests: Chris Ketchen (CK)

Absent: Joan Bruno, Mark McKenna

Meeting called to order at 5:03 PM. The Zoom meeting was recorded.

EM stated the purpose of the meeting was to hear a brief introduction of the budget from CK.

FY2022 Budget Overview from CK

The FY2022 budget as proposed totals \$29.6 million, reflecting a 2.7% levy increase over FY2021. The budget includes \$2.7M in proposed capital outlays. The town awaits the final school budget from the School Committee, but current budget includes a placeholder 3% increase. Health insurance increase for FY2022 is 0%.

The largest revenue source for the town is tax revenue (56%). Other revenue sources include local revenue (12%), and state aid (12%), and water/sewer enterprise (11%). Lenox Public Schools accounts for 47% of spending on the slide presented, but that percentage is significantly higher when including benefits for school employees, which are booked outside of the school budget.

Free cash was certified at \$4.6M as of 7/1/2020. \$406k was used at September 2020 annual town meeting, leaving \$4.2M in free cash remaining. General stabilization fund is at \$708k. Combined free cash and stabilization is 17.4% of FY2022 budget, which is above target range of 7-13%. OPEB trust is at \$6.1M, leading Berkshire county in funding post-employment benefits. Excess levy capacity stands at \$3.4M. Historical tax levy increase averages about 2.5%, but change for 2020 was -0.05%. The FY2022 increase is expected to be 2.7%.

Next steps: CK will monitor state budget process and update state aid assumptions. Water/sewer rates will be set on 2/24. School Committee will finalize school budget. Town Meeting is currently scheduled first week of May.

MF asked whether proposed budget is level service. CK reported that each department was assessed independently; some have decreased while others have increased. Select staff hours have been reduced, but no town employees are being terminated due to budgetary constraints. CK does not expect an average Lenox citizen to experience any noticeable service declines.

CK will schedule Finance Committee meetings with the departments.

School Budget

MF reported that the current school budget includes an increase of over 5%, though Superintendent William Cameron hopes to make adjustments and submit a final budget with a 3% increase. CK reported that if School Committee cannot reduce budget, the town has options to stay within the proposed overall 2.7% levy increase: (1) deploy additional free cash, (2) cut staff in school or municipal operations, (3) eliminate OPEB contribution, (4) other options CK can explore.

MF expressed concerns about increases built into the school budget due to contracted salary increases. MF suggested separating the school budget into its own article on the warrant. EM supported the suggestion. CK noted that Selectboard can make that change. *MF proposed a motion: EM will recommend to the Selectboard that the school budget be listed as a separate article on the warrant. The motion was seconded and the committee voted unanimously in favor.*

MF suggested that the Finance Committee prepare an analysis of the school budget to inform residents how much the Lenox Public Schools cost, in this budget and in the future.

Property Assessments

DC asked about homes being sold for well above assessed rates and expressed concern that higher residential property sale values will cause increases in tax bills for existing homeowners. CK reported that as home values rise, there is a likelihood that property tax bills will grow faster than the tax levy due to relative growth of residential real estate versus commercial real estate. CK estimated that it will take 18-24 months for high sale values to “bleed” into property tax assessments for existing homeowners. DN reported that laws are clear about assessments being based on fair market value of all homes. DC also expressed concern about short-term assessed values of commercial property in Lenox.

Chamber of Commerce

KC reported that Jenn Nacht presented to the Selectboard on behalf of the Chamber of Commerce on 2/10, requesting an additional \$25k to support staffing and PR for FY2022. The Selectboard asked for more information, and KC and MM will assist Jenn to present her request in a manner that meets the Selectboard’s needs. CK reported that the additional \$25k is currently included in the proposed budget.

Meeting adjourned at 6:03pm.

Respectively Submitted,
Kristine Cass, Acting Secretary