

Shutesbury Finance Committee
Monday, August 31, 2026
Virtual Meeting

FinCom Members Present: Ajay Khashu - chair, George Arvanitis, Frank McGinn, Susie Mosher, Molly Moss, Meredith Pustell, and Laura Soito

Staff and Guests Attending: Hayley Bolton – Town Administrator

Ajay Khashu called the meeting to order at 6:30 p.m.

I. Review and approval of meeting minutes

- A. VOTE: Khashu motioned to approve the minutes from August 18th as amended.
Arvanitis seconded. Arvanitis: aye, Khashu: aye, McGinn: aye, Mosher: aye, Moss: abstain, Pustell: aye, Soito: aye; motion carried.

II. Special Town Meeting update

A. Potential warrant articles

- i. Warrant articles are expected for:
 1. past-due bill for the Pioneer Valley Mosquito Control Commission
 2. Special Education Stabilization Fund
- ii. Warrant articles are not expected for:
 1. Salary adjustments as Personnel Committee review work is still in progress.
 2. Lake Wyola Dam project as current work is covered by a grant.
- iii. M.N. Spear Library Reuse Committee has discussed a \$3,000 warrant article for septic design.
- iv. Highway Department grader purchase funding is still in progress. Waiting for state confirmation of \$250,000 towards anticipated \$400,000 costs. Coverage for the remainder to be determined after final acquisition cost is determined and it is identified how much Chapter 90 funding is needed for planned paving.
- v. FinCom discussed various options for funding PFAS mitigation, including transfer from free cash, waiting until the end of the year and using line to line transfers, and amending the FY27 budget at town meeting.

B. Timeline for finance committee warrant articles

- i. Special Town Meeting is targeted for the 3rd week in October, so potential warrant articles would need to be submitted to the Select Board by the last week

of September in order to be reviewed by counsel and posted 14 days in advance of the meeting.

- ii. Bolton will check with the Town Accountant on the timeline for certification of free cash to see if those funds may be available for the meeting.
- iii. Finance committee could be interested in developing warrant articles for capital stabilization and/or PFAS mitigation costs based on available free cash.

III. FY28 budget letter development

- A. The committee reviewed the draft FY28 budget request letter.
- B. Discussed shortening the letter while also retaining context regarding short-term/long-term financial outlook and providing information necessary to engage collaboration.
- C. Added some positive news around rural aid restoration and Quabbin funding.
- D. Confirmed that Capital Planning submissions are due by December 15th.
- E. Requested to add that the fiscal summit will be part of our process again this year.
- F. Pustell and Soito will edit for conciseness and share before next meeting.

IV. Long range plan feedback

- A. Discussion of comments and questions
 - i. \$40,000 overlay: Arvanitis indicated that the overlay provides a contingency for levy amounts not collected e.g. abatements, credits, unpaid taxes and confirmed with the Assessor that \$40,000 is adequate.
 - ii. Longevity bonuses: Determined that these do not have significant impact on the overall financial trend and therefore are not necessary to track precisely in the long-range model.
 - iii. Locks Pond Culvert debt: Arvanitis indicated that the culvert and PFAS debt numbers in the model are from the debt schedule and will confirm the underlying amortization schedule with the Treasurer.
 - iv. Charter School Sending Tuition: Arvanitis indicated projected charter sending costs were lower in FY28 than FY27, because the model had been using FY26 data and has been updated to use the final FY27 Cherry Sheet.
 - v. Investment income: Arvanitis indicated the model reduces investment income from \$70,000 in FY27 to \$54,000 in FY28 and then holds it flat based on assumptions that in the long term interest rates may be going down and that our cash reserves are declining.
 - vi. Local Receipts: Identified that local receipts are being modeled as flat except for PILOT with a 1.5% increase and Motor Vehicle Tax with a 3% increase. Added Quabbin funds only for years that have been designated, not ongoing.

- vii. Trash/Recycling contracts: Confirmed that the model accounts for a 10% increase in trash hauling costs in the first year of the contract and a 5% annual increase thereafter.
- viii. Contracted salaries: Current model uses the same annual increase as COLA. Arvanitis suggests considering an additional 0.25–0.50 percentage point because the first year of a new contract is negotiated and may increase more than COLA. As before, noted that greater precision is not necessary for modeling the overall budget.
- ix. Shutesbury Elementary School (SES): Reviewed the 3% annual assumption in light of special education costs, possible use of Special Education Stabilization, and potential additional rural aid. The 3% assumption will be maintained with acknowledgment that special education costs remain variable and we are working to establish a stabilization fund.
- x. ARPS: Reviewed the 2.5% annual assumption and will maintain it at 2.5% as our costs are expected to be lower than the levels of other participating towns.
- xi. Health insurance: Reviewed the current declining assumption (10%, 8%, 8%, 7%, 6%) to determine whether it is appropriately conservative.
 - 1. Discussed ongoing high volatility around insurance costs and difficulty of predicting. Will assume a steady 8% increase, rather than an initial 10% increase followed by decreases.
 - 2. Treasurer may be able to provide some insights into health insurance cost projections.
 - 3. Could also consider how OPEB might be used to manage increases following actuarial study.
- xii. [The committee chose not to discuss the 1% planning contingency.]
- xiii. Town Building Repairs/Maintenance: The model currently grows the FY27 \$20,000 amount by inflation and Arvanitis noted prior discussion of restoring this line to \$40,000.
 - 1. McGinn indicated Building Committee intending to request \$40,000 this year.
 - 2. Moving toward a \$40,000 annual maintenance goal in steps would help address the backlog of ADA and safety improvements.
 - 3. Noted the need to distinguish maintenance and repairs from capital purchases. e.g. addressing a leak in the roof rather replacing the roof
- xiv. Capital Stabilization: No contributions are currently forecast. Arvanitis suggests that in years without new debt service, funds should be directed toward rebuilding Capital Stabilization.

1. Discussed how the historic method of funding with a 2% portion of the budget devoted to debt service is no longer effective due to rising debt and capital project costs.
 2. Recognized the need to identify an effective and sustainable approach.
 3. Discussed whether a portion of certified free cash could be transferred, however it was noted that free cash is intended for one-time expenses.
- B. Discussion of long-range plan paused and will resume with discussion of items that could be flat funded.
- C. Arvanitis will resend model with updates.

V. TA fiscal assessment discussion

- A. Bolton presented background and context for the fiscal risk assessment memo.
- i. Risks identified in the assessment
 1. Pause in capital stabilization contributions
 2. Building maintenance, ADA compliance, and Fire Department equipment backlog
 3. New liabilities and debt reduce levy capacity
 4. Use of free cash to fund operations has increased
 - ii. Strategies recommended in the assessment
 1. Spend additional time reviewing the capital plan and evaluating options
 2. Develop a phased multiyear plan to rebuild the capital stabilization fund
 3. Be conservative with new growth
 - a. any excess funds could go into stabilization
 4. Establish thresholds for capital spending
 - a. Determine the level of new debt that would require a voter-approved debt exclusion
 - b. Develop a long-term approach for utilizing free cash
 5. Actively pursue grants while being judicious with staff time
- B. Discussion
- i. Discussed tensions between addressing infrastructure needs/financial risks and what is tolerable and affordable to the taxpayers.
 - ii. Collaboration with the Select Board is needed to manage and communicate trade-offs between short/long term approaches.
 - iii. Khashu will join the Select Board meeting on September 15, other FinCom members can join if interested.

VI. Next meeting: September 14th

- A. Continue conversation around long-range plan
- B. Refine budget request letter

C. Discuss the fiscal risk assessment

Meeting adjourned at 8:33 p.m.

VOTE: Arvanitis motioned to adjourn. Khashu seconded. Arvanitis: aye, Khashu: aye, McGinn: aye, Mosher: aye, Moss: aye, Pustell: aye, Soito: aye; motion carried.

Exhibit Summary

1. Meeting minutes for August 18, 2026
2. FY28 FinCom budget request letter draft
3. Long Range Plan Comments/Questions
4. Long Range Fiscal Planning Tool
5. Town Administrator Financial Assessment