

**MEETING MINUTES**  
**Town of Heath**  
**Finance Committee**  
**October 27, 2020**

Called to order at 6:02 by Chair Ned Wolf with Will Emmet, Ken Gilbert, and Jan Carr present. Alice Wozniak absent.

Conference call, 1-605-313-5944, access code -240624#.

Will look over minutes for October 6<sup>th</sup> at next meeting.

**DRAFT LETTER DISCUSSION**

We discussed the fincom's letter to legislators re Chapter 70 funding for MTRSD. A proposal exists to eliminate the Hold Harmless provision (state-funding shall not be less than previous year) despite decline in student enrollment. District's change of a little less than \$2M resulting in Heath's increase estimated at \$186,000 by the MTRSD and \$204,000 by Ken Roche.

Using term Combined Effort Yield (CEY) rather than "wealth factor."  $CEY = \text{total income} \times \text{a fixed \% for all towns} + \text{equalized valuation} \times \text{a (different) fixed \% for all towns}$ . Hawley is over 60, Heath is 42.9.

Heath is \$477,000- compared to foundation budget (grade level, special needs, tech school) of \$1M or 42.9%

No town has to pay more than 82.5% for education – there is a cap. Ashfield.

Hawley has 1.45% of enrollment in District and their capacity to pay is 62.5%.

Heath has 9.3% of enrollment in District and their capacity to pay is 42.9%.

Of the towns in the District, Heath has the highest tax rate. Ken believes if there is a change in Hold Harmless, it will be gradual. Ned believes we have breathing room through FY21.

Mohawk is the geographically largest district in the state and our transportation costs reflect this.

Heath may be benefitting from DOR's calculation of income by only using the zip code 01346 and not considering the other four used by residences. The total income is \$9,700,000. When dividing this by the population of 702, the per capita income is \$14,000. The closest District town to Heath is Plainfield with a per capita income of roughly \$19,000. Because of the zip code factor, Heath's required minimum contribution is smaller. It would be an interesting exercise to tally how many Heath residents are in each of the five zip codes.

The aggregate property value used in Chapter 70 calculations is the aggregate assessed property value in Heath (\$90M) + estimated growth factor (*state* average real estate sales). There is no consideration of the difference between Western and Eastern MA.

\*Ken made a motion to send letter to the SB, Jan seconded. Unanimous approval.

**JEAN GRAN'S ANALYSIS**

We discussed Jean's analysis. What might be cut and what are the challenges facing us?

Discretionary vs non-discretionary spending: Non-discretionary costs are rising more rapidly than discretionary.

Heath is fortunate to have Colrain Fire Department responding through mutual aid at no cost.

State Police respond to 911 calls. If a Heath officer is on duty, they respond. If not, MTRSP takes the call.

Gun permits require personal knowledge of town residents.

A comparison of the following three towns was reviewed.

Heath	population 713	\$3,000 in property taxes per capita	\$14,000 per capita income
Windsor	population 875	\$2,100 in property taxes per capita	\$27,000 per capita income
Leyden	population 724	\$1,800 in property taxes per capita	\$36,600 per capita income

In the near future, Heath will be forced to live on a fixed income. Will expressed a belief that these numbers are irrelevant because of broadband and Covid affecting future growth. Perhaps we should study towns that have had broadband for three years, maybe Leverett or Shutesbury, although very different than Heath.

Ned's estimate for the FY21 tax rate is \$23.75. Presently, our tax rate is #339 out of 344 towns.

Broadband will lead to an increase in the debt service.

Heath needs an income source such as Rowe has with Bear Swamp and Yankee. Bernardston has a marijuana growing facility. Hancock has ski resort (second home, no children in school system).

The idea to apply for a grant for DOR to do an analysis was brought up. Jean used DOR numbers in her analysis. Prop 2 ½ is not likely to change.

Is there an easy way out of this problem? Even though Heath appears vast - ledge, wetlands, hillsides and ravines make construction difficult in many areas. Personal property tax exemption has decreased from \$10,000 to \$5,000 but this only pertains to second homes. Farm equipment is exempt.

Jean's statement, "We can apply for grants which will help with specific expenses but that will not change the overall financial trends" was reiterated to be an accurate one.

Lack of growth and perhaps lack of low-income housing caused us not to receive the STRAP grant.

Broadband revenue estimate is \$5,000 - \$14,000 annually as we start up depending on the take-rate. Caf II payments of \$56,000 per year will probably begin (1<sup>st</sup> payment is retroactive) in FY23. Also, the network will be bringing in subscriber revenue. According to Brianne Sousel, long-term borrowing will not be allowed until June of 2021.

How do Windsor and Leyden exist on so much less in tax dollars? We studied Jean's Comparative Analysis charts of expenditures for these two towns. A comment to understand the library expenses for Heath was expressed.

\*Ken made a motion to adjourn at 7:28. Will seconded. Unanimous approval.

Respectfully submitted, Jan Carr