

Finance Committee

Meeting Minutes
May 6, 2020
7:00 PM
Virtual Meeting

Present: Christi Andersen, Roland Bourdon, Jason Cole, Mike Majors, Alan Nolde (Associate), Steve Noone, Sahana Purohit, Christine Russell, Dave Wellinghoff

Absent: Al Vlajinac (Associate)

1. Opening

Chair Roland Bourdon called the meeting to order at 7:00 pm. The Finance Committee Members and audience attended the meeting remotely through Zoom.us virtual meeting platform. The meeting was recorded through Zoom and also by ActonTV.

2. Public Participation

Terra from West Acton – Will we be able to discuss the support drive-up windows? Roland – that's not on the agenda. Terra – Can I give my comments at the POV discussion or should I do that now? Roland- now is public participation Terra - New growth revenue isolate residential from commercial sectors.

3. Acton Boxborough Regional School District Finance Department Update

Peter Light – We are in the middle of a health and financial crisis and pleased to be here to provide an update. We are in the very early stage of changes to our FY21 budget and being sensitive to the educational circumstances. There's a lot of unknowns right now and we're preparing for a 1/12 budget. Dave Verdolino – Provided a budget snapshot. We were planning on a \$500K -\$600K deficit in FY20. Things have changed like personnel that are not getting paid and things like energy cost savings due to the facilities not being open. Transportation cost down due to fuel savings and some savings on capital projects and some out of district tuition. We believe we will have some additional savings. On the revenue side we think we'll be \$100k-\$220k to the good. We are not anticipating any cuts to Chapter 70 money. Projected budget turnback is estimated \$288k. We are now offering free lunches and selling food to our citizens.

Community Ed is not running so they lost a significant amount of revenue. We should be able to mitigate all of the deficits we are experiencing because of healthy revolving fund balances in the various programs we run.

FY21- Not sure what's happening in FY21. State officials still have not given any guidance. House has not met to revise or approve budget numbers. We're not sure of what federal economic relief will be coming our way. There's a lot of uncertainty of what might happen. Will history repeat itself from the last economic downturn/recession? I sent a five page 1/12 budget approval process from DESI but will not go through and explain the whole document. This would allow the District to spend about \$10m based on the inability to get an approved budget or town meeting appropriation. Christi A.- If we're looking at a 1/12 budget for

this time as information is still being reviewed. WE do have things like debt service payments and retirement payments due in July. The 1/12th budget number is an amount not to exceed based on a calculation. If budgets are approved then the 1/12th budget is irrelevant. Marie A. Many of the teachers are not paid in July and August so that won't be a problem. Christi A. How does this impact the tax bill? Steve B. – great question ...until the state comes out with guidance I'm not sure how that will work at this point. Jason C. If we enter a 1/12th budget that's approximately 8% of the budget. That amount would exceed your E&D so where does that money come from? And secondly is that authorization backed by the state? Dave V. There are two aspects of the 1/12th the legal authority to spend and the cash flow component. The cash flow for the district comes from the two towns as an assessment which is about 80% of our operation. How that impacts the towns I'm not sure as that's not my lane. Steve N. If we're in circles for a while. We could potentially see a 10% cut in Chapter 70 or Governor Baker could impose the 9C cuts for some of the executive departments. I don't see that happening in the next couple of months. The state's rainy day fund as large as it is will not be enough to cover revenue shortfalls. Steve B. we issue revenue anticipations notes? Steve B. – They would have to be authorized....we are planning on issuing the FY21 tax bills June 30th and due by August 1st. This equates to about 50% of FY20 levy plus 2 ½ %. The liquidity and cash flow of the town is dependent on the issuance of the preliminary bills in accordance with state law. Steve N. Are we going to extend the payment date for the 1st quarter of FY21? Steve B. That needs to be discussed with John M. and the BoS. Steve N. I don't think we have an FY20 problem we have an FY21 problem whether the State wants to kick the can down the road or rely on fed money to fill the gap. I don't think we have a lot to do now but we need to come up with a worst-case scenario plan. Peter L. – We are looking at a series of plans and also considering this to be an FY22 problem. There are many unknowns at this point and will probably have to make many changes to our budget. Jason C. – Would like to see worst-case scenario budget considering class sizes reduced to 15 students per. What would this due to the budget? Peter L. we're working on a prioritized list rather than a worst-case scenario approach. Jason C. What about the impact of 15 students per class room? Peter L. We're looking at options like a hybrid model with some students at school while others are taught remotely. Roland B. Are we going to be able to get a jump start on the new twin school project because of the present situation? Peter L. – Still need to finish design first before we can proceed with construction.

4. Finance Department Update

John M. gave a presentation on the financial status of the Town given the COVID-19 pandemic. John M. these are unprecedented times we have not seen for over 100 years and a recession in over a decade and significant job losses. Jason C. – How does the 70% collection of the 4th quarter taxes compare to last year and has all the escrow money come in? John M. to Steve B. have any of them not paid? Steve B. No sir. Steve N. Is our free cash available for the 1/12th budget. Steve B. – Yes DoR has new guidance that makes it available to spend. Christi A. What about the fire stationis the plan to continue to move forward with the project. John M. – yes we no have plan to pull the stops on the project. We are moving ahead as planned as the BoS approved as well as Town Meeting. Christine R – We were looking at a high end facility and now we have job losses and business being impacted by revenue losses. Maybe

we look at other fiscally responsible alternatives. Jason C. – I would rather see a small satellite EMT station or a paramedic out-post. That's what we really need. Steve N. – no absolutely not....If you want to look at the economic hurt of taxation then look at the schools. That's where all the money is the fire station is peanuts in comparison. Sahana P. – We have four major projects that all have been approved but not all funded. We have Minuteman Regional School and The Twin school project and the North Acton Fire Station. I won't include Kelley's Corner since it's not fully funded yet. Everybody should be getting something back as the PoV shows demographics where many citizens don't have school aged children but are paying for it. I would say no we cannot put off the North Acton Fire Station. With regards to a satellite station we cannot wait for something catastrophic to happen up there. Mike M – We need to move forward with the project as a redesign would be costly. Any delay in the project the costs go up. Dave M. – It's a selectboard decision to stop or delay the project. The FinCom can send a recommendation but I have not heard any good reason to stop or delay it. Jon B. – The town has received overwhelming support for this project. The town has spoken.

5. POV Addendum

Christine R. – POV presented a revised version. A large portion was removed from the middle. Walked through it and ask for commentary. There was much debate whether the comment on the North Acton Fire Station bonding should be reconsidered. The debate ended with the comment to reconsider bonding to be removed. Debt chart will be updated for short term borrowing of North Acton Fire Station. Christine to add a note about the money allotted to the State through the Cares Act for COVID-19 related expenses. Slide 16 needs updating to use paving as an example of where we might cut costs as opposed to that's where we should cut costs. Slide 18 change "protect our employees" to "protect our services" Steve N. and Christine R will discuss and come up with some new language regarding protecting town staff/services. Updated slide 26 land purchases to add the foot note (outside CPC funding but not requiring bonding) Slide 24 reserve policy – Christine and Christi will provide new language to incorporate concerns with the use of reserves for FY22 & FY23 budgets and replenishment. Need a statement about accurate forecasting of expenses and assumption of replenishment rates Slide 27 "Takeaways" Change the first bullet to "a recession is here is all but name"

6. Town Manager and Board of Selectmen COVID-19 Pandemic

John M. gave an operational update – The Governor office will provide an update on May 18th on what's happening in Massachusetts and discussion on a re-opening plan. The town has established a hot-line to provide the citizenry with basic information on what's happening in and around town. A small business relief presentation was presented to the Board of Selectmen in April which allows groceries to be sold at our restaurants. We also applied for a small business grants but have not heard back. We are looking at signage regulation and providing temporary signage with less enforcement. Fourth of July event has been canceled along with the summer concerts series through July 15th which will be further evaluated as we move forward. Java with John program every Friday at the senior center is now being done

virtually. Dave M. Board of health shut down Nara Park and limited parking at rail trail parking lots. Board of Health is reaching out to stores and various establishments to assist with advisories or guidelines on operations. Board of Health require mask to be worn in all town facilities.

7. Finance Committee Business

A. Approval of meeting minutes

The meeting minutes of March 10th were reviewed and approved unanimously. Roll call: Christi Andersen - Aye, Roland Bourdon - Aye, Jason Cole – abstain, Mike Majors - Aye, Steve Noone - Aye, Sahana Purohit - Aye, Christine Russell - Aye, Dave Wellinghoff – Aye. Mike M. – gave an update regarding small business relief ideas being discussed with the Economic Development Committee and will be bringing something back.

8. Adjournment

At 9:55 pm, a motion was made by Associate Member Adam Nolde and seconded by Jason Cole to adjourn the meeting. A roll call of the vote to adjourn was taken:

Christi Andersen - Aye, Roland Bourdon - Aye, Jason Cole - Aye, Mike Majors - Aye, Steve Noone - Aye, Sahana Purohit - Aye, Christine Russell - Aye, Dave Wellinghoff – Aye. Adam Nolde – Aye

The meeting was adjourned by majority vote.

Documents and Exhibits Used During this Meeting

Minutes of March 10th

Respectfully submitted,

Finance Committee