

**Financial Matters Sub-Committee May 28, 2020
Minutes**

Members present: Christine Saulnier, Chair, James Broderick, Michael Kane, Mary McNally, Diane Bishop, Ryan Quimby, Olga Bones

The meeting was held by virtual participation (Zoom) and was called to order by Chris Saulnier at 10:05am.

The first item of discussion was review and approval of the minutes of May 20, 2020. No corrections were noted, and Jim moved to approve the minutes seconded by Mike. Voting YES were Saulnier, Broderick, Kane, and Bishop.

Christine suggested the committee go through the packet provided to us page by page to make any further changes or suggestions. Christine began on the General Fund Sources and Uses with the updates showing a total of \$65,467,007 and asked if anyone had any concerns or comments. Jim expressed concerns regarding the local receipts may be overestimated. Jim didn't know what the other members thought about using the Governor's budget as of February 17, 2020 or to be more conservative using last year's budget regarding the Chapter 70 and other state aid.

Chris stated as we moved on to local receipts, if we lower the local receipts we raise the tax rate. Mary stated based on our meeting last week, we altered the meals excise and interest to be more reflective of the estimated revenue anticipated to receive. Chris questioned why the Payment in Lieu of Tax had increased over \$20,000 and asked if there were any new PILOT's. Mary commented only the Berkshire Health, but it is basically a pass-thru on the East Longmeadow Skilled Nursing. Jim commented the FY21 Interest may have been increased after reviewing the FY19 actuals to bring this to what the FY19 experience was. Jim still has concerns about the MV Excise tax with Olga commenting so far we have collected \$2.1 million consisting of postings up through April. Mary commented that was one of the taxes granted an extension too. Jim stated it is hard to know if people plan or are delaying purchasing and spending over the coming year giving the economic situation depending how we bounce back. Olga stated we have \$472,000 MV Excise receivable with Chris stating that could bring us to the \$2.5 if it was collected by the end of June. Mike stated with the calculations Olga provide we should surpass the FY21 projection for MV Excise. Mary commented it may be much more dramatic in the next fiscal year for budgeting planning purposes. Jim questioned the Special Assessment of \$30,000, with Diane stating this is a penalty fee. Jim questioned if this was a new revenue with Diane stating this has been a standard amount received over the years and may have been inadvertently omitted in the FY20 column. Jim commented about the increase in Recurring receipt and assumes due to the difference between the FY20 budgeted and FY19 actuals it was adjusted accordingly. Jim also mentioned the increase in Non-recurring receipts with Mary adding this included MEMA –FEMA and we were well underway with our COVID problem, this may have been estimates since we knew we would have MEMA-FEMA claims. Mary stated this is speculation at this point with Chris stating we will revisit this.

Chris moved on to General Fund Sources and Uses Summary first mentioning Capital projects which we do not know what the recommendations would be with hopes it would be lower than the \$1,481,465, and suggested to round the Stabilization fund number, up or down. Jim stated he would like to consider reducing the Stabilization fund down to zero stating this is an optional funding. Mary added we do not need to add to this and most likely will be subtracting from it. Mike thinks it is a great safety net and looked to the other's thoughts. Mary stated our FY20 turn backs which will be significant could be transferred to the stabilization fund at the suggestion of the DLS, so the town can access for revenue shortfalls as opposed to put it towards free cash because the free cash utilization will be limited to what was certified as of July 1st of last year. Mike made a motion to reduce the Stabilization Fund \$43,278 to zero seconded by Jim. Voting YES were Saulnier, Broderick, Kane, and Bishop

The committee briefly discussed the Capital Projects with the knowledge the Capital Planning Committee would be meeting next week. Christine shared Kathy Hill had hopes the total amount would be approximately \$700,000. Mary stated that is a little lower than what she was hoping for with Jim stating it is hard because there are contractual obligations included in there. Christine mentioned expenditures would come from the enterprise and sewer funds and some recommended for bonding. Jim suggested using last years budgeted amount may be more

appropriate. Mike stated realistically he sees the requested number cut in half. Mary suggested for budgeting purposes use an even \$1,000,000. Mike made a motion to reduce the FY21 Capital Projects line item from \$1,049,635 to \$1,000,000 seconded by Diane. Voting YES were Saulnier, Broderick, Kane, and Bishop.

Jim questioned if the \$75,000 for the Compensated Absences fund was a set number with Olga stating she would have to research if there is a certain amount that must be funded. Jim was looking for more detail on what the Other Charges of \$957,350 consisted of. Also looking for clarification of the \$272,000 for Community Preservation fund and where it is in our revenue because he understood this amount was a wash. He sees a place for debt and interest. Diane attempted to explain how the CPA works on the Tax Recap but Jim was trying to determine how it works in our budget model we are currently working with. Chris stated it appears the \$957,350 consist of the CPA, RE Abatements, State Charges and State Offsets which is detailed under Other Financing Uses on page 8g of the Revised Budget packet. Jim's concern is he doesn't see in our model we are using where the CPA revenue offsets our expenses and just wants to make sure our model is reflecting it correctly. Olga will look into that.

Chris brought up the Chapter 70 Aid. Mary mentioned the state is waiting for the July 15th tax due date to see what the revenues are and see how bad the loss is before they start to construct a budget for FY21. Chris asked Mary if the \$260,000 Superintendent Smith mentioned he anticipates to receive from the CARES Act was included in the \$1,436,000 Mary mentioned in the Town Council meeting; with Mary stating no, she believes that is a separate CARES Act that preceded the second one. Mary stated the \$1.4 will be able to be used for FY 20 and FY21 expenses also noting she is still waiting for the application process to begin on June 6th. Mary could not confirm if the schools CARE Act would have the same parameters. Jim suggested using the FY2020 Chapter 70 number rather than using the Governor's proposed. Diane and Mike both agreed. Jim made a motion to use the FY20 Chapter 70 funding of \$12,102,021 for our projection FY21 budget seconded by Mike. Voting YES were Saulnier, Broderick, Kane, and Bishop.

Jim brought up the other State Aid numbers with Chris stating we have already reduced the proposed Unrestricted General State Aid by 14%. Chris clarified the 14% reduction was actually 11.59% after the committee decided to use the FY20 Unrestricted actual number.

Chris continued with the Revolving funds bringing to the committee members attention the Health Department revolving fund has no number inserted. In the Health Department budget, the Health Director feels this fund should be dissolve by the Town Council noting the \$200 collected can go to the general fund. Chris had a concern regarding the Recreation Department's revolving account (#2811). Jim question what the balance was in this account. Mary stated the expenses for FY 21 will be significant as well as the revenues will be reduced as well noting there is an issue if there will be any camps this summer, the department is in the process of refunding thousands of dollars who previously signed up for various activities.

Chris moved on to Department line items stating some departments agreed to forego money associated with conferences such as hotel, food, and travel allowances. This is an area to be reviewed at as we go through these line items. The committee reviewed each department budget with concerns or amended budgets as follows:

Line Item 134 Town Accountant: Chris mentioned there were approximately \$13,000 of stipends that were added to a contract within this department and she suggested this amount be reduced by \$10,228.48 and bring the salary for the department head salary to \$105,000 for the coming fiscal year which is an increase of 2,771.52. Chris looked to Mary for her thoughts. Mary would like a little wiggle room due to her vision for that position is not just the Town Accountant but the Director of Municipal Finance, which in recent years also served as the town accountant. The stipends, one was for Procurement Officer which she believes can go away; the other was additional service as town accountant. The qualifications Mary is looking for the Director of Municipal Finance position which she feels is a vital position, she may be able to get someone for \$105,000 but would like the leeway to go to \$110,000 without stipends. The final change after this discussion is to change the salary of the department head line item from \$102,228.48 to a total of \$110,000 for FY21. Jim moved to amend the salary item seconded by Mike. Voting YES were Saulnier, Broderick, Kane, and Bishop.

Line Item 145 Collector/Treasurer: Chris stated there were tolls, parking meals and hotel expense she felt could be reduced. Olga updated the committee of the most recent revised budget submitted. Due to less travel for conferences it was suggested the \$890 tolls and parking to be reduce to \$200. Diane made a motion to reduce Tolls and Parking for FY21 to \$200 seconded by Mike. Voting YES were Saulnier, Broderick, Kane, and Bishop.

Line Item 210 Police: Mary stated there will be changes to this budget due to the dissolution of the Dispatch department, the Police department will have to add a civilian to be a "greeter" which is not included in this budget. Mary will clarify if the new captain's position was removed from the budget as she meets with the Police Chief. This line item may be subject to new numbers.

Line Item 162 Elections: Mike brought up a question regarding elections and if the budget was reflective of the new shorter hours? Mary added there has not been discussion on future elections and hours with the exception of the request for absentee ballot but she suspects we will be in the same situation come fall. Mike stated there is a possibility these numbers could go down. Mary shared due to the number of absentee ballot postage will be going up.

Line Item 299 Dispatch: Mary stated this is still included in the budget as we will have to pay WestComm to join them, but will be reimbursed to the town for through the grant application that WestComm is doing. The town will receive reimbursement but some of that will go to the Police department for the greeter position. Jim asked if we were confident enough to reflect some of this reimbursement in our model. The funding comes from an excise tax assessed to cellular phones with Mary stating the grant is intended to pay all the costs for this service for the first three years. Mary stated we could plug in \$125,000 as revenue. Diane stated it could be considered non-recurring revenue.

Chris stated we will forego discussing Line Item 300 Education until another meeting. Chris stated our committee has scheduled the following upcoming meetings setup for June 3rd, June 10th, June 17th and June 24th. All meeting will be at 10 a.m.

Line Item 399 School Committee: It has been recommended by the Town Manager remain at the FY 20 level.

Line Item 630 Recreation: Mary stated this department had a resignation and are not refilling that position and will be short-handed but are willing to make do without this position for the foreseeable future.

Line Item 693 Celebrations: Jim asked if the 4th of July parade in 2020 is reflective in the FY21 budget? Ryan stated the funding for the calendar year 2020 parade is part of the FY20 budget and will be turned back due to the cancellation of the parade.

Line Item 541 Council on Aging: Chris noted within the non-salary items there was \$600 for hotels and \$300 for food and travel. Mike made a motion to reduce the non-salary line item for Department 541 Council on Aging from \$29,779.50 to 28759.50 seconded by Jim. Voting YES were Saulnier, Broderick, Kane, and Bishop.

Line Item 543 Veteran Services: Chris asked if the \$118,117 was a percentage reimbursed by the state with Mary stating yes but she was unsure of the percentage but believe approximately 75%.

Jim commented on page 5 of the General Fund Uses includes Insurance which increased by \$1.5 million which we have no control over and feel like we are held hostage. Jim wondered if there was anything that could be done in order to control this. Mary stated for FY 21, this is the number but added she has established a subcommittee to advise her to evaluate whether or not there are any savings can be accomplished in any or all of these categories. Corrine Tranchesse and Elaine Grimaldi are working with Scantic Valley to determine if there are any high deductible policies available that would be an option to reduce our costs but the timing prevents us from doing anything helpful for FY 21 but going forward. Jim commended Mary for being proactive.

Mike mentioned if the pay roll comes down hopefully we will see some reduction in the Workmen's Comp line item. Mary comments there is also a 3 year experience rate over the three years of history with quite a few claims over that period that we are currently paying but those will abate too over the passing of each year. Mike suggested we review payroll numbers now so we can reevaluate for future fiscal years.

Chris mentioned her concern about the water sewer rates and mentioned she heard the Springfield Water/Sewer Commission has received push back from their Mayor and City Council and they are going back to the drawing board. Chris is hoping we will not get the projected 17% increase on our water/sewer rates. Mary mentioned a Capital Planning committee project under consideration with water and sewer; not with the rates per say but with the metering measurement what we actual receive and discharge. If this project moves forward perhaps we would have better control and make sure we are paying the actual amount.

Jim made a motion to adjourn seconded Mike. Voting YES to adjourn were members Saulnier, Broderick, Kane, and Bishop. The meeting adjourned at 11:26 am

Respectfully submitted,
Diane Bishop