

Finance Committee Meeting

May 6, 2020 6:00 PM EST
Zoom Remote Meeting Platform
Millis, MA 02054

In Attendance:

Jodie Garzon, Chairman
Peter Berube, Vice Chairman
Joyce Boiardi
Cathy MacInnes
Craig Schultze
Katie Tieu
Michael Guzinski, Town Administrator
Carol Johnston, Town Finance Director

Jodie Garzon called the Finance Committee Meeting to order at 6:04 PM.

FY21 Preliminary Operating Budget Review and Discussion:

Jodie Garzon opened the meeting up to the Town Administrator and Finance Director to review where the FY21 Operating Budget and Revenues are projected.

Mike Guzinski advised the committee the Select Board will be meeting Friday, May 8, 2020 to review and discuss the FY21 Operating Budget including (2) scenarios: a 5% reduction and a 10% reduction to the Governor's initial State Aid figures from January 2020 and its impact on Town Departments. The Select Board will also meet on Monday, May 11, 2020 to make their recommendations and will have representation at the Wednesday, May 13, 2020 Finance Committee Meeting. An updated Town Meeting Warrant and Budget Package will be available by Tuesday, May 12, 2020.

Craig Schultze voiced concerns with the Police Department's Budget and the likely reductions to the overall FY21 Operating Budget. He is not in favor of voting on a budget based on assumptions but rather what information is known. The Police Department's Budget was presented without the salary for the School Resource Officer (SRO) of approximately \$90,000.00 which will be funded by HCA (Host Community Agreement) Funds after they are certified as Free Cash for the November Town Meeting. This assumes the voters who attend the November Town Meeting agree to appropriate those funds to the Police Department, if not the department will be short funded. Craig Schultze suggested fully funding the Police Department's FY21 Budget including salaries for the SRO with borrowing from Stabilization Funds which would be repaid with a November Town Meeting vote. The FY20 HCA and Retail Marijuana 3% Sales Tax will generate approximately \$170,000.00 in funds available for Free Cash in November. The marijuana facility in town, Comm Can, is now only open for medical purposes; the retail sales have been suspended due to COVID-19.

Mike Guzinski clarified the funds are there but cannot be appropriated before they are certified. He is comfortable utilizing Stabilization Funds and replenishing the Stabilization Fund in November with Free Cash. Craig Schultze agrees, it's similar to an internal borrowing mechanism that will be paid back.

Peter Berube added concerns about the FY21 Operating Budget philosophy and approach. After researching several municipalities' approach in preparing an FY21 Operating Budget to get a sense of their approach, some towns are considering:

- 10 – 20% overall cuts
- Freeze Spending now
- Defer funding Capital Items
- Program cuts to the School Department
- Consideration of an override to avoid cuts to staffing levels

- Anticipation of 20% cut to State Aid and 30% to Local Receipts
- Use 25% of Stabilization Funds to supplement FY21 Budget
- Submit 1/12th of FY20 Budget to the State for Approval effective July 1, 2020

Mike Guzinski appreciates the concerns and is in contact with several towns in Norfolk County. Most are taking the same approach as Millis and moving forward in the same fashion; not considering cuts until the end of Summer. He is hesitant to make unnecessary cuts at this time; there are too many uncertainties and incomplete information. It is unknown at this stage if a Federal Stimulus Package may be available to assist with the impact of COVID-19. The Commonwealth of Massachusetts may make use of their "rainy day funds". If State Aid is cut by 20 – 30% it would be catastrophic to the service structure of the town. Peter Berube followed up that he is not advocating for cuts but the town should have a plan in place. Craig Schultze agreed with the Town Administrator's hesitation to make cuts without concrete numbers; not at a point to cut Council on Aging, Police and Fire Departments or Schools. There only is in effect, a hiring freeze by the town. Peter Berube added that some districts are re-negotiating with Collective Bargaining Units regarding Cost of Living increases, etc. Craig Schultze would not be in favor of 10% cuts without giving the residents an opportunity for an override during a Special Town Meeting in early September.

Cathy MacInnes inquired if Real Estate Payments are being received in a timely fashion. Mike Guzinski noted the due date was pushed back to June 1, 2020 by the Select Board. He will follow up with Treasurer and will certainly keep an eye on incoming revenue streams.

Clarification was made that the two additional Police Officers voted at the November 2019 Town Meeting would be funded through HCA funds and would offset the overtime costs to the department.

Jodie Garzon asked for clarification on the School Department's request for \$120,000.00 through HCA funds. Mike Guzinski has had conversations with the School Superintendent regarding the HCA Fund distribution and it is incremental depending on when the schools will reopen.

Craig Schultze outlined how Prop 2 1/5 tax works; the town's revenues will never be decreased. The town can choose to not impose the tax one year and have the option of imposing a 5% the next. Mike Guzinski confirmed the level of tax the town can collect cannot legally be decreased.

Free Cash is certified by the Department of Revenue after the FY20 accounts are closed out; typically, in early September. Free Cash for FY21 will include HCA (Host Community Agreement) funds received in the amount of approximately \$88,000.00 for the first quarter 2020 and an anticipated \$45,000.00 for the second quarter. Until those funds are certified, they cannot be appropriated.

Carol Johnston stated the town will be prepared to submit 1/12th of their FY21 Operating Budget for approval to the Bureau of Accounts for July, August and September if Town Meeting does not take place on June 29, 2020. Peter Berube is happy to share the articles referenced and will send them to the Administrative Assistant if the Chairman chooses for them to be part of the Meeting Minutes.

June 2020 Warrant Article Review and Discussion:

Mike Guzinski and the Town's Finance Director are working to finalize language and funds associated with each article. A comprehensive document will be available for the Select Board's meeting on Monday, May 11, 2020 and will be available to the Finance Committee on Tuesday, May 12, 2020 in preparation for their meeting on Wednesday, May 13, 2020.

Meeting Minutes Approval:

Craig Schultze made a motion to recommend approval of the April 29, 2020 Finance Committee Meeting Minutes; Peter Berube seconded. Vote: 6/0 motion carries unanimously.

Adjourn:

Joyce Boiardi made a motion to adjourn the Finance Committee Meeting at 6:52 PM; Craig Schultze seconded. Vote: 6/0 motion carries unanimously.

Respectfully submitted,
Deirdre Gilmore

DRAFT