

## Finance Committee Meeting

May 13, 2020 6:00 PM EST  
Zoom Remote Meeting Platform  
Millis, MA 02054

### In Attendance:

#### Finance Committee

Jodie Garzon, Chairman  
Peter Berube, Vice Chairman  
Doug Riley, Clerk  
Joyce Boiardi  
Jim Borgman  
Cathy MacInnes  
Shawn Power  
Craig Schultze  
Katie Tieu  
Mike Guzinski, Town Administrator  
Carol Johnston, Town Finance Director  
Jonathan Barry, Capital Planning Committee Chairman

#### Select Board

Loring Barnes, Chairman  
James McCaffrey, Vice Chairman  
Peter Jurmain, Clerk

Jodie Garzon called the Finance Committee Meeting to order at 6:02 PM.

Jim McCaffrey called the Select Board Meeting to order at 6:04 PM.

### FY21 Capital Planning Committee Draft Report:

Jonathan Barry gave a brief summary of the committee's Capital Planning Report. The committee worked with the Town Administrator, Finance Director and Department Heads to prioritize their list of the town's Capital Needs. Twenty-three items were identified totaling \$2,966,377.00. Seven were considered and 16 were deferred. The committee then prioritized the seven items:

- |                      |         |                |
|----------------------|---------|----------------|
| • Highest Priorities | 4 Items | \$ 132,000.00  |
| • Medium Priorities  | 2 Items | \$1,791,374.00 |
| • Lower Priorities   | 1 Item  | \$ 55,004.00   |

Highest priorities include:

- |  |              |
|--|--------------|
| • A State Mandated Drinking Water Risk Assessment: | \$ 40,000.00 |
| • Fire Department Breathing Apparatus:             | \$ 12,000.00 |
| • Fire Department Turnout Gear Replacement:        | \$ 40,000.00 |
| • Police Department Crosswalk Signals:             | \$ 40,000.00 |

Medium priorities include:

- |  |                |
|--|----------------|
| • Fire Department Large Diameter Hose Replacement: | \$ 15,000.00   |
| • Farm Street and Walnut Street Tank 15-year Plan: | \$1,776,374.00 |

Lower priorities include:

- |                                       |              |
|---------------------------------------|--------------|
| • DPW 2-Way Radio System Replacement: | \$ 55,004.00 |
|---------------------------------------|--------------|

The Deferred Consideration Items include several School Department Items, including an additional School Bus Lease, Council on Aging Flooring, Stormwater Enterprise Fund Drainage System Improvements at Village Street and Birch Street, Police Department Cruiser Replacement and a Filing System for the Building Department.

A ten-year Capital Needs Schedule was also provided totaling \$54,605,052.00.

The deferred School Bus Lease request has been further complicated by COVID-19, the School Department is not completely clear on the need and their plans for transporting students when

school resumes. Jim McCaffrey noted the Council on Aging Feasibility Study is continuing through the Permanent Building Committee and three options will be discussed at a meeting scheduled for May 26, 2020. Loring Barnes thanked the committee for their hard work in establishing formulas and deliberating the items. She inquired about the town's School Bus Lease Program and noted eleven surrounding towns have a different program in place to transport students; contract out Bus Service. Peter Berube noted that it's a long-standing question to lease or purchase vehicles and if those costs should be part of a department's Operating Budget versus being considered a Capital Item. Craig Schultze agreed leasing vehicles is a Free Cash Item not a Capital Item. The DPW's request for a 2-Way Radio System was negotiated through a Collective Bargaining Agreement and is instrumental to operations within the department. Jonathan Barry noted the committee's priorities list is recommended to the Finance Committee and Select Board, based on availability of funds. The funding for Capital Items is not the charge of their committee and they recognize that although all the items are of great importance, they have to prioritize the items based on the information provided to them. If indeed there are Snow and Ice Funds remaining in the DPW's FY20, those funds could possibly be used to fund the radio system replacement. The Town Administrator will consult with Town Counsel for confirmation on the matter.

Jodie Garzon thanked Mr. Barry and all the members of the Capital Planning Committee for their time and hard work creating a Capital Plan for the town. The Report and Schedule for all the items highlights the importance of having the information available to the Finance Committee, Select Board and the residents. Jonathan Barry will share the committee's Final Report prior to the Finance Committee's printing deadline date.

#### FY21 Revenue Forecast and FY21 Operating Budget Review and Discussion:

Mike Guzinski indicated the Select Board met recently and discussed the Town's FY21 Operating Budget based on a five percent reduction in State Aid and Local Receipts. Carol Johnston identified the reductions for both:

- State Aid from \$6,510,317.00 to \$6,184,801.00
- Local Receipts from \$2,621,941.00 to \$2,490,844.00

Mike Guzinski clarified that language is important in identifying "cuts" which reflect a cut to the requested budget presented by Department Heads, not necessarily a reduction to staff. The Select Board, Town Administrator and Finance Director agreed on the following:

- Eliminate the Part-Time IT Director (\$50,000.00) which resulted in an increase of \$20,000.00 in Consulting Fees.
- Elimination of a Senior Building Maintenance Worker for the Library, Fire and Police Departments – the work will be performed by an outside cleaning contractor.
- Elimination of Crossing Guard Staff, approximately \$53,000.00, and replacing them with a one-time cost for Crosswalk Signals \$40,000.00.
- Postpone the Fire Department's Grant Application for (4) additional Firefighters.
- DPW Highway Department Expenses reductions of approximately \$80,000.00.
- Eliminate the Library's request for additional hours.

The above adjustments were made in the first round of Operating Budget Review. After the Select Board met and voted on an Operating Budget based on a 5% in reduced Revenue, additional operational adjustments needed to be made to meet the \$159,815.00 reduction. To meet this reduction the closing of the Veterans Memorial Building on Fridays will reduce Town Hall staff hours by 10%, the building will continue evening hours on Mondays. This reduction does not apply to DPW staff, most salaries are paid from the Enterprise Funds and the Board of Health as they are critical during the COVID-19 Pandemic.

Reducing the Library Budget by 5% would result in a 15% reduction in Operating Hours. The closure of Town Hall on Fridays was not a decision that was made lightly. In an attempt to plan ahead, the materials include adjustments if a 10% reduction is necessary.

The committee expressed concerns with losing the Fire Department's ALS (Advanced Life Support) certification as well as the Library's certification. The Town Administrator assured the

committee the loss of certifications has been considered. A 10% reduction will impact Public Safety and it is recommended those cuts be made in the Police and Fire Department's Overtime Budget, \$45,000.00. Craig Schultze commented that cuts to Overtime Budgets never materialize and result in the need for a Reserve Fund Transfer Request later in the Fiscal Year; consideration should be given to increasing the Reserve Fund for FY21 which results in a net neutral position. An additional concern is would the reduction in hours to the Town Hall Staff have unemployment ramifications; it's the Town Administrator's understanding, from Labor Counsel, that unless there is a 20% reduction in hours unemployment benefits do not apply. The Town is Self-Insured for Unemployment and any Unemployment Claims would result in additional funds needed in the Unemployment Budget Line Item. Peter Berube took a more pessimistic view on the current situation noting that a 5% reduction is just the tip of the iceberg and the town is sticking its head in the sand, so to speak, regarding the impending reduction to funds. The School Department has not weighed in on the impact of a 5% reduction to their FY21 Operating Budget. Deferring greater cuts later in the fiscal year will have greater impacts on reduced staff as most funds have already been 25% disbursed. Craig Schultze reminded the group that the School Department typically works their budget according to the funds appropriated. Cathy MacInnes expressed her desire to persuade the Select Board to keep the \$30,000.00 in Road Maintenance/Asphalt Products in the DPW Budget in order to fill the numerous potholes throughout town giving the residents some satisfaction during this trying time. Craig Schultze is in favor of using Stabilization Funds in order to avoid staff reduction; it's a "rainy day fund". Also, consideration should be given to offer the residents the opportunity to vote on an override to maintain town services.

Discussions on the use of Stabilization Funds to cover gaps in revenue, to avoid reductions to staff levels, will need to take place at a later date when firmer numbers are received from the Governor. The Stabilization Fund Policy outlines the town's goal to have at least 5% of Total General Fund Expenditures on hand at the end of each fiscal year. If the 5% goal is not met, a minimum of \$50,000.00 per year shall replenish the fund at the Fall Town Meeting until the 5% goal is reached. The Stabilization Fund is typically used only for unforeseen and emergency purposes. If the Stabilization Fund is used for emergency purposes dropping the balance below the 5% goal, the town shall develop a funding schedule to replenish the fund within a three-year period.

Loring Barnes is not in favor of Stabilization Fund use at this time; it sends a wrong message to the taxpayer that the town cannot figure out how to reinvent the government. Residents should know the lines of communication between the Select Board, Finance Committee and School Committee have been wide open at an unprecedented level. There is no easy answer; a 5% reduction is minimal and she agrees with Peter Berube's view on the matter. The town should consider the cost of holding a Special Town Meeting at the end of summer to mitigate the eventual reductions. Data demonstrates the shift in education to Regional Vocational Technical Schools, as well as the town's inability to sustain an independent Middle/High School and should consider merging with other campuses. This is an opportunity to redefine the biggest segment of the town's budget; reconfigure our approach to education.

Jodie Garzon appreciates all the ideas but emphasized the immediacy of next year's budget to consider as well as what we can plan for while being cognizant of the changing needs of the town. The specific task at hand is to recommend an FY21 Operating Budget. It is the purview of the Select Board to present their recommendations to the Finance Committee. The committee will debate the use of the Stabilization Fund to plug the gaps in the FY21 Operating Budget. Reductions greater than 5% will impact services provided to the town. Peter Berube would not vote to use Stabilization Funds for a 5% reduction however, further reductions would be a legitimate use of the funds. He suggested pay freezes as well as renegotiations of CBA (Collective Bargaining Agreements) - if Stimulus Funds are available later in the year, retro pay could satisfy any CBA increases, etc. Mike Guzinski clarified that 95% of the town's staff are part of Collective Bargaining Units or under contract. The Select Board and School Committee may consider participating in renegotiations but that would create a timing issue. Jim McCaffrey expressed that the Town Administrator's reduction in hours is doable and can be executed quickly; the process is multi-dimensional. The Department of Local Services has outlined a number of options for municipalities:

- Temporary Extension of the FY20 Operating Budget.

- Opportunities for Emergency Funding.
- Staying Watchful of End of Year Transfers among Accounts.
- Record Keeping of all Costs Associated with Response to COVID-19.
- Analyze Cash Flow

The Select Board had concerns over deferring the tax due date from May 1<sup>st</sup> to June 1<sup>st</sup> and the cost to borrow funds to keep operations running. However, the collections on May 1<sup>st</sup> were pretty robust.

- At what point in time does the use of Stabilization Funds become an option to maintain the services to the residents which is what all parties are trying to accomplish.

The Select Board is meeting Monday, May 18, 2020 to further finalize the Operating Budget and Warrant Articles. The Town Administrator will forward the results of the Select Board's Meeting to the Finance Committee on Tuesday, May 19, 2020. The School Committee plans to meet in the next couple of weeks to finalize their budget based on the 5% reduction.

#### June 2020 Warrant Article Review and Discussion:

Mike Guzinski presented a Draft Warrant to the committee comprised of 27 Warrant Articles. The Select Board will be reviewing the list at their next meeting.

#### Article #1 Unpaid Bills

This is a standard article and consists of a handful of items totaling \$1,056.32.

#### Article #2 FY20 Additional Wages and Expenses

This is a standard article for Inter-Department Transfers to balance the budget. They do anticipate some Inter-Department Transfer Requests over the next six weeks.

#### Article #3 FY21 Operating Budget

#### Article #4 Sewer Enterprise Fund

#### Article #5 Water Enterprise Fund

#### Article #6 Stormwater Enterprise Fund

#### Article #7 Amendments to the Personnel Plan

More information will be provided to the Finance Committee for this article at their next meeting.

#### Article #8 Independent Annual Audit

#### Article #9 Board of Health Appointing Authority

#### Article #10 Revolving Funds

#### Article #11 Capital Items

The Select Board will be discussing the Capital Items List provided by the Capital Planning Committee at their next meeting.

#### Article #12 New Computer Lease

School Department Computer Lease in addition to the existing leases.

#### Article #13 Reallocation of DPW Capital Project Expenses

Authorizes the use of unexpended funds from prior projects to help defray the cost of the DPW Building Project.

#### Article #14 Ratify Water Infrastructure Maintenance Contract

This article would implement 15-year Water Tank Maintenance Program.

Article #15 Community Preservation Fund

Article #16 Community Preservation Historic Resource Reserve Fund

Article #17 Community Preservation Memorial Field Improvements Project

Article #18 Board of Assessors – FY21 Personal Property Interim Year Inspections

Article #19 Senior Exemption Changes

This article would provide additional tax relief for Seniors – decrease the age requirement for eligibility from 70 to 65.

Article #20 Senior Exemption Changes

This article would provide additional tax relief for Seniors – increase annual gross receipts, from the prior calendar year, from \$20,000.00 to \$40,000.00 for eligibility.

Article #21 Senior Exemption Changes

This article would provide additional tax relief for Seniors – increase the value of the whole estate available to surviving spouses, minor child, elderly person owning real property. The Assistant Assessor will provide further information at a later date.

Article #22 Town Bylaw Change to Alter Date of the Annual Spring Town Meeting

Millis' Town Election occurs prior to Town Meeting – this article would change the Bylaw and hold Town Meeting prior to the Town Election, similar to other communities. This allows the Town Officials who participated in preparing the Operating Budget and Warrant Articles to participate in their presentation to the town. This will be further discussed at the Select Board's Meeting Monday.

Article #23 Town Bylaw Change Requiring Sewer Hookup

This article is part of a broader discussion regarding the town's sewer capacity with the CRPCD (Charles River Pollution Control District). This will be further discussed at a future meeting.

Article #24 Medicare/Medicaid Reimbursement Services

Article #25 Unemployment Insurance Fund

Article #26 OPEB (Other Post-Employment Benefits) Funding

Article #27 Stabilization Fund

Meeting Minutes Approval:

Craig Schultze made a motion to recommend approval of the May 6, 2020 Finance Committee Meeting Minutes; Peter Berube seconded. Vote: 6/0 3 abstained, motion carries.

Old Business/New Business:

Jodie Garzon thanked the participants and appreciates the hard work preparing an Operating Budget and Warrant during these uncertain times. The committee will discuss in earnest the list of Warrant Articles in preparation of their recommendations to Town Meeting, fulfilling their duty as charged. Final Recommendations are due June 10, 2020, this will allow time for printing the Finance Committee's Report for distribution to residents prior to Town Meeting. A request has been made to include the Millis Municipal Finance and Budget Glossary in the Finance Committee's Report.

Adjourn:

Jim McCaffrey made a motion to adjourn the Select Board Meeting at 7:40 PM; Peter Jurmain seconded. Vote: 3/0 motion carries unanimously.

Peter Berube made a motion to adjourn the Finance Committee Meeting at 7:40 PM; Shawn Power seconded. Vote: 9/0 motion carries unanimously.

Respectfully submitted,  
Deirdre Gilmore

DRAFT