

Tri-Board Meeting

January 28, 2021 7:00 PM EST
Zoom Remote Meeting Platform
Millis, MA 02054

In Attendance:

Finance Committee

Jodie Garzon, Chairman
Peter Berube, Vice Chairman
Joyce Boiardi
Jim Borgman
Cathy MacInnes
Shawn Power
Craig Schultze
Katie Tieu

Select Board

James McCaffrey, Chairman
Peter Jurmain, Vice Chairman
Erin Underhill, Clerk

School Committee

Kerri Roche, Chairman
Steven Catalano
Marc Conroy
Denise Gibbons

Invited Guest:

Michael Guzinski, Town Administrator
Carol Johnston, Finance Director
Robert Mullaney, School Superintendent
Terry Wiggin, School Business Manager

Jodie Garzon called the Finance Committee Meeting to order at 7:03 PM.

Jim McCaffrey called the Select Board Meeting to order at 7:03 PM.

Kerri Roche called the School Committee Meeting to order at 7:04 PM.

Opening Remarks:

Jodie Garzon thanked everyone for their attendance at tonight's meeting. In doing so, the information should flow more efficiently; saving the Town Administrator and Finance Director time in presenting the information more than once. The meeting is helpful in determining the overall FY22 Operating Budget Process.

Jim McCaffrey also thanked everyone for attending tonight's meeting, the meeting is a very important component to the town's process in preparing for the upcoming Spring Town Meeting. Town Meeting will now be held the first week in May; previously it was held the second week in May. The By-Law change was approved at the November 2020 Town Meeting allowing elected officials to participate in the upcoming Fiscal Year's Budget in which they were influential in developing.

Kerri Roche echoed the appreciation of everyone's attendance and the opportunity to discuss the various issues the town is facing.

Financial Update:

A Financial Update and a 5-year Revenue Forecast, provided by the Finance Director, was emailed to the group prior to tonight's meeting. The update outlined the town's financial position including:

- An increase in Local Aid Distribution of \$351,391.00 for FY21.
- FY21 Quarter 1 and 2 Real Estate Tax collection rate is 98.4%. Sixty percent of the town's Real Estate Taxes are escrowed; payments are received in a timely manner.

- Host Community Agreement (HCA) Marijuana Impact Fees for Quarter 1 and 2 are \$175,628.00 and an additional \$175,628.00 will be recognized from the 3% Sales Tax Revenue.
- New Growth was certified by the DOR (Department of Revenue) in October for \$1,250,982.00; \$552,243.00 over the anticipated amount.
- Free Cash was certified by the DOR in the amount of \$653,839.00 of which \$227,848.66 was appropriated at the November 2020 Town Meeting. Free Cash available for appropriation at the May Town Meeting is \$425,990.34.

Overall, the town's revenue is trending positive. Peter Berube asked the Finance Director to expand on the New Growth Certification; the actual amount versus the projected amount is substantial. He inquired if the FY22 New Growth Projection should be increased.

Seventy two percent of the FY21 New Growth Revenue was generated from the Regency at Glen Ellen development; 100 units fully or partially constructed. Acorn Place was a large contributor to the other twenty eight percent. In terms of the projected FY22 New Growth Revenues, the town bases those revenue projections on property values assessed as of June 30, 2021.

The FY22 New Growth Revenue Forecast provided, \$703,533.00, is based on a five-year average; the Assistant Assessor is very comfortable using that projection. Craig Schultze noted the town is in a good cash position given the State Aid and Tax Collections; being conservative on New Growth Projections is sensible. Jim McCaffrey, a Regency at Glen Ellen resident, made the group aware that the developer, Toll Bros, has an additional fifty properties sold to date. The FY22 New Growth Revenue Projection can be reviewed at a later date.

Marc Conroy inquired if the additional \$351,391.00 in FY21 State Aid was allocated at the November 2020 Town Meeting; \$237,083.00 was, the town now has \$114,308.00 in additional State Aid.

Jim McCaffrey noted that the DOR is very stringent on communities recognizing revenues from marijuana sales; in the 2020 Calendar Year, Millis Marijuana Sales totaled approximately \$700,000.00 – split fifty percent HCA and Sales Tax. In addition, the town will receive \$50,000.00 from the Medical Marijuana HCA by June 20, 2021. Approximately \$350,000.00 from Marijuana Sales will roll into FY22 Free Cash estimated at \$1.2 million, ultimately impacting Capital Needs proposed at the May Town Meeting. It has not been determined when the DOR will allow municipalities to include Marijuana Sales in the upcoming Fiscal Year Revenue Projections. Mike Guzinski noted that hopefully by this time next year the town will be able to recognize Marijuana Sales in Revenue Projections.

Peter Berube asked for an update on the CARES (Coronavirus Aid Relief and Economic Security) Act spending and what funds are remaining. The town received approximately \$729,000.00 and has expended approximately \$289,000.00 in CARES Act funds. FEMA has initiated a reimbursement program for COVID-19 vaccination costs. A summary of the information including if the parameters have changed in qualifying costs would be helpful. Mike Guzinski made the group aware that the CARES Act timeframe was extended to December 31, 2021. The Municipal and School Departments will work to maximize the benefits of all grants awarded during the pandemic. The Board of Health will need funding to implement a plan to administer vaccines to the community. The biggest obstacle is having medical personnel available at the vaccine clinics.

Municipal Departments' Operations Update:

FY22 Budget Forms were made available to Municipal Departments in December 2020. The majority of the departments have submitted their FY22 Budget Requests to the Finance Office. The Select Board will be reviewing most of the Municipal Departments FY22 Budget Requests on Wednesday, February 10, 2021. After all of the FY22 Budget Requests have been presented to the Select Board, the Finance Office and Town Administration will provide a budget book to the Finance Committee.

The Veterans Memorial Building has been operational but closed to public except by appointment. Some offices are rotating staff due to tight office space; all employees are either working from home or in the office. The Library is operating curbside service only; residents can order materials for pick up. The Council on Aging is closed to the public but active in assisting seniors in the community.

School Department's Operations Update:

The schools continue to monitor COVID-19 cases throughout the district. There have been multiple cases throughout each school but have been leveling off recently. The School Administration staff and Board of Health meet weekly to assess the situation. The objective is to increase in person learning throughout the district. Bob Mullaney outlined the district's Hybrid Learning Program. The School Committee will host a Public Forum next week to discuss changing the School Mascot.

Joyce Boiardi inquired about the cost of changing the School Mascot and the funding available to do so. Kerri Roche explained a former Millis student initiated the movement to change the mascot; current students are in favor of it as well. The discussions of the change have become a learning process for the students and the community. The only Native American imagery left in the schools is on the gymnasium floor. Funding raising efforts are being started to absorb the \$15,000.00 to replace the floor. Terry Wiggins explained the cost of replacing the floor could perhaps be funded through the School Operating Budget. The fundraising would be used to design a new mascot symbol. The Public Forum will take place on Tuesday, February 2, 2021, at 7:30 PM. Participants need to register, the forms are available on the School's Website. Jim McCaffrey asked the School Committee to share the results of the forum with the group. Community participation is needed to consider the purchase of a parcel of land in town. The Select Board is hoping to host a Public Forum on the purchase in mid to late February.

Terry Wiggins explained the School Department began preparation of their FY22 Operating Budget in October. Core and Critical Needs for FY22 are being evaluated by the School Administration and School Committee.

Unbudgeted salaries related to COVID-19 is approximately \$355,000.00; grants will cover approximately \$200,000.00. The Grant awarded was less than expected. Additional staffing has been needed in five categories:

- Learning Facilitators – support teachers during hybrid learning
- Safety Monitors – primarily at the Elementary School
- Substitute Teachers – the need and cost has increased significantly
- Custodial Support
- Technology Support

The Nursing Staff's hours have increased as well during the pandemic. An additional \$47,000.00 in PPE and Sanitation is needed but is expected to be covered by FEMA. IT Infrastructure and Air Quality Filters were covered by the CARES Act.

The biggest concern is the Revolving Funds; the majority will be in deficit by the end of FY21. A budget freeze has been considered to offset the deficits. In particular, the Transportation Revolving Fund will be impacted in FY22. School Bus Driver Salaries of \$130,000.00 are paid through the Transportation Revolving Fund. If the funds are not available, that cost will be factored into the Operating Budget. The total Revolving Fund deficit for FY21 is expected to be between \$200,000.00 and \$300,000.00. Health insurance costs for the furloughed employees from the Extended Day Program need to be paid. Food Service Revenues have decreased. All school aged children are eligible for free breakfast and lunch through the Federal Waiver. Salaries for additional staff are not covered under the CARES Act. Funds have been reallocated to absorb some of the additional salaries needed during the pandemic.

FY22 Revenue Projections Review and Discussion:

A five-year Revenue Forecast was distributed to the group for review prior to the meeting. The Base Factor is comprised of the prior Fiscal Year's recap of Base Factor, 2 ½ Increase and New Growth. The Base Factor for FY22 is \$23,833,992.00, 2 ½ increase is \$595,850.00, New Growth is estimated at \$703,533.00 and Debt Exclusion \$3,160,340.00. The Total Levy is \$28,293,715.00. A one percent increase was used for: State Aid, Transfer from Special Funds and Local Receipts. A two and a half percent increase in Enterprise Fund Indirect Costs is included. The town is working on evaluating the Enterprise Fund Indirect Cost calculation. The estimated FY22 Available Funds for Appropriation is \$38,389,201.00.

Community Preservation Act (CPA) funds are generated by Tax Revenue; 1 percent of property assessments. A fee is also received annually from the Norfolk Register of Deeds. The total for FY22 is \$274,920.00, a decrease of \$50,000.00 from FY21. The decrease is in part due to the use of funds for projects, specifically the Town Fields Project. The Revenue Forecast will be updated and reviewed periodically throughout the year.

FY22 Revenue Sharing Discussion:

A unanimous consensus was not reached by the Select Board, Finance Committee and School Committee for revenue sharing in FY21, therefore, the traditional 65/35 split was applied. Although an alternative was presented, a 4% increase to Operating Budgets, the Select Board was not in favor of using that methodology for FY21. Demographic changes in the community, particularly the senior population, create greater needs in certain operating budgets at this time. Expanding the Senior Center operating hours should be considered. Town wide road improvements are desperately needed. Road Maintenance is primarily funded through State Chapter 90 Funds. Taxpayers do not contribute to the town's road maintenance. A growing need for Tree Care has been demonstrated in the last few years and needs to be considered as well. The consensus of the Select Board is that these items need to be addressed prior to engaging in a new revenue split decision. Reviewing the OPEB (Other Post Employment Benefits) obligation as well as the town's Stabilization Fund Balance should also be considered. The town should optimize on sharing resources between the Municipal and School Departments.

Pete Jurmain noted the town has implemented a Capital Planning Committee in the past few years that has been instrumental in demonstrating the overall needs of the community. A review of the process in how the town funds its needs is necessary moving forward. Must fund items such as educational needs, contractual obligations, etc. are straight forward. The next category to consider funding is the overall needs of staffing, computer leases, IT equipment, educational materials, public safety equipment, etc. The final category is a variety of items including road improvements and senior citizen needs. Department's bring forth their anticipated needs during the budget process at which time those needs are considered if funding is available. The overall needs of the community as a whole should be considered when allocating additional funds.

Craig Schultze had developed and presented a revenue split model last year that was supported by the Finance Committee and the School Committee. He has continued to update the model reflecting the increase of revenue the town has recognized in FY21. The model was presented to the group and Craig Schultze outlined its overall concept. The overall growth in all departments averages four percent annually without adding staff or additional hours. Due to the increase in real estate developments and marijuana sales, the town is finally in a position to fund must needed capital items and staff. The model reflected approximately \$1.2 million in new funds for FY22. Applying the 65/35 split, this would allow the School Department to grow 5.09% and the Municipal Departments 5.52%. Applying the 4% growth concept for both Municipal and School departments allows departments to sustain their current levels without reductions. Approximately \$303,532.00 in surplus revenues could then be considered to address some of the Select Board's concerns with expanding the Council on Aging operating hours, opening the Library seven days a week and addressing the much-needed road and tree maintenance. Over the next five years, the surplus could reach 1.2 million dollars. Craig Schultze will work with the Carol Johnston to fine tune the model to reflect the reinstatement of 10% in salaries effective December 1, 2020 to Town Hall Staff.

Marc Conroy noted the School Committee has endeavored to limit the school's contractual agreements to a 4% growth and is in support of this model. Pete Jurmain expressed his desire to have the process be flexible in order to address the overall needs of the community. Jodie Garzon noted the most compelling piece of this model is that it sustains current staffing and allows for capital needs to be funded. When the DOR permits marijuana revenues to be calculated in upcoming Fiscal Year's there will be an even greater upside to this model. The Operating Budget presented for approval at Town Meeting would include any additional hours and staffing funded by the surplus. Capital Items, such as road improvements, would be included in the Capital Items Warrant Article. Peter Berube emphasized should this model not be applied and the 65/35 split remains, grants and other infused funds should be considered prior to the revenue split for FY22. Jim McCaffrey reiterated the need to allocate funds to support the senior needs in the community.

The objective is to have a unified approach in utilizing surplus funds. It is crucial for the group to come to an agreement of revenue allocation in the next couple of weeks in order to move forward with developing the FY22 Operating Budget. Mike Guzinski agrees this a better approach to budgeting and addressing the needs of the community. The 65/35 split was established as an agreement, not an actual ByLaw, and therefore can be changed. Most communities have a revenue sharing policy in place that is agreed upon by the Select Board, Finance Committee and School Committee. Cathy MacInnes asked if \$200,000.00 in road improvements could be included in the Common Expenses such as General Insurance, Employee Benefits, Tri-County Assessment, State Chargebacks, etc. prior to revenue allocations.

The Select Board will be meeting with Municipal Departments on Wednesday, February 10, 2021, to review their FY22 Budget Requests. The Select Board's recommendations will take place at a later date.

Schedule Upcoming Tri-Board Meeting:

A Tri-Board Meeting will be held on Thursday, February 18, 2021, at 7:00 PM to discuss allocation of revenues and potential May 2021 Town Meeting Warrant Articles. Prior to the meeting, Pete Jurmain, Craig Schultze and Marc Conroy will establish a Revenue Allocation Policy to be voted on by the Select Board, Finance Committee and School Committee.

Adjourn Tri-Board Meeting:

Peter Jurmain made a motion to adjourn the Select Board Meeting at 9:44 PM; Erin Underhill seconded. Vote 3/0 motion carries unanimously.

Peter Berube made a motion to adjourn the Finance Committee Meeting at 9:44 PM; Joyce Boiardi seconded. Vote: 8/0 motion carries unanimously.

Denise Gibbons made a motion to adjourn the School Committee Meeting at 9:45 PM; Marc Conroy seconded. Vote: 4/0 motion carries unanimously.

Respectfully submitted,
Deirdre Gilmore