

Tri-Board Meeting

February 6, 2020 7:30 PM EST
Veterans Memorial Building, Room #229
900 Main Street
Millis, MA 02054

In Attendance:

Finance Committee

Jodie Garzon, Chairman
Peter Berube, Vice Chairman
Doug Riley, Clerk
Joyce Boiardi
Jim Borgman
Cathy MacInnes
Craig Schultze
Katie Tieu

Select Board

James McCaffrey, Vice Chairman
Peter Jurmain, Clerk

Capital Planning Committee

Jonathan Barry
Peter Berube
Kerri Roche

Invited Guest:

Michael Guzinski, Town Administrator
Carol Johnston, Finance Director
Steve Catalano, School Committee Member
Kerri Roche, School Committee Member
Nancy Gustafson, School Superintendent
Terry Wiggin, School Business Manager
Erin Underhill, Town Moderator

Jim McCaffrey called the Select Board Meeting to order at 7:36 PM.

Jodie Garzon called the Finance Committee Meeting to order at 7:36 PM.

Jonathan Barry called the Capital Planning Committee Meeting to order at 7:36 PM.

The School Committee did not meet a public meeting quorum.

Opening Remarks:

Jim McCaffrey welcomed the attendees. The purpose of the meeting is to engage in high level conversation on the FY21 Operating Budget, the needs of the town, discuss the appropriation of funds and to make the group and residents aware of issues the town faces.

Discuss the Big Picture – Municipal and School Challenges and Opportunities:

Jim McCaffrey expressed the challenges the town faces working to serve a changing and growing population. The growing need to provide Senior Services including a Council on Aging Facility as well as changing the scope of the Senior Services the town provides. The Council on Aging Facility is undergoing a Feasibility Study under the direction of the PBC (Permanent Building Committee). The study's goal is to determine a long-time solution to provide Senior Services to the growing population in the town. A questionnaire was sent to senior residents and there is discussion of possible "restacking" the Veterans Memorial Building to accommodate the need and changing the nature of the programs offered.

The Department of Public Works' facility that was approved at Town Meeting is in the design phase; this project is also overseen by the PBC. The operations of the DPW are being reviewed by an outside consultant to determine meeting the needs of the town and the allocation of Enterprise Funds. The Finance Director noted the indirect costs from the Enterprise Funds to the General Fund may actually increase as a result of the study. The review is in an expedited timeframe and should be available within a couple of months.

The town would like to improve their communications with the residents and encourages residents to volunteer in the many committees in need of members.

The Municipal side is facing deficiencies in both IT Administration as well as Human Resources. After funds were appropriated at the 2019 November Town Meeting, a Part-Time IT Director will be hired to help with this need.

The town is seeing strong residential development which has capped the town's sewer capacity. This has been an active discussion among the Select Board. With an increase in the number of business and resident sewer users, the hope is that the sewer rates will decrease or level off at some point.

The full debt amount for the new Clyde Brown Elementary School was reflected in the most recent Real Estate Tax Bills. New Growth should help with the tax relief so many residents seek.

The town has recently hired a new Assistant Assessor who is researching programs available to provide some tax relief to seniors. The town's goal is to retain residents.

The town now has a Long-Term Capital Plan and is hoping to implement a Road Improvements Program.

Steve Catalano spoke on behalf of the School Committee and made the group aware the committee is working with a preliminary budget for FY21, is in negotiations with (1) Collective Bargaining Unit and reminded the group the school's budget is 83% salaries. Similar to the Municipal side, the School Department has contractual obligations with Collective Bargaining Units.

The New Student Opportunity Act (NSOA), which outlines a minimum per pupil spending, capped Millis at \$30.00 per pupil which is part of the Chapter 70 funds received from the state. Communities who received greater relief from the NSOA had lower poverty levels. The School Choice Funding which in previous years helped offset some salaries can no longer do so. The committee is concerned how the schools will fair in FY21 with decreased funding.

The schools need additional Reading and Math Specialist. The preliminary budget for FY21 shows an approximate \$400,000.00 need to sustain staff levels. There is also a need for additional staff to retain students in-district. The school relies on approximately \$540,000.00 in revenue from School Choice-In students.

Review FY21 Budget Development:

Carol Johnston provided the group with a Budget Calendar. FY21 Budget Templates were distributed to Municipal Departments in December for presentation on Saturday, February 8, 2020 to the Select Board. The FY21 Budget Books will be ready for the Finance Committee on Tuesday, February 11, 2020.

Jodie Garzon appreciates receiving the Budget Book in time to review prior to scheduling presentations with Municipal Department Heads with large changes/requests to their budget for FY21. The School Department typically presents their budget to the committee in mid-March. The Finance Committee's Report will go to print on April 22, 2020 with their recommendations to residents for the May Town Meeting.

Jim McCaffrey reminded the viewers at home that the meetings are public meetings and encouraged residents to attend; questions, concerns and resident input are a crucial steppingstone in building the town's Operating Budget for the upcoming fiscal year.

Carol Johnston provided a 5-year Revenue Forecast which increases State Aid 1% each year. Property Taxes are based on the Base Rate plus a 2.5% increase, known as Prop 2 and ½ plus New Growth and Debt Exclusion. This formula establishes the Levy Limit. New Growth is certified by the DOR (Department of Revenue) annually. After meeting with Toll Bros., builders of the over 55 community on Orchard Street, they do not expect to build as many homes as previously

anticipated in the next five years. Enterprise Fund Revenues, Water, Sewer and Stormwater, are expected to increase 2.5%. The Community Preservation Act, 1% of Real Estate Taxes, are expected to remain "flat". The Available Funds for Appropriation are forecast at \$36,679,505.00 for FY21.

While some towns choose to opt out of including Prop 2 and ½ to the available funds, the Town Administration, Select Board and Finance Committee have historically included it to meet the town's budgetary needs. Ultimately, the attendees of Town Meeting make that decision when approving the next fiscal year's Operating Budget.

Mike Guzinski explained departments submit a Level-Funded Budget including contractual obligations during their presentations. A separate form is used to request Above-Level Staff and Capital Items.

Capital Planning Committee Update:

Jonathan Barry provided the Capital Planning Committee's Report including a memo and spreadsheet. The committee was established in May 2017. The committee's report summarizes the various Capital Items the town departments anticipate needing over the course of ten years. The current estimated cost of those needs is approximately \$47.1 million. The committee has not identified potential funding sources for some needs such as state funding, grants or possible tax overrides. In addition to the list provided there are several unknowns such as the potential building of a Senior Center or the rehabilitation of the town owned Lansing Village Building located on Exchange Street.

The document is fluid, it is constantly changing and will continue to do so over time. The committee welcomes any feedback from the board and committees on the format of the list provided. The list is grouped into: Facilities, Equipment, Infrastructure, Vehicles, Fields and Other. The town has invested quite a bit in facilities over the last ten years. The committee has a good inventory on the town's vehicles and the year in which replacement will be necessary. The list will be included in the Finance Committee's Report. Funding Capital Items requires a 2/3 vote at Town Meeting.

Jonathan Barry made a motion to adjourn the Capital Planning Committee Meeting at 8:38 PM; Peter Berube seconded. Vote: 3/0 motion carries unanimously.

65/35 Revenue Allocation Review:

The current revenue split is 65% School and 35% Municipal departments. That percentage has been in place for several decades. A subcommittee consisting of three members, Loring Barnes, Select Board, Marc Conroy, School Committee and Craig Schultze, Finance Committee, was tasked with making a proposal for allocation of the town's expected revenue increases over the next several years.

Craig Schultze provided the group with a draft proposal. The objective was to provide a simple formula that would provide an adequate and sustainable revenue split as well as set aside any surplus funds for the town's capital needs.

The town is seeing many opportunities for additional revenues through the development of the Toll Bros. project, known as Regency at Glen Ellen, Retail and Medical Marijuana Sales as well as an estimated \$400,000.00 in additional New Growth with other developments throughout town.

The proposal does not include any commercial or industrial growth – the town is 90% residential, increases in State Aid, cost sharing opportunities between the School and Municipal departments to reduce the town's expenses or funding any unforeseen state mandates.

As a result, the proposal allows both School and Municipal departments to grow their annual budgets by 4% each fiscal year, not including any additions to staff levels. The percentage and revenues will need to be reviewed every three years.

The proposal addresses new revenue only and does not include above level funding of staff, etc. Discussion evolved around considering reexamining the split to appropriate to the town's needs as a whole. The town faces a \$5 million road improvements need. If a proposal was made to change the split it would have detrimental effects to the schools.

The proposal presented, 4% increase in town voted budgets, includes \$2 million for Capital Items such as road improvements from the Regency at Glen Ellen project. The School Department is facing a 6%+ increase in their FY21 Level Service Budget. If the 65/35 does not remain in place for FY21 there would be major cuts to their staff. It was agreed a shift either way of the 65/35 split, which budgets have been based on for 20+ years, would result in major layoffs. It was acknowledged that the Planning Board was encouraged to welcome over 55 communities to town reducing an undue burden on the school system. It was also recognized that the over 55 developments put a burden on Public Safety: Police, Fire and DPW departments. Over 55 communities will require additional Senior Services.

Craig Schultze reminded the group that the 65/35 split was established by the Finance Committee to ward off any squabbles at Town Meeting over small items either the Municipal or School Departments were requesting to fund. He acknowledged the discussion this evening is a great step forward for all parties involved.

Part of the draft plan includes using Stabilization Funds if the 4% is not sufficient for Operating Budgets, however that was based on New Growth Revenues being added to the Stabilization Fund in the earlier years for use in the later years when New Growth slows to its typical rate. In light of the adjustment in the revenue forecast due to the meeting with Toll Bros., Craig Schultze asked to meet with the town's Finance Director to get a better handle on a more realistic revenue forecast prior to the group's next discussion on the matter. Jim McCaffrey noted that if a change in the revenue allocation were to be made it would require confidence in the revenues and would require providing the same level of service to the residents.

There was some discussion about the town's ever-growing healthcare costs and if that should be an Operating Budget line item in each department's budget. Currently that cost is deducted prior to the 65/35 revenue split.

Some members recognized that the 4% increase to department budgets seems more disciplined as opposed to the 65/35 split in new revenue. Although others thought the implementation for FY21 was too extreme. Separating the revenue from over 55 communities from other New Growth Revenue would be labor intensive and an inconsistent practice.

Jim McCaffrey suggested the group meet again in late February to discuss the topic to establish a policy for funding the FY21 Operating Budget. This would allow the Board and Committees to discuss the topic amongst themselves prior to taking a vote on a policy. There would have to be an all-party agreement to the new policy before implementation.

Jodie Garzon suggested the Finance Committee review and determine what policy is best for FY21 at their February 12, 2020 meeting. Holding another Tri-Board Meeting to discuss the matter is not feasible with the tight time frame in preparation for the May Town Meeting. Peter Berube agreed, the Finance Committee will take the lead on the topic for FY21. The Finance Committee welcomes further input from both the Select Board and the School Committee; it is a collaborative effort after all. Steve Catalano expressed his concern the School Committee did not have a quorum for this discussion, and thinks it is too late in the budgeting process to make any significant changes to revenue allocation for FY21.

It was agreed a Finance Committee Meeting will be held on Wednesday, February 26, 2020 to discuss the committee's policy for FY21 after their meeting on Wednesday, February 12, 2020. At that time the School Committee and Select Board will have met and can discuss any concerns with a revenue allocation policy change at that time.

Marijuana Revenue Expectations, Allocation, Sales Tax and Host Agreement Payment Discussion:

Jim McCaffrey updated the group on the status of the cultivation facility's licensing which has been submitted to the CCC (Cannabis Control Commission). The build out of the facility after licensing is two years. Revenues from that facility's host agreement will not be recognized until calendar year 2021.

Carol Johnston provided the group with a forecast of Marijuana Sales and Sales Tax Revenues. Marijuana Revenues are not included in revenue forecasting until a history has been established. The Sales Tax revenues are paid out by the state quarterly and the facilities submission to the state is monthly. Sales Tax Revenue will flow to Free Cash for the Fall Town Meeting.

Ideas for Future Discussion:

Jim McCaffrey polled the member of the Board and Committees for future discussion topics, the following is a list:

- Tax Relief Ideas
- Efficiency Improvements Through Shared Resources: Field Maintenance, IT Administration, Facilities Management and Human Resources
- The Structure of the Town Meeting Warrant
- Expanding Senior Services
- Promoting Citizen Engagement

Developing a Specific Charter for the Tri-Board:

Jim McCaffrey clarified that Tri-Board Meetings are a mutual agreement between the Board and Committees to meet several times a year and would like to develop a "Draft Charter" to formally institutionalize the meetings. After an outline of the "Draft Charter" is developed and the meetings' function is outlined, all parties would agree, and the Charter would be adopted.

Adjourn:

Jim McCaffrey made a motion to adjourn the Select Board Meeting at 10:23 PM; Pete Jurmain seconded. Vote 2/0 motion carries unanimously.

Jim Borgman made a motion to adjourn the Finance Committee Meeting at 10:23 PM; Peter Berube seconded. Vote: 8/0 motion carries unanimously.

Respectfully submitted,
Deirdre Gilmore