

Finance Committee

Meeting Minutes

August 11, 2020

7:00 PM

* VIRTUAL MEETING *

Present: Christi Andersen, Roland Bourdon, Jason Cole, Mike Majors, Steve Noone, Sahana Purohit, Christine Russell, David Wellinghoff

Not Present: Adam Nolde, Al Vlajinac (Associate)

Ms. Andersen called the meeting to order at 7:00 PM via a virtual meeting with no Committee members in physical attendance and broadcasted via Zoom and ActonTV.

1. Citizen's Concerns

There were no comments from the public.

2. Department Updates

Finance Director Stephen Barrett presented a PowerPoint update on the operations of the Finance Department:

Property taxes currently account for 92% of General Fund revenues. As of August 1st, the Town has noticed no deterioration in property tax collections, which currently stands at 94.5%, normally 98% by the end of August.

State Aid makes up 1.5% of General Fund revenues. The Governor recently signed a three-month budget through September 2020 at FY20 funding levels, including Unrestricted General Government Aid and Chapter 70 education aid.

Director Barrett updated the Committee on the closing of Fiscal Year 2020. COVID-19 impacted town services, however, the town financials remained strong. However, due to the uncertainty of revenues in Late Winter and Early Spring, the Town Manager instituted a spending and hiring freeze, which resulted in a significant municipal operating turnback of nearly \$1.4 million, accounting for 3.8% of municipal operating expenses. Most of the turnback accounts for unfilled positions in the organization in addition to prepayments and budget savings with a reduction in services impacted by the pandemic.

With respect to revenues, there was a 99.2% collection rate for FY20, which is slightly down compared to previous years, however is still a strong indicator for the municipality's AAA bond rating. Director Barrett further reported local receipts actuals met, or slightly exceeded budgeted revenues.

Director Barrett provided the Committee with an update on FY20 Free Cash. The Finance Department will provide all necessary records to the Department of Revenue in September

and will expect certification in October. Finance expects no deterioration in FY20 Free Cash levels and expects \$3.7 million to be certified.

Mr. Cole provided comments relative to State Aid, given recent Bureau of Labor Statistics noting a nearly 17.4% unemployment rate for the Commonwealth. Mr. Cole asked for insight relative to the potential uncertainty of unemployment in the region and across the State, and whether there may be an impact on State Aid. Director Barrett recognized the uncertainty and the Finance Department will be monitoring state aid estimates closely and will continue to assess financial conditions moving forward.

Mr. Majors noted a recent press conference by Governor Baker which reported state budget revenue actuals have remained consistent with previous years and estimates.

Ms. Andersen asked Board of Selectmen Chair Jon Benson for an update on the upcoming Special Town Meeting. Mr. Benson reported the Board has set Tuesday, September 8, 2020, as the meeting date. The Town Meeting will continue with the setup of the Annual Town Meeting held in June, indoor and outdoor setup. There will be four discussion articles and four consent articles. There will likely be a non-binding climate-related citizen's petition article.

Ms. Andersen proposed the Committee meet on Tuesday, August 18th to discuss and provide recommendations for the articles to be submitted in a timely manner in the Warrant. The Committee proceeded to assign members to speak on each article at Town Meeting as follows: Article 1 - Mr. Nolde, Article 2 - Ms. Purohit, Article 3 - Mr. Noone, Article 4 - Mr. Cole, Article 5 - Ms. Russell, Article 6 - Mr. Bourdon, Article 7 - Mr. Majors, Article 8 - Mr. Cole

3. ALG Update

Ms. Andersen reported ALG held the first meeting of the budget season. Relative to FY20, the school district is in the process of closing their books and tentatively expecting approximately \$700,000 in turnbacks. The district noted revolving funds such as school lunch, community education, and athletics have been particularly hit hard this year.

With respect to FY21, the Town has reported the hiring freeze will continue with the exception of Public Safety departments. The school district has reported significant cost increases, mostly attributed to increased technology costs with hybrid and remote learning, however, these expenses are eligible for reimbursement. The school district will exhaust all other grants and fiscal relief but expect to seek additional funding via the CARES Act allotment afforded to the Town.

Ms. Andersen noted the ALG plan had not been updated with recent numbers with the exception of the Minuteman Regional School District assessment, projecting nearly a \$1 million increase, due to increased enrollment. Ms. Andersen has asked Pam Nourse, Acton's Minuteman School Committee member to join the Committee at a future meeting.

The bids have been received for the North Acton Fire Station project and consistent with the budget.

The FY22 budget process remains on schedule with no expected change at this time.

The next ALG meeting is scheduled for September 24th, to provide the school district time to provide an update on the beginning of the school year and the initial budget process.

4. Point of View

Ms. Andersen polled the Committee for thoughts on the next edition of the Point of View presentation and noted the next meeting will provide a further in-depth conversation on each topic.

Mr. Cole requested additional information related to demographic and labor statistics, an update on Acton's position among its' peers with respect to the tax burden and median household income.

Mr. Majors recommends no increase in the tax burden for the upcoming fiscal year given the uncertainty in personal expenses during the pandemic.

Mr. Noone provided a brief history of the document related to the tax burden.

Mr. Wellinghoff expressed a straightforward, standardized, and consistent message within the document for the general public to digest. Mr. Wellinghoff recommends careful consideration of the suggestion for a level-increase tax burden, with a thoughtful approach of trade-offs during the budget planning process.

Ms. Purohit agreed with the Committee members on the general sentiment related to the tax burden.

Ms. Russell requested from Mr. Noone a copy of the prior year's Point of View documents and suggested the Committee provide a paper and electronic version in an effort to make the document easily accessible for the public.

Mr. Bourdon suggested revisiting financial reserve level floor and ceiling recommendations.

Mr. Majors recommends the Committee create a list of priorities to assist in the Point of View document and will provide a written copy of his suggestions to the Chair.

Mr. Cole suggested synthesizing a list of priorities from the Board of Selectmen related to Town financials.

5. Finance Committee Business

Ms. Andersen noted the Committee has several outstanding meeting minutes to approve. Mr. Cole moved to approve the meeting minutes for April 15, 2020, May 6, 2020, May 20, 2020, May 28, 2020, June 3, 2020, June 24, 2020, and June 29, 2020, as amended by Ms. Russell. Ms. Russell seconded. Ms. Andersen called the roll:

Ms. Purohit – aye
Mr. Majors – aye
Ms. Russell - aye
Mr. Noone – aye
Mr. Cole – aye
Mr. Bourdon – aye
Mr. Wellinghoff – aye
Ms. Andersen – aye

The Committee voted 8-0, the motion carried.

Mr. Cole provided a liaison report for the Douglas-Gates school building project. The bid package related to concrete, steel, and necessary site work was received and came in under budget of approximately \$2 million as the construction market is favorable. Mr. Cole notified the Committee the construction team has found ledge in limited areas, creating a challenge for septic reconfiguration, which will impact the bus circulation route during the school season, and impact the budget by approximately \$1 million. The septic system reconfiguration has been approved by the Board of Health and the project is moving forward.

Ms. Russell provided a report of the School Committee. The school start date is September 14th, which provides additional time for training for staff. Minuteman School District has revised the recommendations for ratios related to in-person student instruction.

Ms. Purohit provided a liaison report for the Board of Selectmen. The Zoning Board of Appeals has approved the PowderMill affordable housing project and GrandView housing project. Early voting for the September 1 State Primary election will be starting soon. The Town Manager will begin reviewing case-by-case staffing needs for each department.

Mr. Wellinghoff moved to adjourn. Mr. Cole seconded. Ms. Andersen called the roll:

Ms. Purohit – aye
Mr. Majors – aye
Ms. Russell - aye
Mr. Noone – aye
Mr. Cole – aye
Mr. Bourdon – aye
Mr. Wellinghoff – aye
Ms. Andersen – aye

The Committee voted 8-0, the motion carried. The meeting adjourned at 8:16 PM.