

MEETING MINUTES
FINANCIAL FORECAST COMMITTEE
Board of Selectmen Hearing Room
Town Hall
January 28, 2020

Present: Tony Vegnani, Jim Boudreau, Ron Griffin, Nancy Holt, Joe Divito, Pam Avitabile, Peter Gates

Not Present: Paul Donlan, Jerry Kelly, Chris Carchia

The Meeting was called to order at 7:05pm.

SCHEDULED ITEMS:

Accept Agenda

Vote to approve agenda. Motion by Mr. Divito second by Mr. Boudreau. Voted unanimously 7-0.

Mr. Vegnani asked Ms. Holt to go over the revenue changes from the last Forecast Committee meeting of September 30, 2019.

Review/Approve FY21 Forecast.

Ms. Holt stated that the FY20 new growth amount was thought likely to exceed the FY20 forecast at the September 30th meeting but the values had not yet been certified by the Department of Revenue so it was unknown at the time. The final new growth for FY20 was certified \$335,925 higher than estimated and when coupled with a 2.5% increase would result in additional tax levy of \$344,323 for FY21. Pursuant to the formula of 66.67% for the School Department and 33.33% for Town, the split would be \$229,560 for School Department and \$114,763 for town departments.

Last Wednesday afternoon, the state aid amounts included in the Governor's budget was released by the Department of Revenue as preliminary estimates for FY21 and included a net increase of \$629,675. There was a marked increase in Chapter 70, increase in Unrestricted General Government Aid and a reduction in assessments. The formula split of this increase would amount to \$419,804 addition for the School Department and \$209,871 for the town departments.

Due to the increase in Chapter 70 aid, Mr. Boudreau had reached out to South Shore Regional School District and they had provided a preliminary estimate of \$590,813 which when coupled with the Norfolk Regional Agricultural Assessment revision to three students resulted in an overall savings of \$190,799 to the original September 30th forecast. The School Department portion of that savings would be \$127,206 and the town departments would

receive \$63,593.

Further, Ms. Holt noted that Mr. Gates had sent her an e-mail with his concerns that the inclusion of the bus lease and street lights into the forecast last year had actually not benefitted the School Department overall. Ms. Holt reported that the unintended effect was a net loss to the School Department of \$10,000. It was discussed at the time of the addition of the bus lease, the members had tried to identify a town budget to include and the closest was the \$120,000 street light budget. In order to be neutral the town inclusion into shared costs should be 50% of the bus lease amount.

Ms. Holt noted that the room occupancy excise was not reflected in the forecast to date but the Town did not yet have a full year of experience with the revenue and the percentage was likely to be reduced at town meeting. She was in support of having any revenue estimated from it be directed to the OPEB liability and not incorporated into the operational budgets.

Mr. Vegnani reviewed the Committee's decision last year to include the bus lease and street lights as shared costs. Mr. Boudreau said he would support removing it but understood the School Department's view that the bus lease was not necessarily part of their operational budget as it was previously a capital expense. Mr. Griffin stated he would like to keep the bus lease as a shared expense if the appropriate balance could be found and that the current cost was \$250,000. His stated concern was that if the bus lease line was removed from shared costs it might never be placed back and that the busses were a capital expense. It was only due to the fluctuations of the capital plan that the School Committee had moved to the leases in order to address the need for busses that was not being met by the capital plan. Mr. Gates agreed with Mr. Griffin and wanted to keep the bus leases as a shared expense as long as it had a neutral net effect.

Mr. Vegnani was concerned that the lease number was a moving target and variable from year to year and that the move could skew the true costs of the School Department for the public's information. Mr. Boudreau was concerned that if the full amount was a shared cost that the School Department might not be as vigilant with the lease agreements as if that budget retained some of the cost. Mr. Griffin imparted that the School Department still has the maintenance of the busses in their operational budget and therefore would be motivated to be vigilant towards that expense. Mr. Vegnani noted that the original goal of the forecast was to keep the shared costs at a minimum and that the lease amount should be a fixed amount.

Ms. Holt said that if the forecast was amended to \$250,000 for the bus lease line and \$125,000 for the street lighting line; the net impact to the School Department would be \$250,012 and the town departments \$124,088. Mr. Griffin made a motion to keep the bus lease and street lighting as shared costs at the \$250,000 and \$125,000 levels and noted the \$12 differential. The motion was seconded by Mr. Boudreau. Mr. Vegnani proposed an amendment to the motion that the bus lease and street lighting lines be kept static at those levels going forward. His motion was seconded by Ms. Holt and approved unanimously by the Committee 7-0.

Ms. Holt detailed the net impact of all of the changes discussed which was an increase in available revenue of \$776,570 for the School Department and \$388,227 for the town departments and if the bus lease and street lights were removed as shared costs, an additional

increase to the School Department of \$10,011 and decrease to the town departments of \$10,011.

She further stated that the MMA conference did not provide clear guidance on the health insurance increase as the range was announced as -35 tp 8% and the Committee had used 6%. She did state that since the September meeting, the Medicare supplemental plan renewal had come in effective January 1st with a -1%. This change meant that there was \$177,675 potentially available in that estimated FY21 budget to be allocated elsewhere without moving from the 6% increase for the other components. She recommended that the Committee consider decreasing the health insurance estimate for FY21 by that amount and increasing the Workers Compensation line as the Town had been experiencing heavy claims for the last few years and now had an significantly costly claim that would likely cause all of the current year's allocation to be spent and a dip into the trust fund balance.

Mr. Vegnani asked the members to look at Chapter 70 and provide their thoughts on the increase. Mr. Boudreau expressed concerns about the formula as some Gateway cities ahd not received what they thought was a reasonable amount and that the Legislature might reallocate the Chapter 70 funds.

Mrs. Avitabile made a motion to amend the September 30, 2019 FY21 forecast by the items discussed. The motion was seconded by Mr. Griffin and voted unanimously 7-0.

Mr. Vegnani noted that the FY21 new growth figure remained unchanged at \$650,000. Mr. Boudreau supported leaving the new growth amount at that level as it provided flexibility if the state aid was reduced or if there were any other economic changes that would negatively affect the revenue estimates. Mr. Vegnani concurred stating that it was the function of the Forecast Committee to be conservative.

No action was taken on the room occupancy excise for the immediate future until more information was available.

Mr. Boudreau made a motion to adopt the amended FY21 forecast as discussed which was seconded by Mr. Griffin and voted unanimously 7-0.

Mr. Boudreau made a motion to accept the minutes of the September 30, 2019 meeting which was seconded by Mr. Griffin and approved 7-0.

Ms. Holt made a motion to adjourn at 7:51pm which was seconded by Mr. Boudreau and voted unanimously 7-0.

Respectfully Submitted,

Nancy Holt

Recorder