

MEETING MINUTES
FINANCIAL FORECAST COMMITTEE
Scituate Town Library
Community Room
85 Branch Street
May 15, 2020

*This meeting was conducted in compliance with the Governor's executive order modifying the Open Meeting Law regulations for remote participation. As the Scituate Town Library was closed to the public, the meeting was videotaped and broadcast by SCTV.
(<https://www.youtube.com/watch?v=UOASlzuYS4w>)*

Present: Jim Boudreau, Nancy Holt, Ron Griffin, Paul Donlan, Pam Avitabile, Tony Vegnani, Chris Carchia

Remote Participant: Joe Divito, Peter Gates, Jerry Kelly

Other Attendees: William Burkhead (School Superintendent 7/1/20)

The Meeting was called to order at 8:30 am.

SCHEDULED ITEMS:

Accept Agenda

Vote to approve agenda. Motion by Ms. Holt, second by Mr. Boudreau. Voted unanimously by roll call vote 9-0, Mr. Boudreau-yes, Mr. Donlan-yes, Mr. Griffin-yes, Mrs. Avitabile-yes, Mr. Vegnani-yes, Mr. Carchia-yes, Mr. Divito-yes, Mr. Gates-yes and Mr. Kelly-yes.

Mr. Vegnani updated the Committee about the necessity to review the revenue projections voted at the March 13, 2020 meeting for the FY21 budget based on the current public health crisis and the impact on multiple revenue streams for FY21 including meals tax, state aid and local receipts. Mr. Boudreau and Ms. Holt had met earlier in the week to discuss various reduction scenarios to be discussed in today's meeting.

Review FY21 Forecast

Ms. Holt stated the FY20 YTD meals tax receipts had met the annual projection but the 4th quarter receipts were expected to be significantly less due to the closure of most establishments. She explained that the meals tax revenue does not support the operational budget but 20% supports the Economic Development Commission (EDC), \$100,000 is used to mitigate the impact of the middle school and public safety debt exclusions on taxpayers and the balance of \$84,000 supports the capital plan. Mr. Boudreau recommended a 50%

reduction in the FY21 projection from \$230,000 to \$115,000. Mr. Donlan stated that reducing the EDC allotment to \$23,000 and eliminating the \$100,000 debt exclusion offset. Mr. Carchia stated he would like to see the portion attributable to the capital plan to remain in place. Mr. Boudreau recommended foregoing the \$100,000 in debt relief which amounted to approximately \$12 to the average homeowner which would be less than foregoing needed capital investment and the deferred cost of maintenance. Mrs. Avitabile concurred. Mr. Gates and Mr. Kelly deferred to the other members and Mr. Divito was also in support. Ms. Holt made a motion to reduce the meals tax estimate for FY21 to \$115,000 with \$84,000 supporting the capita plan and the balance of \$31,000 to support the EDC. The motion was seconded by Mr. Boudreau but no action was taken on the motion instead a consolidated vote would be taken at the end of the meeting.

Ms. Holt reviewed the FY20 YTD revenues for property taxes, local receipts, state aid & grants and federal funds and the potential impacts that the public health crisis could have on those revenue streams for FY21. Mr. Vegnani asked if Ms. Holt had seen anything specific in the last two months to which she responded that investment income had been impacted already.

Mr. Vegnani asked Ms. Holt about the FY21 local receipt projections and she was in favor of holding the estimate as is with the maximum of a 5% reduction. Mr. Boudreau supported holding the local receipt estimate at the current level pointing out that a 5% reduction would amount to \$300,000. Mr. Gates, Mr. Divito and Mr. Kelly concurred with Mr. Boudreau. Mr. Vegnani was concerned that the estimate was not conservative based on the current indicators and a reduction should be reflected at 2.5%. Mr. Griffin stated that School Medicaid reporting was ongoing and services were the same and he would work with Mr. Donlan to see why the Town had not seen any material revenue in FY20 YTD. He also supported a local receipt reduction of 2.5%. Mr. Divito stated that he was comfortable with the FY21 new growth estimate being achievable and he also supported the 2.5 % reduction. Mr. Kelly expressed concerns about the collection of property taxes and the Town's liquidity. Ms. Holt pointed out that at least 50% of the tax revenue was coming from mortgage companies. Mr. Boudreau stated that the Town could issue Revenue Anticipation Notes if necessary.

Ms. Holt discussed the historical trends in state aid from the 2008 recession forward showing that the reduction to state aid is usually greater than 10% and take several years to rebound. Mr. Boudreau stated that the Chairman of the House Ways and Means Committee was speculating at a 20% state aid reduction and that a 10% reduction is a reasonable starting point. There is current legislation in Congress to expand the CARES Act Coronavirus Relief Funds to allow them to be used as a revenue replacement which could address some of the FY21 issues for state and local governments. Ms. Holt went over the four state aid reduction scenarios of level state aid to FY20 levels resulting in a reduction of \$537,690, FY20 levels less 5% resulting in a reduction of \$948,690, FY20 levels less 10% resulting in a reduction of \$1,359,689 and FY20 less 15% resulting in a reduction of \$1,770,689.

Mr. Vegnani asked for committee member input on the scenarios and the level supported. Mr. Donlan supported a 10% reduction which was supported by Mr. Gates. Mr. Kelly was concerned about a 10% reduction on education programs. Mr. Griffin responded that the

School Department had been modeling internally the different scenarios and there were options to be pursued that could minimize impacts. Mr. Divito thought returning to the Fy20 level state aid at minimum but willing to support the 10% reduction. Mr. Carchia was concerned that the models were representative of a doomsday occurrence but had changed his mind after seeing the historical data showing the length of the time it has taken to rebound. Mrs. Avitabile agreed with a 10% reduction. Mr. Boudreau pointed out that it was easier to add back budget dollars than to make additional reductions and it was more likely that it could be a 15% reduction. Mr. Vegnani recognized incoming Superintendent of School Bill Burkhead and asked for his input. Mr. Burkhead deferred to Mr. Griffin and Mr. Donlan stating he would be continuing these conversations with them as he got up to speed with the district's finances.

Ms. Holt was concerned that the FY21 unemployment estimate of \$65,000 was too low based on the current claims received in April and May to date and if revenue reductions resulted in personnel reductions. She was concerned that it was not clear if benefits would be for 26 weeks or the extended 39 weeks and if there would be any support received for the claims. She noted that a payroll reduction of \$100,000 would only net a \$50,000 savings after unemployment in a 26 week scenario and a \$25,000 savings in a 39 week scenario. She and Mr. Donlan explained that the Town was a reimbursable employer meaning that it paid its claims and did not pay a premium to the Commonwealth which normally resulted in lower costs but it also could result in claims against them from employees who worked for other employers. Mr. Vegnani asked Mr. Boudreau about reallocating a portion of the workers compensation line to the unemployment line. Mr. Boudreau supported \$100,000. Mr. Boudreau asked Ms. Holt if additional funds should be moved to that account and from which line. Ms. Holt recommended moving the full additional amount allocated to the workers compensation line at the last meeting of \$177,875 to the unemployment line as it could always be transferred back at a later date if unneeded.

Mr. Vegnani recommended the Committee look at the four different state aid reduction scenarios and their impact on the model. Mr. Griffin was concerned that the unemployment would be insufficient at the 15% reduction level and it should be increased to \$400,000 which was supported by Mr. Donlan.

Mr. Donlan made a motion to reduce the meals tax estimate by 50% and reduce the local receipts estimate by 2.5% in all four state aid reduction scenarios. He further moved that the workers compensation line be reduced by \$177,875 and the unemployment line be increased by the same amount and that in the 15% state aid reduction scenario, the unemployment line be further increased to \$400,000 which was seconded by Mr. Carchia and approved by roll call vote 10-1, Mr. Boudreau-yes, Mr. Donlan-yes, Mr. Griffin-yes, Mrs. Avitabile-yes, Mr. Vegnani-yes, Mr. Carchia-yes, Mr. Divito-yes, Mr. Gates-yes, Ms. Holt-yes and Mr. Kelly-yes.

Mr. Carchia made a motion to accept the minutes of the March 13, 2020 meeting which was seconded by Mr. Donlan and approved by roll call vote 9-0-1, Mr. Boudreau-yes, Mr. Donlan-yes, Mr. Griffin-yes, Mrs. Avitabile-yes, Mr. Vegnani-yes, Mr. Carchia-yes, Mr. Divito-yes, Mr. Gates-yes, Ms. Holt-yes and Mr. Kelly-abstaining.

Mr. Gates inquired about next steps and when Financial Forecast would reconvene. Ms. Holt stated the models would be ready that day and she would distribute to members. Mr. Boudreau noted that he did not know when town meeting would be able to convene and the Town was currently working on a 1/12th budget submission to the Department of Revenue.

Mr. Kelly expressed appreciation to Mr. Boudreau and Ms. Holt relevant to the conservative FY21 level service budget that had been presented to the Advisory Committee this year.

Mr. Carchia made a motion to adjourn at 9:37AM which was seconded by Mr. Donlan and voted unanimously by roll call vote 10-0; Mr. Boudreau-yes, Mr. Donlan-yes, Mr. Griffin-yes, Mrs. Avitabile-yes, Mr. Vegnani-yes, Mr. Carchia-yes, Mr. Divito-yes, Mr. Gates-yes, Ms. Holt-yes and Mr. Kelly-yes.

Respectfully Submitted,

Nancy Holt
Recorder