

MEETING MINUTES

FINANCIAL FORECAST COMMITTEE

Thursday, January 28, 2021

This meeting was conducted in compliance with Governor Baker's declaration of a public health emergency and the related Emergency Executive Orders; the Financial Forecast Committee held the October meeting via Zoom Video and Audio (Dial-for those with only phone access). All participants participated remotely. This meeting was recorded by Scituate Community Television for later broadcast on cable television channel 9.

Remote Participants: Jim Boudreau, Nancy Holt, Jerry Kelly, Joe DiVito, Pam Avitabile, Bill Burkhead, Bob Dutch, Tony Vegnani, Mike Hayes

Members Not Present: Chris Carchia

The Meeting was called to order at 5:08 pm.

SCHEDULED ITEMS:

Mr. Vegnani noted the reason for the meeting was to discuss the new information on state aid, health insurance and debt service since the forecast was voted at the last meeting and asked Ms. Holt to provide more information.

Ms. Holt shared her screen displaying the forecast spreadsheet and explained the DOR has issued an estimated cheery sheet yesterday based on the Governor's FY22 budget submission that increased the assumed state aid from the previously adopted forecast by \$1.18M. She also stated that the Town was working on a refunding of a 2008 and 2011 bond which provided an opportunity to issue long term debt for the Humarock Fire Station, Wampatuck Portico and High School Locker Room projects at extremely low rates. The impact of the additional debt would be approximately \$149,000. And the final item she noted was that MIIA announced at the previous week's MMA conference that the range for health insurance increases would be from -.6% to 6.8% which was less than the current assumption of 8% resulting in a further expense reduction of \$86,000 if the 6.8% was utilized.

Mr. Vegnani asked to take up discussion on the state aid numbers and pointed out a concern as to whether they were not conservative enough as they were based on the State using more of its Rainy Day Fund. Mr. Boudreau stated that he had spoken to Senator O'Connor's Office and Representative Kearney's Office and both had supported using the state aid numbers provided in the Governor's submitted budget. Mr. Kelly asked if holding that same level of state aid for FY23 through FY25 was prudent. Mr. Hayes was also concerned about the level being sustained as was Mr. Vegnani. Mr. Dutch stated that in his experience a year over year decrease in Chapter 70 aid was very unusual as it was normally held harmless. As it is \$6M of the state aid amount, he felt that portion was reasonable to remain at that level. Mr. Boudreau noted that in his experience, it is rare for the Legislature to materially decrease aid over the

Governor's proposed level. Mr. Vegnani stated that the net increase for FY22 was almost \$1.2M in state aid. He also noted that the FY23 to FY25 assumption might not be conservative enough based on the use of the Rainy Day Fund. Ms. Holt and Mr. Boudreau both noted that there was no credible information to support an increase or a decrease at this time. Ms. Holt asked if an increase in the assessments of 5% each year from FY23-FY 25 would be in order which was supported by other members.

Mr. Vegnani moved onto the discussion of the increase in debt service verifying with Ms. Holt that it was not to fund new projects, just moving up the re-payment of principal and interest on existing projects due to the access to extremely low rates as previously mentioned. Ms. Holt pointed out that the forecast on screen showed an impact for a 20 year term but it could be reduced by 10 years if the Committee decided to allocate an additional \$75,000. Mr. Vegnani was in favor of leaving it at 20 years to have the lower rates for a longer period. Mr. Boudreau, Mr. Hayes and Mr. Kelly also agreed with that view but also supported Ms. Holt in the more rapid retirement of the debt to provide options for other projects down the road.

Ms. Holt also noted that South Shore Regional Vocational Technical High School Superintendent Hickey had provided an estimate for the regional assessment for FY22 which was \$15,000 less than this year. She noted that the forecast reflected a 10% increase. The Committee decided to leave this line item unchanged for the time being after discussion.

Mr. Vegnani summed up the potential changes during the meeting and confirmed the Committee's decision to increase the debt service for a 10 year pay back resulting in approximately \$700,000 and \$300,000 increases for the School Department and Town respectively.

Discuss/Vote FY22 Preliminary Forecast

Mr. Hayes made a motion to incorporate the new information for increased state aid, reduced health insurance and increased debt service as discussed into the FY22 forecast which was seconded by Mr. DiVito. Voted unanimously by roll call vote 9-0, Mr. Boudreau-yes, Dr. Dutch-yes, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Vegnani-yes, Mr. DiVito-yes, Mr. Hayes-yes and Mr. Kelly-yes.

Review/Approve Minutes

Mr. Kelly made a motion to accept the minutes of the November 18, 2020 meeting which was seconded by Mrs. Avitabile. The motion was approved by roll call vote 9-0, Mr. Boudreau-yes, Dr. Dutch-yes, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Vegnani-yes, Mr. DiVito-yes, Mr. Hayes-yes and Mr. Kelly-yes.

Ms. Holt made a motion to adjourn at 5:36 PM which was seconded by Mr. Boudreau and voted unanimously by roll call vote 9-0; Mr. Boudreau-yes, Dr. Dutch-yes, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Vegnani-yes, Mr. DiVito-yes, Mr. Hayes-yes and Mr. Kelly-yes.

Respectfully Submitted,

Nancy Holt
Recorder