

MEETING MINUTES
FINANCIAL FORECAST COMMITTEE

Thursday, October 22, 2020

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, Lincoln Henineman, Joe Divito, Pam Avitabile, William Burkhead, Robert Dutch, Tony Vegnani, Mike Hayes

Members Not Present: Chris Carchia

The Meeting was called to order at 6:00 pm.

SCHEDULED ITEMS:

Accept Agenda

Vote to approve agenda. Motion by Ms. Holt, second by Mr. Hayes. 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. Heineman-yes.

Review/Approve Minutes

Ms. Holt made a motion to accept the minutes of the June 9, 2020 meeting which was seconded by Mrs. Avitabile and approved by roll call vote 6-0-3, Mr. Boudreau-yes, Dr. Dutch-abstain, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Vegnani-yes, Mr. Divito-yes, Mr. Hayes-abstain and Mr. Heineman-abstain.

Mr. Vegnani noted that the FY21 free cash number was highlighted. Mr. Divito reported that new growth had been in the low \$900,000 range the prior year and should be at least \$900,000 this year. Mr. Divito also noted that construction costs had increased and he felt the level of growth should be increased to \$700,000 for FY23.

FY20 YTD Results

Ms. Holt noted that due to the pandemic a spending freeze had been imposed on the Town departments resulting in higher than normal budget turnbacks. She also noted that despite grave concerns about revenue collections due to the pandemic, tax revenue did come just

about at the normal level. Free cash has been certified at \$3.4M and retained earnings for the five enterprise funds were all positive.

Mr. Vegnani asked about the turnbacks for the School Department and Ms. Holt replied that the School Department had about \$600,000 in encumbrances mostly to address SPED tuitions as these were not reduced despite the school shutdowns.

FY21 YTD Update

Ms. Holt reported that the FY21 local receipts were within a couple of hundred dollars of the prior year and that the first quarter real estate taxes were also on target. She noted that there were local receipts impacts due to the pandemic namely investment income was significantly reduced though offset by other receipts for now. She also reported that the Town departments had been advised that expenditures should be limited to ongoing operations, response to COVID-19 and emergency repairs as the future was uncertain, especially if there were to be another shutdown.

November STM Funding

Ms. Holt discussed using the additional new growth to fund the capital plan items in the November special town meeting thereby leaving more free cash available for storm costs and funding the capital plan. Mr. Vegnani expressed concern that this would be removing those revenue sources from the 66.6%/33.3% split. Ms. Holt responded that there was a kindergarten funding article on the special town meeting as well. Mr. Vegnani asked M. Boudreau for his opinion and he responded that he supported the use of the tax levy as a funding source for the fall capital plan and leaving more free cash for the spring capital plan. Mr. Heineman asked if there were capital projects for the School Department on the capital plan. Ms. Holt confirmed that there is approximately \$700,000 in projects submitted on the FY22 capital plan.

Ms. Holt made a motion to utilize the extra new growth to support the November special town meeting capital plan which was seconded by Mrs. Avitabile. 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. Heineman-yes.

Discuss/Vote FY22 Preliminary Forecast

Ms. Holt shared her screen so the participants could view the forecast document. Mr. Vegnani reviewed the revenue components of the FY22 draft forecast highlighting that most were level funded to the FY21 level. Mr. Vegnani pointed out that the meals tax estimate might be too high at 75% of the FY20 estimate now that the outdoor dining was ending. The members discussed and the prior year revenue was reviewed and the projection was unchanged.

Mr. Vegnani next reviewed the shared expenses in the forecast by line. Ms. Holt expressed

concern about the unemployment line and the contributory group insurance line. The unemployment line was estimated at twice the normal amount of \$65,000 but far less than the FY21 level. She also stated that the contributory group health insurance line had been increased by 5% over the prior year in the forecast as is the normal trend. Based on a meeting that had occurred with the insurer that morning, she was now concerned that it was not sufficient. She explained that the Town's prior year claims had been significantly higher and the insurer was recommending that the Town use 8% as a budget increase. Mrs. Avitabile echoed those concerns and stated she recommended an 8% increase. Ms. Holt updated the forecast to the 8% increase based on the members' consensus to that change.

Mr. Heineman asked if any consideration had been given to the use of reserves. He noted that this had provided flexibility and liquidity in his current budget. Ms. Holt noted that use of reserves was against the Town's financial policies and she did not support it as it would then have to be made up the following year so she would prefer to reduce expenses. Mr. Heineman asked for explanation on the meals tax and capital plan lines on the forecast. Ms. Holt explained that the forecast provides \$100,000 of the available revenue to support the capital plan. She went on to note that 20% of the meals tax supported the Economic Development Commission's budget, \$100,000 was used to offset the impact to taxpayers of the middle school and public safety building projects and the remainder of \$38,000 was for the capital plan or the capital stabilization fund. She noted that \$100,000 debt offset had approximately a \$12 impact to the taxpayer and the Committee had not funded it for FY21 in their revised June 2020 budget due to the 50% decrease in the meals tax estimate.

Mr. Vegnani reviewed the bottom line split of available revenue for the School Department and the town departments. Ms. Holt noted the specific increase for each and reminded the members that the school bus lease shared cost of \$250,000 was to be added to the split amount.

Mr. Hayes noted the collaborative efforts between the Schools and the Town and that it was great to see.

Mr. Hayes made a motion to adopt the preliminary FY22 forecast as amended which was seconded by Mr. Boudreau. 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. Heineman-yes.

Mr. Hayes made a motion to adjourn at 6:54 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. Heineman-yes.

Respectfully Submitted,

Nancy Holt
Recorder