

FINANCIAL PLANNING COMMITTEE MEETING

Wednesday, April 29, 2020 – 5:30pm

Virtual meeting:

<https://zoom.us/j/97838624740?pwd=N2tHMmtkZ0x4SmlPaFV0SkkvVEV6QT09>

Meeting ID: 978 3862 4740

Password: 576009

One tap mobile +13126266799,,97838624740#,,#,576009# US (Chicago)

+19292056099,,97838624740#,,#,576009# US (New York)

MEETING MINUTES

This meeting has been properly posted as required by law.

MEMBERS PRESENT:

Karen Adelman-Foster, Select Board representative

Cathi Collins, School Committee representative

Jonathan Freedman, Select Board representative

Melissa Malone, Town Administrator

Julie McDonough, School Committee representative

Anna Nolin, Superintendent of Schools

Dan Sullivan, Finance Committee representative

Linda Wollschlager, Finance Committee representative

NOTABLE ATTENDEES:

Frank Foss, Town Moderator

Peter Gray, Director of Finance, Natick Public Schools

Henry Haugland, School Committee

Rick Jennett, Select Board

Tony Lista, Finance Committee

Tim Luff, Assistant Superintendent of Student Services, NPS

Donna McKenzie, School Committee

Karis North, Town Counsel

Sean O'Brien, Assistant Finance Director

Susan Salamoff, Select Board

John Townsend, Deputy Town Administrator/Finance Director

Kristine Van Amsterdam, Finance Committee

AGENDA:

1. Open Session

April 29, 2020 Financial Planning Committee Meeting Minutes – Approved May 13, 2020

- 2. Citizens' Concerns
- 3. Announcements
- 4. New Business
 - a. Joint and separate updates regarding emergency fiscal options, actions, and effect
 - b. Joint and separate updates regarding revenue and expense projections for FY 2020
 - c. Questions for future updates, including outstanding questions
- 5. Old Business
 - a. Continue discussion related to budget planning for FY 2021 and beyond --updates on revenue and expense projections
- 6. Meeting Minutes
 - a. April 1, 2020
 - b. April 15, 2020

OPEN SESSION

Meeting was called to order at 5:34 p.m. by Jonathan Freedman.

CITIZENS' CONCERNS

None

ANNOUNCEMENTS

None

MEETING MINUTES

Mr. Sullivan clarified one of his remarks in the April 15, 2020 minutes; otherwise, no comments were received.

Move to approve April 1, 2020 minutes:

Moved/Motioned by:	Mr. Sullivan
Seconded by:	Ms. Adelman-Foster
Motion approved:	8-0-0

Roll call:

Karen Adelman-Foster	Y
Cathi Collins	Y

April 29, 2020 Financial Planning Committee Meeting Minutes – Approved May 13, 2020

Jonathan Freedman	Y
Melissa Malone	Y
Julie McDonough	Y
Anna Nolin	Y
Dan Sullivan	Y
Linda Wollschlager	Y

Move to approve April 15, 2020 minutes as amended:

Moved/Motioned by:	Mr. Sullivan
Seconded by:	Ms. Adelman-Foster
Motion approved:	8-0-0

Roll call:

Karen Adelman-Foster	Y
Cathi Collins	Y
Jonathan Freedman	Y
Melissa Malone	Y
Julie McDonough	Y
Anna Nolin	Y
Dan Sullivan	Y
Linda Wollschlager	Y

NEW BUSINESS/ OLD BUSINESS

Mr. Freedman asked Ms. Malone to review the Financial Scenario Update presentation from the Monday, April 27 Select Board meeting so that everyone can have the same understanding of what we are facing now.

Ms. Malone reported that latest revenue scenarios are assuming a 17% reduction in State Aid and a 21% reduction in Local Receipts (Scenario A) or a 17% reduction in State Aid and a 30% reduction in Local Receipts (Scenario B). Shared and Keefe Tech expenses reflect the actual cost anticipated for FY21. The figures depicted are Town Meeting appropriations and do not include any Federal money.

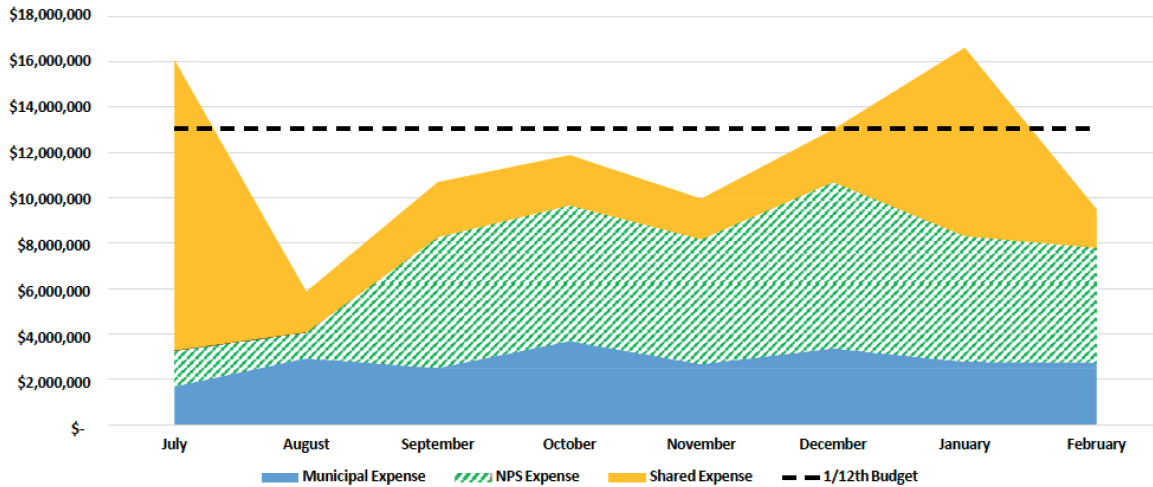
Scenarios of State Aid & Local Receipt Reductions

Scenario A: 17% Reduction in State Aid, 21% Reduction in Local Receipts					
	FY20 Budget	FY21 Scenario A (-17 SA -21 LR)	Proportional Cut Balance FY21	Scenario A \$ FY20- FY21	Scenario A % FY20 -FY21
Revenue	166,661,160	160,026,350	160,026,350	(6,634,810)	-4.0%
FY20 MUNI	39,014,114	39,014,114	38,152,799	(861,315)	-2.2%
FY20 NPS	67,810,346	67,810,346	66,343,782	(1,466,564)	-2.2%
FY21 Shared & Keefe Tech	49,445,849	49,769,189	49,769,189	323,340	0.7%
Other	10,313,841	5,760,580	5,760,580	(4,553,261)	-44.1%
Balance	77,010	(2,327,879)	-		

Scenario B: 17% Reduction in State Aid, 30% Reduction in Local Receipts					
	FY20 Budget	FY21 Scenario B (-17 SA -30 LR)	Proportional Cut Balance FY21	Scenario B \$ FY20- FY21	Scenario B % FY20 -FY21
Revenue	166,661,160	158,415,213	158,415,213	(8,245,947)	-4.9%
FY20 MUNI	39,014,114	39,014,114	37,556,678	(1,457,436)	-3.7%
FY20 NPS	67,810,346	67,810,346	65,328,766	(2,481,580)	-3.7%
FY21 Shared & Keefe Tech	49,445,849	49,769,189	49,769,189	323,340	0.7%
Other	10,313,841	5,760,580	5,760,580	(4,553,261)	-44.1%
Balance	77,010	(3,939,016)	-		

Ms. Malone stated that if we are unable to hold a Spring Town Meeting due health concerns, then we are allowed to set a minimum budget based on 1/12 of FY20 expenses.

1/12th of FY20 Expenses



	July	August	September
1/12th Scenario	\$ 13,036,628	\$ 13,036,628	\$ 13,036,628
Municipal Expense	\$ 1,675,903	\$ 2,917,740	\$ 2,487,966
NPS Expense	\$ 1,589,191	\$ 1,148,713	\$ 5,774,612
Shared Expense	\$ 12,782,534	\$ 1,782,076	\$ 2,424,368
Total	\$ 16,047,628	\$ 5,848,529	\$ 10,686,946
Variance	\$ (3,011,000)	\$ 7,188,099	\$ 2,349,682

Total FY20 Q1 EXP \$32.5M

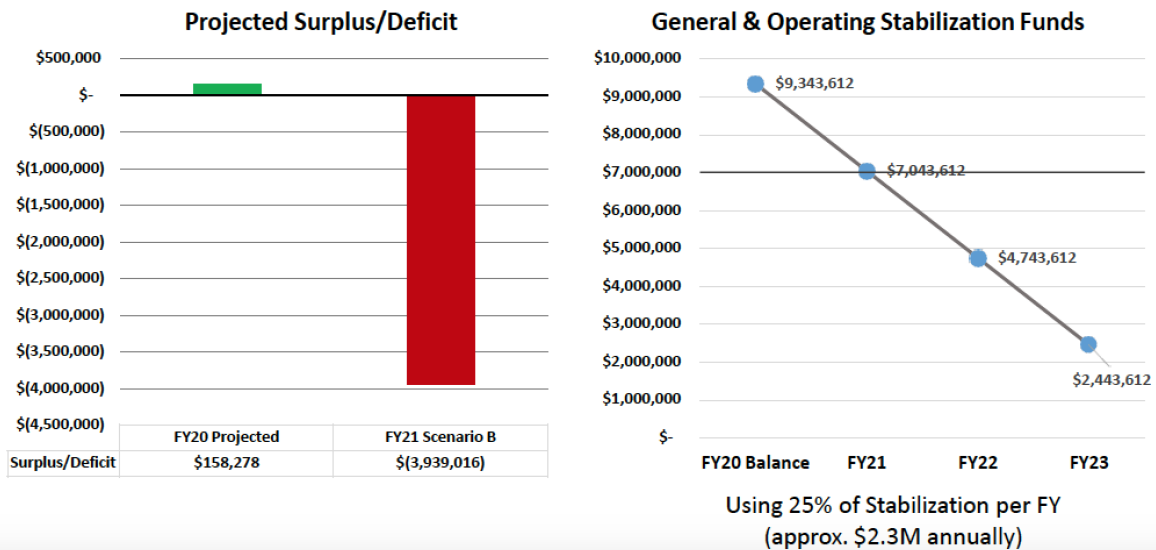
Mr. Freedman asked if we needed to simultaneously plan for both a 1/12 budget, in case Spring Town Meeting does not occur, and a FY21 budget because we will need it at some point. Ms. Malone said yes and added that 4th quarter results and the state budget, if adopted in August or September, would allow for an adjustment at Fall Town Meeting.

Ms. Malone stated that the administration is recommending that we only use 25% of our \$9.3M in General and Operating Stabilization Funds for FY21 as all indications are pointing to a long sustaining recovery between three and five years.

Scenario “B” Revenues with FY20 Operating Budgets & FY21 Shared Budget

FY20 General Fund Budgets: Municipal Depts. \$39,014,114 & NPS \$67,810,346

FY21 General Fund Shared Expense Budget: \$49,769,189



Ms. Adelman-Foster clarified that when the Select Board is choosing a scenario, they are choosing a set of assumptions on how much revenue loss it's prudent to assume. She pointed out while we don't have to all agree on what the future is going to be, the Select Board will have to agree on how much risk is acceptable.

Ms. North noted that we do not have any clarification for DLS on whether or not the 1/12 budget is adopted at the total appropriation level or the department level.

Mr. Sullivan asked if the scenarios assumed a stable tax levy vs the January preliminary budget. Ms. Malone said yes, and further added that due to an anticipated loss in value for commercial properties such as retail, the tax burden for the homeowner will be higher. They are working on

modeling these impacts. She noted that we are receiving a high volume of calls from individuals looking for tax relief.

Ms. Collins asked if a 1/12 budget would potentially prevent departments from signing contracts, due to 30B requirements that require funds to be available. Ms. North indicated that she will need to think about this more.

Ms. Collins noted that the scenarios do not include free cash also asked how much of the certified free cash as of last July remains unappropriated. Ms. Malone estimated the figure at \$2M. Ms. Collins noted that it is important to have a discussion on the impacts of the larger FY21 budget and wondered when this is going to happen. She noted that our expenses need to fit within available funds, not necessarily revenues. Stabilization funds and unappropriated free cash need to be included.

Dr. Nolin reviewed a presentation on the School Department's guide to decision-making during COVID closure and recovery financial planning. She listed a number of core values which she suggested could be used as a framework for the town. She summarized tactics used in difficult financial times previously. She stated that we have to develop a FY21 budget that does not resign itself to the 1/12 level of reduction.

Dr. Nolin reported that the Kennedy Middle School project is at 50% completion. Savings within the Kennedy project could potentially be applied to capital projects on the Brown/KMS campus. The School Department is looking to prepay out-of-district and collaborative Sped tuitions from savings that are accruing from not being open. Parents are being refunded for a number of different fees, including bus fees, which in some cases could be a credit for next year. \$109K of the Town's bus fee subsidy would go to free cash.

In addition to uncertainty of State, Federal and Medicaid funding, Dr. Nolin mentioned that compensatory services for Special Ed students is a big concern. She presented options for the School Committee to consider if other reductions are insufficient.

Mr. Freedman suggested we think about the process by which each group prioritizes services. He stated the schools have some advantage because they have bottom-line authority, while municipal departments are constrained by the way budgets are crafted.

Dr. Nolin mentioned that a survey of the town through ThoughtExchange in conjunction with phone banks could be a way to take a pulse of the town. Mr. Freedman expressed concern about how to reach a broad and representative sample of the community.

Ms. McDonough asked about thoughts on what process by which we are going to bring forth the impact and how do we move forward. Mr. Freedman suggested if the FPC can agree on parameters

as a group, then we could take it back to our boards. Mr. Sullivan pointed out that we are spending much of our time on presentations, not discussions.

Mr. Jennett said that he would like to understand the impact on schools with respect to the timing of hiring practices under the various scenarios. Once the Select Board determines the revenue numbers, the two administrations will need to work out the details based on solid information on impacts. Ms. Salamoff said she thinks it's the SB's responsibility to have a policy for what the budget plan is. We owe it to the public to have a discussion of priorities.

Dr. Nolin clarified that teachers and services need to be in place from day one. The alternative would be outsourcing, which is generally more expensive.

Mr. Freedman stated that the Select Board will be voting on Monday on the revenue assumptions and recommended use of reserves, not a budget proposal.

Ms. Wollschlager asked if the Select Board would also be considering the underlying assumptions behind the scenarios in order to recognize if something changes over time. Mr. Freedman replied that he believes there will be time to make adjustments based on better data at a later time.

ADJOURN

Moved/Motioned by:	Ms. Salamoff
Seconded by:	Ms. Wollschlager
Motion approved:	8-0-0

Roll call:

Karen Adelman-Foster	Y
Cathi Collins	Y
Jonathan Freedman	Y
Melissa Malone	Y
Julie McDonough	Y
Anna Nolin	Y
Dan Sullivan	Y
Linda Wollschlager	Y

Meeting adjourned at 7:17 pm.