

FINANCIAL PLANNING COMMITTEE MEETING

Wednesday, May 13, 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

Patrick Hayes, Finance Committee

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

Hayley Sonneborn, School Committee

John Townsend, Deputy Town Administrator/Finance Director

Kristine Van Amsterdam, Finance Committee

AGENDA:

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1. Open Session
2. Citizens' Concerns
3. Updates and Discussion
 - a. Updates regarding revenue and expense projections
 - b. Updates and discussion regarding process, timelines, and impacts pertaining to FY 2021
 - c. Questions for meetings, including outstanding questions
 - d. Updates regarding revenue and expense projections for FY 2020
4. Meeting Minutes

OPEN SESSION

Meeting was called to order at 5:33 p.m. by Jonathan Freedman.

Roll call of attendees:

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

Mr. Freedman noted that many people are on the meeting call. Since there may be a quorum of other boards or committees, it's important to be careful about making comments or deliberation that may run up against the Open Meeting Law (OML).

CITIZENS' CONCERNS

Anthony Humeniuk, a Natick resident and CPA, spoke on behalf of a group of citizens who want to find town-wide solutions to the budget challenges. He asked for a renewed sense of collaboration across town committees and expressed willingness to help.

UPDATES AND DISCUSSION

Mr. Freedman reiterated that the scope of the committee's charge is not detailed budget planning but rather information sharing and developing strategies that can be shared with our respective

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boards and committees. He stated that he received feedback that our meetings had too many presentations and not enough discussion.

In response to questions from Ms. Collins, Ms. North indicated that we have not had a response from the Division of Local Services (DLS) on the status of whether contracts can be issued without a full FY21 budget in place. Ms. North stated that the 1/12 budget is based on the Town's FY20 approved budget and she is not sure what the lead time is for a budget to be approved. Ms. Malone said that we are awaiting guidance from DLS on many issues that we have discussed in prior meetings.

Mr. Sullivan pointed out that many attendees may be unfamiliar with the acronyms used. Mr. Freedman and Ms. North explained that DLS is part of the Department of Revenue (DOR) and has authority over many of the budgeting decisions that are allowed under the executive order from the governor. Mr. Freedman went on to explain that the 1/12 budget is a bridge budget that can be implemented if Town Meeting has not adopted a budget before the start of FY21. This option allows town's to use revenue targets from FY20 and pass those forward to FY21.

Ms. Collins asked when the free cash estimate for the end of FY20 would be available. Ms. Malone indicated they are working on this, but she does not expect the number to be available before the amended preliminary budget is published. Mr. Freedman asked if the .5% set aside as a reserve was included in the \$2M of free cash that was certified previously. Ms. Malone indicated it was not. Mr. Townsend cautioned that until the DOR certifies free cash, we don't really know what it will be.

Dr. Nolin explained that a 1/12 budget is difficult for schools as contracts and hiring are required early in the year. In addition, last year's budget was supplemented by \$850K in revolving funds that would not be included in a 1/12 budget. Some vendors have been amenable to a 90-day extension, but the largest ones have indicated a delay will result in higher charges.

Ms. Wollschlager stated the Newton's Mayor had proposed a revised FY21 budget on Monday night that did not have any reductions in Chapter 70 revenue. In Natick's revenue assumptions adopted by the Select Board, Chapter 70 funding is reduced by 20%, resulting in \$2M less in revenue for FY21. She wondered how two towns, who presumably are both speaking with their legislators, have such different projections.

Ms. Malone stated everyone who was informing the revenue decision expected the economy to be worse than 2008. She noted that local receipts are declining, the state is low on cash and federal government assistance can't be assured. She stated that we look at all the state and federal funds to support the School Budget, which totals over \$100M. Mr. Freedman stated that the municipal and school management meet several times a week and often Rep. Linsky participates.

Ms. McDonough asked if the monies saved by closing out capital budgets are included in the FY21 revenue assumptions. Ms. Malone indicated the savings of \$300K would fall to free cash and could be needed to close the gap for FY20. Monies remaining from deferring capital projects will remain

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in the Capital Stabilization account. Ms. McDonough emphasized the importance of having a conversation about free cash because it would be distressing for everyone if reductions are made when funds are actually available.

Mr. Freedman pointed that we try our best to adhere to our financial management principles because they affect how ratings agencies view the town. Retaining liquidity and maintaining the bond rating is important so we can continue to borrow at low rates.

Mr. Sullivan stated that an optimistic revenue forecast will magnify the pain down the road. Since you can't deficit spend, more people would have to be laid off if revenue projections fall short.

Mr. Sullivan asked the School Department to look at 2008/9 data to refine estimates of how many additional private school students might return to the system. Mr. Sullivan described the financial impact of the School's FY21 collective bargaining agreements and compared the increases to the size of other town budgets. He stated that it is important to exert brutal good faith as we go through the process. He was surprised to be informed that some elected officials had advised citizens to exert maximum pressure on the Select Board, Finance Committee and Town Meeting.

Mr. Freedman stated that we are a diverse group of residents with different priorities and needs, but we all have the best interests of the town at heart. We are all looking to do the best thing and need to continue to work together.

Dr. Nolin asked to respond to some of Mr. Sullivan's remarks. Mr. Freedman asked to table this until after a discussion on the process, given the limited meeting time remaining.

Ms. Malone stated that, since receiving revenue guidance from the Board of Selectmen (BOS), the municipal department heads identify budget savings for FY21 by May 17. Town administration will then review potential cuts, given the objectives to ensure essential services and protect as many employees as possible. The goal is to have an amended preliminary budget by June 8. Ms. Malone noted that Town Meeting is currently scheduled for June 9.

Dr. Nolin stated that the first step for the School Department is to accurately understand the Town Administrator's budget presentation to the BOS. The second step is to apply the core values to keep mandated services and avoid any cuts that impact classroom services for students. Another objective is to keep staff working, but that must be balanced against the emerging need for compensatory services. She is also awaiting guidance from the state about what reopening will look like in terms of social distancing and sanitation requirements. Title 1-4 and CARES Act funding is uncertain. If needed, she will revisit union contracts, although she pointed out that teachers still need to pay thousands of dollars to be recertified every 5 years.

Mr. Freedman asked if there would be any federal grant funds specifically for education to offset the loss of state aid and local receipts. Dr. Nolin said that there are COVID closure grant opportunities

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which address some items such as PPE, sanitation equipment and the purchase internet hotspots. These funding opportunities will sunset in September 2022.

Ms. Adelman-Foster asked Ms. Malone to talk about the kinds of mandates and impacts that exist on the municipal side. Ms. Malone stated that there are mandates from water to public safety training and filings to receive federal and state funding. There are also compliance issues for borrowing and ensuring robust health care. She mentioned the services provided by DPW, Public Safety, and Public Health, particularly addressing the opioid crisis. She also mentioned parks, library and services to seniors. The community center has increased in programming, but not staff. Ms. Malone stated that the municipal departments have done more with less. Impacts would include decreased services which would be especially challenging in departments which have not had budget increases.

Ms. McDonough asked if Mr. Freedman anticipated that the School Committee would present their budget to the BOS, as is customary. Mr. Freedman indicated that he would welcome the exchange and suggested they discuss further.

Ms. McDonough also asked if the process for formulating the 1/12 budget could be discussed at a future meeting. Mr. Freedman indicated that a budget update would be part of the upcoming BOS meeting. Ms. Wollschlager asked to have a discussion about public engagement at the next FPC meeting.

Ms. Adelman-Foster asked to have a detailed understanding, from both the municipal and school departments, of why one cut is being proposed and not another.

MEETING MINUTES

Move to approve April 29, 2020 minutes:

Moved/Motioned by:	Mr. Sullivan
Seconded by:	Ms. Collins
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

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Linda Wollschlager	Y
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Mr. Sullivan noted that posting an end time for a meeting means that the meeting cannot continue past the posted time per OML. Mr. Freedman stated that the agenda for this meeting does not specify an end time.

Ms. Salamoff noted that the BOS is taking community engagement very seriously. She stated that cities may be able to be more nimble in establishing FY21 budgets as they are easily able to convene a city council for budget approval.

ADJOURN

Moved/Motioned by:	Ms. Adelman-Foster
Seconded by:	Ms. Collins
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 7:10 pm.