

**FINANCIAL PLANNING COMMITTEE MEETING**

Wednesday, June 3, 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

Rick Jennett, Select Board representative

Melissa Malone, Town Administrator

Henry Haugland, School Committee representative (after 6pm)

Julie McDonough, School Committee representative (until 6pm)

Anna Nolin, Superintendent of Schools

Dan Sullivan, Finance Committee representative

Linda Wollschlager, Finance Committee representative

**MEMBERS NOT PRESENT:**

Jonathan Freedman, Select Board representative

**NOTABLE ATTENDEES:**

Jamie Errickson, Deputy Town Administrator/Operations

Frank Foss, Town Moderator

Peter Gray, Director of Finance, Natick Public Schools

Tim Luff, Assistant Superintendent of Student Services, NPS

Donna McKenzie, School Committee

Susan Salamoff, Select Board

John Townsend, Deputy Town Administrator/Finance Director

Kristine Van Amsterdam, Finance Committee

**AGENDA:**

1. Open Session

## **June 3, 2020 Financial Planning Committee Meeting Minutes –Approved June 17, 2020**

- a. Call to order
2. 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
3. Meeting Minutes

### **OPEN SESSION**

Meeting was called to order at 5:36 p.m. by Cathi Collins.

### **UPDATES AND DISCUSSION**

Ms. Malone indicated she would be ready to present the updated FY21 at the Board of Selectmen's meeting on Monday, June 8. Ms. McDonough stated that the School Committee would be presenting a revised FY21 budget on June 4.

Mr. Domenic Mallozzi, a Speen Street resident, suggested that a town moratorium on new residential construction for the next several years would help the schools in forecasting enrollment.

Mr. Sullivan asked if the town had modeled the impact to the tax levy of requests for abatements from commercial and retail properties. Ms. Malone stated that about 20% of our tax levy comes from commercial and if there is a decrease in value then residential taxpayers would be paying more. Mr. Townsend stated there is more concern with declining commercial values than abatements at present and the bigger concern will be for new growth in FY22.

Mr. Sullivan suggested that having a model of what the impact might be on the residential taxpayer might be beneficial. Mr. Townsend indicated that there have been conversations with the assessing staff and that we will be looking at models once budgeting is over. Ms. Adelman-Foster stated that given the workload for our financial staff, there might be a sizable delay. Mr. Townsend said he hopes to be able to do some serious forecasting in July.

Ms. Wollschlager said she would like to understand the assumptions behind the FY21 revenue model so we can recalibrate in advance of Fall Town Meeting if our assumptions are not on target.

Mr. Haugland stated that the success of working from home could drive people to look for homes in suburbia and would like to have that impact modeled, with input from real estate professionals.

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Ms. Adelman-Foster added that many people feel the pandemic will cause a reversal in the general trend, particularly of younger folks, to move to cities. She stated that a study needs to be done by a dedicated data team, on a regional basis.

Ms. Adelman-Foster said there was a question from the audience about enrollment studies. Dr. Nolin stated that a second look at the recent enrollment study was requested. The idea is to have an updated space and enrollment study, much like the one that has guided the town for so long. Dr. Nolin said she keeps in touch with realtors to get a sense of what to expect for summer enrollments. Kindergarten enrollments are on pace with last year.

Mr. Sullivan mentioned that enrollment studies he has reviewed have had disclaimers that have been triggered by COVID and the economic crisis. He does not believe that anyone could provide an accurate study at this point. He noted that there is a four year, year over year, decline in K-4 enrollment.

Ms. Collins asked if the space enrollment study will take into account the impact of remote learning. Dr. Nolin noted that many families have indicated that they do not want to return to school in the fall. The schools are trying to determine how to hold live school and remote school at the same time. She doesn't think we will be able to correlate the enrollment study with COVID closure at this time.

Mr. Haugland pointed out that while K-4 enrollment is declining, there is a bubble of kids moving through the middle and high schools, with the 5<sup>th</sup> grade class the largest ever. He stated that previous models considered factors such as the percentage of the K population that would be in the graduating class 13 years later. He noted that there are many more variables now than have existed before.

Ms. Collins asked when the next point in the schedule would be to see how property taxes are tracking. Mr. Townsend stated that it will be in August when the preliminary bills go out.

Ms. Collins asked what kind of data the town administration would like to have. Mr. Townsend stated that daily or weekly data from the state on local receipts would help with forecasting. He also mentioned data with respect to growth and construction projects. Ms. Malone added unemployment data trends, the Federal Reserve's ability to continue to prop up the economy, state revenue numbers. She noted that the budget that will be produced on Monday will take into account what is known at this time.

Ms. Collins asked which pieces of info would impact the FY22, especially since we have discussed potentially having an override in March 2021. Ms. Adelman-Foster stated that, speaking for herself, she would need to understand the unemployment rate and how the people of Natick are faring. She would think about affordability and would take into account the increased tax burden taxpayers are likely to have.

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Ms. Aileen Zogby asked if it was possible that for the contributions for the FY21 budget gap, that FY20 numbers were used for the municipal budget, but FY21 numbers for Natick Public Schools (NPS). What's the logic for the schools having a larger percentage of the budget cuts? Is the town negotiating with unions on no COLAS or merit raises, like the schools are doing? Would the Director of Strategic Initiatives position be considered a new hire?

Ms. Malone indicated that some of these questions would be answered on Monday. She stated that net new hires are positions that could be budgeted but not yet filled. Ms. Malone indicated that we don't know the FY20 savings from NPS and municipal departments are trying to use savings to not end FY20 in a deficit position. If savings are used to plug a revenue hole, this will result in less free cash.

Ms. Nolin indicated they are trying to make decisions that will not decimate the school system before the revenue picture is clear or potential stimulus or recovery packages are known.

Mr. Sullivan pointed out that there will be many forums available to evaluate the budget including Finance Committee Subcommittees and full Finance Committee meetings. He mentioned that the budget process will take place in a truncated timeframe.

Ms. Adelman-Foster stated that there are many different angles to consider how revenue will be divided and that everyone in town government is looking at all angles and evaluating impacts. She pointed out that the financial teams are dealing with a great deal of uncertainty.

Ms. Collins asked if Attorney North had received any answers from Division of Local Services (DLS) on questions posed at previous meetings. Ms. Malone reported that it was confirmed that, under the 1/12 budget scenario, contracts could not be entered into because there is a lack of funds. There is additional info on the 1/12 budget. Ms. Collins asked if that info could be forwarded to Dr. Nolin and the School Committee. Ms. Adelman-Foster indicated that there is also a memo from Town Council from June 1 that could also be forwarded.

In response to a question by Ms. Adelman-Foster, Ms. Collins indicated that many school contracts like technology contracts are signed in July, and some have preferred customer rates. Ms. Malone stated that she has received guidance that the ESSER fund could be used for technology. Mr. Sullivan pointed out that many municipalities will be in the same boat with a 1/12 budget. Ms. Collins noted that vendors are not limited to Massachusetts. Dr. Nolin stated that the schools are looking into renegotiating some contracts. Other contracts, such as for Chromebooks, will have increases for extended payment.

Mr. Paul Joseph wondered if there would be a way to have local technology companies with the same accounts to help put some collective pressure on vendors.

**MEETING MINUTES**

**June 3, 2020 Financial Planning Committee Meeting Minutes –Approved June 17, 2020**

Move to approve May 20, 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
Henry Haugland	Y
Rick Jennett	Y
Melissa Malone	Y
Anna Nolin	Y
Dan Sullivan	Y
Linda Wollschlager	Y

**ADJOURN**

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

Roll call:

Karen Adelman-Foster	Y
Cathi Collins	Y
Henry Haugland	Y
Rick Jennett	Y
Melissa Malone	Y
Anna Nolin	Y
Dan Sullivan	Y
Linda Wollschlager	Y

Meeting adjourned at 6:41 pm.