



Finance Committee
Tuesday, May 12, 2020
Meeting by Zoom at 2:30pm
Minutes

Complete video is available online: <https://amherstmedia.org/content/amherst-finance-committee>

1. Call to order and declaration of a quorum

Chair Steinberg declared the presence of a quorum and called the meeting to order at 2:31 p.m. This meeting took place by Zoom and was broadcast on Local Cable news Channel 17. *Open meeting laws were suspending as per Governor Baker's State of Emergency order (March 20, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20).*

Steinberg welcomed the newly hired Finance Director, Sean Mangano, and allowed members of the Finance Committee to do a sound check of their electronic communication systems and introduce themselves to Mangano.

Committee Members present: A. Steinberg, Chair; Cathy Schoen, Vice Chair; Lynn Griesemer, Dorothy Pam, Pat DeAngelis; Robert Hegner (non-voting resident); Sharon Povinelli (non-voting resident); Marylou Thielman (non-voting resident)

Committee Members absent: none

Others present: Paul Bockelman, Town Manager; Sean Mangano, Finance Director; Holly Bowser, Assistant Comptroller; Sonia Aldrich, Town Comptroller; Athena O'Keeffe, Clerk of the Council; Angela Mills, Minute Taker

2. (Taken out of order) Third quarter FY20 Budget Report

FY20 third quarter report (<https://www.amherstma.gov/DocumentCenter/View/51172/3rd-qtr-Mar-31-2020-YTD-Budget-Report-to-FINCOM-Final>) with presentation by Bowser followed by questions.

Bowser went through the report and explained all of the revenue lines for third quarter of FY20. She explained that Mangano and Aldrich would update the Finance Committee on Fourth Quarter numbers.

Griesemer noted that Theilman had joined the meeting by phone at 2:44 p.m.

Griesemer asked what the average dollar amount that the Town has invested at any given time. Bowser replied that Cheri Boucher (Treasurer for the Town of Amherst) would know that answer. They will ask the Treasurer.

Bowser noted that the revenues may fall but the expenditures will stay on course as planned. It takes two years for the budget to catch up with changes in enterprise funds.

Schoen asked about Cannabis revenue and how it will fit in to future budgets. How much and will it be available in 2021? Bowser explained that the budget did not account for Cannabis revenue funds because it was new. It has to be part of the revenue for the year that it is collected. Schoen asked if they could use that revenue in the following year.

Schoen asked about enterprise funds. Upcoming focused discussion for FY21 implications. Grant for study and construction. Do we need to incur this debt and draw down on reserves?

Bockelman noted that the Town did not budget with the Cannabis revenue in mind because it was a new source of revenue. Since cannabis revenue was new, there was no way to gauge the amount that would come in to the Town revenue.

Steinberg asked about Medicaid reimbursement. Do we bill for the year behind? If there were a down tick in FY20, would that mean a decrease in FY21? Mangano answered that the billing for Medicaid has changed - Medicaid information will come from Lower Pioneer Valley Collaborative.

3. Review financial projections and recommendations presented by the Town Manager on May 11, 2020 at the Three Boards Meeting (Town, Schools, Libraries)

Griesemer mentioned that this meeting should focus on guidance for the Town Manager and rely on what we know and what we do not know. Everyone referred to the projections that Aldrich sent - shared on the zoom screen.

Aldrich reviewed the original budget projection. She focused on the projection post COVID 19 shutdown of local economy (refer to the sheet in the meeting packet with the yellow highlights). Local receipts took a huge hit. Excise taxes were in decline due to drop in purchases of new vehicles. The Town Finance Director expected a lag in all local receipts.

Projection for deficit for FY21 with worst-case scenario would mean a reduction by \$4.4 million for Town of Amherst operating budget. Further decreases in State aid would affect that \$4.4 number and loss of funding could be as high as \$6.7 million (deficit).

Further discussion by members of Finance Committee included: OPEB contributions, use of reserves to cover reduction in State aid, Chapter 90 monies from the State, municipal employees' insurance costs, retirement systems investments, capital requests, and municipal pensions.

Committee members agreed that a flat budget, same as last year, would be a simple concept to understand but may be difficult to implement. Griesemer noted the plan would not be sustainable for multiple years. Impact on capital projects due to spending of reserves on budget items will influence the future.

Hegner asked if revenue did not bounce as expected by January 2021 what would be the next steps?

Mangano replied the budget would be re-visited and the modified as soon as State Aid numbers were reported. Tweaks to the budget will happen after July 1 and after the first quarter.

Bockelman reminded Finance Committee members that regular updates are part of the protocol and that quarterly reports would continue. October is usually the financial indicators report from BCG. Focus early in the fall on the changes in revenue.

4. Recommended Revised Budget Guidelines for Council consideration on May 18

Steinberg asked about philosophical questions behind budgetary decisions.

Finance Committee reviewed their responsibility to reach a common understanding of what is most important and would write this into the guidelines. Level services was the goal in the original guidelines. Level services is different from level funding. Level services includes increases in costs. Assumptions built into the presentation from 5/11/2020 Three Boards meeting – presumption that within the functional areas (Schools, Town, Libraries) - the increases would happen by an equal percentage.

Steinberg asked how we measure stability and resiliency in a budget without leaning on reserves.

Bockelman responded that everyone tries to balance and maintain the services that we can for their residents. Provide stability to staff with services but manage the budget cuts. Theilman phoned into the meeting and expressed support for option “C” - moving forward with the adjusted budget plan.

Steinberg reiterated that the hope would be a return back to 'normal' pre-COVID economy.

Povinelli noted that the Town plan leans upon what we can control.

Steinberg noted that philosophically – services needed to continue. Level funding would provide for that continuation in level services. The Town needed to continue to value creativity and flexibility. Community services remain paramount in importance and Steinberg asked that Management make informed choices on how best to spend.

One month budget proposal – Steinberg explained why it is a one-month budget and not a 1/12 budget. In July, there are payments that happen, that do not happen in other months of the year.

DeAngelis asked about flat budgeting. She asked about 2.5% tax increases – would they occur? Steinberg responded that 2.5% increase would indeed occur.

Griesemer noted that new initiatives should remain on the table if they create efficiencies and reduce costs. Big projects that were going to incur debut are off the table for FY21. Roof repairs can and will happen but other projects will have to wait.

Schoen noted how "critical" and “urgent” has changed for FY21 due to COVID 19 and used the recent widespread need for wireless access as an example. She observed that the Joint Capital Planning Committee (JCPC) timeline has changed. The JCPC meeting will have to be held soon so that report can happen before July 1st.

Bockelman noted that JCPC will meet next week with Aldrich. Input and discussion will help inform the budget decisions for next year. Bockelman agreed that momentum should not be lost for roads and sidewalks. Chapter 90 funding has not come out from the State yet. Those funds are considered to be part of our local rejuvenation of the economy.

Capital and major building projects. Commitment to the projects have not diminished but the timelines will have to be changed.

Steinberg asked for comments.

Hegner echoed Steinberg's comments. Investments needed for long-term growth cannot be ignored or pushed aside. Povinelli agreed with Hegner. Capital projects are worthwhile and points us towards the future.

Griesemer noted that the new central fire station was on the books in 2006 and "went down the tubes" in 2008 with the economic downturn.

5. Public Comment

Steinberg shared the screen with the requirements for public comment. Steinberg mentioned the time limit. Schoen informed Steinberg that nobody in the attendee pool had raised a hand for public comment.

6. Matters not anticipated 48 hours prior to the meeting (taken out of order)

Schoen asked about Steinberg's summary report and whether Finance Committee members would comment on Steinberg's report and send individual comments to Steinberg or would the Finance Committee meet again on Friday to draft report together as a committee.

Steinberg noted he would work with Schoen to draft the report and send it to all members of the Finance Committee. Griesemer asked Steinberg to speak to the issue of the regional school budget process and where it stood at this time.

Mangano responded the Schools are doing a one-month budget and submitting it by June 1 to the Department of Ed. Assessment method would not be the statutory method. Additional documentation would be needed to get their one-month budget approved. School committee would look to Town Council for approval.

7. Future meeting schedule

Next meeting date would be decided upon by a poll of committee members for their availability to meet in the next two weeks.

8. Meeting adjourned at 4:30 p.m.

List of documents available to the public on the Town website at the time of the meeting:

05-12-2020 Finance Committee Agenda
3rd qtr Mar 31 2020 YTD Budget Report to FINCOM Final
Budget Update Presentation-05-11-2020 FINAL
FY21 Guidelines
Projections for 5.12.20 FINCOM Meeting