

Finance Committee Meeting
Thursday, April 23, 2020 at 3:00 p.m.
Minutes

Meeting took place via Zoom:

Video of this meeting: <https://amherstmedia.org/content/amherst-finance-committee>

Committee members present: Andy Steinberg (Chair), Lynn Griesemer (Council President), Pat DeAngelis (joined the meeting late), Dorothy Pam, Cathy Schoen. Non-Voting members present: Robert Hegner, Sharon Povinelli, Marylou Thielman

Committee members absent: None

Others: Paul Bockelman (Town Manager), Sonia Aldrich (Staff Liaison), Angela Mills (minute taker)

1. Chair recognized that a quorum existed and called the meeting to order at 3:04 p.m.

Steinberg mentioned the Governor's order suspending OML regulations during COVID 19 crisis. Roll call of attendance (due to remote participation this serves as a microphone check): Griesemer, Schoen, Pam, Hegner, Povinelli, Thielman were all present and had functioning video and audio links.

Agenda was projected on the screen for all participants to view. Public Comment was moved to after agenda item #4.

Changes in the budget process 2020 for FY2.

Steinberg asked that the members of Finance Committee review the slide deck from the Budget Coordinating Group (BCG) meeting. Steinberg asked Bockelman to narrate the first few slides.

Bockelman explained the purpose of BCG and their function in budget process. Bockelman highlighted the role of the Finance Committee in the FY21 budgetary process. Bockelman acknowledged the challenging times due to COVID 19 crisis and loss of revenue streams. Bockelman noted that the Town is starting over on the FY21 budget. There was a renewed sense of collaboration from all groups – especially the schools and the library system. Bockelman remarked that BCG works to consensus.

Report on FY21 revenue categories for review

Aldrich mentioned that Town of Amherst is on target for third quarter revenues. Aldrich warned that fourth quarter would be markedly different from what was expected due to loss of Town population and 'stay at home' recommendations. Aldrich commented that enterprise funds' revenues have decreased due to decrease in water and sewer consumption. Parking revenue has already been affected. Ambulance receipts are in decline due to the low call volume. Call volume is below 50% on Fire and Ambulance calls.

Bockelman noted that 20% of Town budget depends on State Aid. Updated information from State on this morning's call is that they do not know what it will look like in the coming months.

Aldrich responded to Pam's question about adjustments to the school budget.

Bockelman reviewed the information received from MMA. Revenues in decline including lottery returns and meals and lodging taxes. Federal aid is not allowed to be used to backfill gaps in local revenues for this fiscal year.

Legislature has not been meeting remotely. State rainy day fund has not been touched as of yet but there are Federal monies coming in to assist with COVID 19. Bockelman noted that several members of the Finance Committee had survived the 2008-2010 recession. Introduction of local taxes were introduced to supplant the loss of State aid during that recession.

Bockelman paused for questions. No questions were asked.

2. Discussion of the plan and calendar to develop FY21 budget

Bockelman reviewed the multi-colored calendar schedule for FY21. Proposed budget process for FY21 and the goal is for Finance Committee to make recommendations to the full Council for approval. Finance Committee would extend deadlines for Town and operating budget as well as school and library budgets. Real numbers with revised projections will be discussed on May 11, 2020.

Bockelman characterized the budget planning situation as "bad," "worse," and "worst."

Finance Committee will meet on May 12, 2020 to discuss numbers as presented on May 11, 2020. June 1, 2020 all budgets should be submitted to Town Manager. Town Manager will submit a one-month budget to the Town Council. June 29, 2020 would be the new deadline for Town Manager to present FY21 budget and capital expenditures plan.

Steinberg worked with Aldrich, Griesemer, and Bockelman to create a realistic FY 21 calendar schedule. Steinberg noted the original schedule came from the Town Charter. Steinberg noted that effects of most recent 2008 recession were felt through the budget processes of 2010. The time of year is different this time and so the budget process schedule must change. Steinberg suggested that the Finance Committee think about a one-month budget for July and then the final presentation of the FY21 budget.

Steinberg sought comments and questions about the budgetary schedule.

Schoen asked when CPAC meetings would begin again and when they would begin to meet again. CPAC, in Schoen's opinion, has money that has yet to be spent. Schoen mentioned the \$500,000 for 132 Northampton Road project – and wondered if that had been spent yet.

Steinberg restated the importance of capital and the importance of spending on capital needs. Steinberg noted that the Town Manager would include the capital budget as part of the presentation on May 11, 2020. Steinberg asked Bockelman to add to these comments.

Finance Committee members asked several questions regarding major building projects around Town and the funding streams for those projects.

Steinberg noted that DeAngelis had joined the meeting.

Povinelli asked for clarification, so one-month budget and then a comprehensive FY21 budget would be presented. Povinelli asked about contingencies – would school start on time or not?

Bockelman ran through the calendar re-start scenarios and used January 1, 2021 as a possible change in re-start date for levels of revenue.

DeAngelis apologized for arriving late to Finance Committee meeting.

Pam asked about spending and whether or not Town would go ahead and borrow funds for big projects. Bockelman responded it does not require the Town Manager to move forward with big projects but the prices are quite attractive right now for borrowing.

Steinberg mentioned that purchase of the golf course, that the monies have been authorized, so why not go ahead and spend it at this point. Bockelman mentioned that the negotiations have been ongoing and are complicated.

Steinberg mentioned Chapter 44 section 32 – mention of the one-month budget not a 1/12th budget. There are expenses that will be incurred in July that change the figure of that one-month budget that would not be an accurate 1/12th budget. The reason for this is that July is the first month of the next fiscal year.

Steinberg asked for questions or comments on the proposed budget calendar that has been proposed on the slides reviewed at the beginning of the meeting. Schoen noted that a tremendous amount of work happens between the scheduled meetings on the calendar. Schoen suggested that the numbers would change drastically during the next few months due to uncertainty of Umass and Amherst College re-opening on time. Bockelman noted that the longer we wait the more information we will have to inform budgetary decisions.

Steinberg mentioned the Regional School budget concerns; Superintendent Morris does not have any answers right now. Conversations with DESE are ongoing next week. Morris mentioned that State encouraged districts to take more time with FY21 budget. Morris must balance the needs of district and stability of workforce with the State changes in funding.

Hegner asked about “bad” “ugly” and “really ugly” budget plans. Bockelman explained that the plan would explain the gaps in the revenues and the needs of the Town. Examination of tools on hand to reduce our expenditures. Bockelman noted there will be competing interests and disappointments. Everyone has differing priorities. Bockelman hoped to create categories for quick identification of revenue loss and spending allocation.

The conversation turned to the importance of careful consideration of Town ‘rainy day fund/reserves.’

4. Consideration of any request from the Town manager pursuant to Section 5.9

Steinberg asked Griesemer to project Charter Section 5 on the shared screen. Two sections of the charter that refer to old dates for budget deadlines. April 1 had been moved to May 1 and now to June 1, 2020. The schedule reviewed at the beginning of the meeting changes those dates again. Steinberg asked Bockelman if he is now requesting a new deadline for the Town budgetary process. Bockelman offered to email language to Griesemer or read aloud.

Bockelman requested that the deadline be changed for all of the submissions of budgets to June 1, 2020. Town Manager would turn in one-month budget on June 1 and full FY21 budget to Town Council by June 29, 2020. Town Council would submit the capital budget changes to June 29, 2020. Council

would review and approve those submissions by July 20, 2020. Steinberg asked that the Council act before May 1, 2020 so that there is clarity for the School and Library. Steinberg asked for Finance Committee comments.

SCHOEN MADE THE MOTION as delineated above. GRIESEMER SECONDED. Steinberg asked for further discussion from all members, voting and non-voting. Pam asked that someone double check the dates and make sure that they match the proposal. Steinberg mentioned that the motion reflect the dates in the written proposal.

Roll Call Vote: DeAngelis – yes; Griesemer – yes; Pam – yes; Schoen – yes; Steinberg – yes (5-0 vote). MOTION PASSED (5-0).

Steinberg moved on with the agenda.

5. Public Comment (taken out of order)

Steinberg asked for public comment. None. Returned to agenda.

6. Set date for next Finance Committee Meeting

Steinberg asked that they set a date for the next Finance Committee meeting and needed to fall in line with the work that comes next. Is there a need to meet before May 11, 2020? Should there be a meeting to discuss the enterprise funds? Steinberg suggested that the Finance Committee meet again on May 12, 2020. Decisions would be informed by revenue projections presented at Council meeting on May 11, 2020. Steinberg noted that Aldrich would have a third quarter budget report to share shortly. Steinberg asked Aldrich to send this report to the Finance Committee, but it need not necessitate a Finance Committee meeting to discuss. Schoen asked if Aldrich was already scrubbing budgets and looking for monies that have remained unspent. Schoen asked that those funds be ‘freed up.’

7. Matters not anticipated 48 hours prior to the meeting

Review of minutes and look at highlighted section on tenth page.

Appointment of three non-voting members last summer. Certain non-voting members’ terms would expire at the end of June 2020. Finance Committee members would like to move forward and advertise a vacancy on the Finance Committee. They encourage Thielman to reapply for the position if still interested. DeAngelis encouraged Thielman to reapply.

Steinberg asked for input from Finance Committee members on the importance of non-voting members to the Finance Committee. Schoen recommended that non-voting members continue to serve on the Finance Committee. Pam opined that OCA and GOL should speak with the Finance Committee members to find out whether or not it was working well. Steinberg mentioned that the original vote by the Council on the original appointments came from the members of the Council.

Griesemer reviewed the discussion that happened yesterday at GOL regarding the review of the position and addition of non-voting members. Griesemer mentioned that this topic happened during the “under 48 hours” part of the agenda because it just came up at yesterday’s meeting of GOL.

Pam would like to hear from non-voting members. Thielman mentioned that it was the first year for this arrangement and that over time the non-voting members would have more to comment upon and participate in a different way. Thielman noted that her comments were always accepted graciously. Thielman mentioned that the nice part about non-voting is that she does not have to defend

her vote/position. Steinberg thanked the non-voting members for contributing great questions throughout the previous year.

Steinberg appreciated the perspective brought by all non-voting members of Finance Committee.

Povinelli mentioned that she has spoken the least. Hegner mentioned the steep learning curve as a person who did not have any municipal budgeting experience. Hegner appreciated learning about how things work. Hegner hoped that his questions helped the voting members. Steinberg asked if anyone was opposed to Steinberg and Schoen authoring a summary for GOL before the next Finance Committee meeting.

Schoen asked that Finance Committee vote on continuation of non-voting members now and that be the recommendation to the full Council. DeAngelis agreed. Pam agreed. Pam noted that the steep learning curve be factored into the term limits – it takes a whole year to get up to speed. Steinberg asked if there were changes to the criteria for the non-voting individuals.

Griesemer made a motion, from the perspective of Finance Committee members; they continue to see the value of having non-voting members on the Finance Committee. Seconded by DeAngelis.

Griesemer noted that it would be helpful to have a conversation with these non-voting members to see if there would be additional ways for them to contribute.

Roll Call Vote: DeAngelis – yes; Griesemer – yes; Pam – yes; Schoen – yes; Steinberg – yes (5-0) unanimous vote to continue having non-voting members on the Finance Committee. MOTION PASSED.

Steinberg encouraged members of the Committee who are not Council members to attend the meetings that lead up to the next May 12, 2020 meeting of the Finance Committee. The May 1, 2020 meeting at 10:00 a.m. references the process for setting water and sewer rates. Financial forecast meeting will be held on May 11, 2020. May 11 resembles the three boards meeting held in November of 2019. Schoen expressed gratitude to Aldrich and the team working with Bockelman to address the changing budgetary landscape for the Town of Amherst.

8. Meeting adjourned at 4:46 p.m.

Documents made available in the online packet:

BCG Presentation – 04-23-2020 FINAL 1