

Finance Committee

October 6, 2020

2:00 pm

Virtual Meeting

Pursuant to Governor Baker's March 12, 2020 Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, §18, this meeting of the Finance Committee was conducted via remote participation.

Members participating remotely: Pat De Angelis, Lynn Griesemer, Dorothy Pam, Cathy Schoen, Andrew Steinberg
Resident members participating remotely: Bernie Kubiak, Sharon Povinelli, Robert Hegner

Others participating remotely: Comptroller Sonia Aldrich, Finance Director Sean Mangano, Clerk of the Council Athena O'Keefe

Call to Order

Steinberg declared the presence of a quorum, called the meeting to order at 2:06 PM, and confirmed all members can hear and be heard

1. 4th quarter/year-end FY20 financial report

Aldrich discussed the following regarding the 4th quarter report:

- Revenue deficit of 458
- Surplus of \$2.25M
- Net increase of 1.8M
- Review of revenues that exceed projections: cemeteries, investment income, licenses and permits, misc. non-recurring, hotel/motel, meals & cannabis taxes, penalties & interest, rentals
- Revenues that were below projections: golf courses, revenues affected by COVID-19
- Expenditures
- Returns from departments due to COVID-19

Griesemer asked if the Amherst College and UMass Miscellaneous Non-Recurring money on the revenue side are annual payments. Aldrich said they are based on ambulance calls so it fluctuates.

Griesemer asked about the interest on the deferment penalties and fees on the revenue side. Aldrich said this is for the beginning of the year, not after fees were waived after COVID-19.

Mangano said in for the schools, things didn't happen the way it usually does and some professional development they had to do for remote learning came from CARES Act funds. He also said that the transportation contracts had to be renegotiated so the transportation cost came in under.

Mangano commented that in the Assessments Section, charter schools and choice enrollment are down a handful of students. He said the enrollment numbers are budgeted based on cherry sheets and there is a variance between cherry sheet projection and actual.

Members discussed how to share information of CARES Act funds spending. Mangano said generally they have spent a lot of the CARES funds on PPE, cleaning supplies, additional first responder costs, and shelter costs. He said most of CARES categories have to submit to FEMA as well and FEMA will cover 75% of eligible costs, CARES will cover the remaining. He said they are waiting to hear if they will accept submitted expenses.

Pam asked when the budget projections were made, specifically if they were made during this unusual time. Mangano said the budgets were projected pre-COVID.

Schoen asked for public safety, did they budget for overtime. Aldrich said there were no savings in the Fire Department. She said with fire, they were able to hire extra firefighters, but there were a lot of repairs that caused the no savings.

Schoen asked if they use the actual rates of charter enrollment or if they use what the State says. Aldrich said they do not have any flexibility with that, they have to use the State number.

Povinelli asked if there is a cannabis projection for next year. Aldrich said they did not budget for FY21, but they are looking at it for FY22 because they need 2 or 3 years for a trend. She said it will be a while before we have a steady trend.

Steinberg said it would be helpful to have more information available about what is coming in for revenue with taxes and fees for cannabis. He said there was a lot of community concern that they were setting up host agreement fees for community public health and education.

Kubiak said the Department of Revenue released new guidance that may alter the way they use CARES funds. Mangano said FEMA is changing what they will reimburse so that will be more of a change than the new CARES guidance.

Steinberg asked if there will be a renegotiation of liquor license fees. Aldrich said the Town Manager has begun talks about that.

Aldrich discussed the following regarding the Enterprise Funds:

- Enterprise funds hit hard
- Water/sewer COVID and consumption numbers down due to UMASS shutdown
- Solid waste came in with a little growth
- Transportation fund deficit due to not writing tickets; altered retained earnings. It was made a net zero this year to avoid deficit on tax rate.

Griesemer asked either by raising the water and sewer fees or by absorbing the debt elsewhere do they avoid carrying forward deficits. Aldrich said they all net out; the general fund took the hit of transportation. Griesemer said she wanted to clarify that they are not going into FY21 carrying deficit forward. Mangano said they still don't know what the second semester will look like.

Pam asked about the sewer usage. Mangano said they are seeing a big reduction in water sewer usage in residential accounts, but there is a big drop in higher education institutions.

Schoen asked if they knew how off they are going to be for the current fiscal year on revenues. Mangano said they are looking into this with DPW.

Steinberg asked if PVRTA expenses remain constant in the transportation fund. Aldrich said PVRTA was still covered by transportation.

2. FY22 budget process (Agenda Item 3)

Mangano presented a brief overview of the budget process and timeline. He said BCG is required to meet once per year, but there could be more meetings.

Mangano said the School Committee & Jones Library must have approved budgets by end of March so that the Town Manager can add those budgets to the overall budget for the Town Council.

Steinberg said they are assuming that they are adhering to normal charter dates and assuming the budget is based on a normal schedule.

Mangano said CPA moved to the fall which helps JCPC and Capital to know what projects are planned with CPA.

Mangano said they are trying to do an update to the budget document to provide more information and streamline information to make it easier to go through.

Griesemer confirmed that the four boards/financial indicators meeting will be at 5:30 on November 9 and the public budget forum meeting will be on November 19 at 6:30. She said they do not have a Council meeting scheduled for 11/30 yet and as of now there are December 7 & 21 Council meetings. She agreed with Steinberg that budget guidelines may take more time.

Griesmer said BCG is essentially equal to financial indicators group so the reality is they call financial indicators a BCG meeting. She said there may not be another BCG meeting until they have more information.

Steinberg said in traditional years, when the Governor releases his proposed budget at the end of January, it is the first indication that they will have a variation in state aid. He said it is worth holding a date for BCG if there is a big difference from projections, they have to have room to talk about it.

Members discussed the timeline for the library grant process.

3. Public comment - none (Agenda Item 7)

4. Capital inventory criteria/ Capital funding needs and plan, four identified major needs and other requirements (Agenda Item 2 and Agenda Item 5, respectively)

Mangano gave an overview of the memo on capital. He discussed buildings, vehicles and equipment, and highlighted usefulness of information in capital inventory.

Mangano reviewed the Vehicles & Equipment Inventory list. Members discussed comments and suggestions about what should be included in inventory list

Mangano said they are planning to include the 4 major building projects in the capital improvement program.

Mangano said they had an ambulance breakdown and they are working with the Fire Department on how to replace it.

De Angelis said the Centennial Water Treatment plant needs \$11M in repairs which is also a major project.

Steinberg said they did not discuss the status of the ambulance fund when talking about the budget and he assumes that the resources for that fund are declining.

Steinberg said in terms of the Centennial Water Treatment project, borrowing is authorized but has not taken place and it is not a general fund question.

5. Water and sewer rate structure, next steps (Agenda Item 4)

Schoen said there is a memo in the packet and she will give a brief overview for now and next time they can have a fuller discussion. Schoen said one possible change to the structure would be to have a quarterly charge not related to use in order to stabilize rates that are charged per usage. She said this could stabilize rates and cover part of the fixed costs and it takes the burden off the variable rate. She said it the rate can be used to fund reserves.

Kubiak said this has been used in other towns and it wouldn't change tiered fixed rate. He said it would also smooth out the revenue and drop the rate per gallon for water.

Steinberg asked how this would affect apartment complexes when rents incorporate water use and will it have a negative effect with those who live in apartment complexes. The committee approved Schoen/Kubiak reaching out to DPW for assessing different scenarios/options.

6. Meeting schedule

Steinberg said it seems that the best date for meetings would be Thursday afternoon following the Council meeting, or Tuesday prior to the Council meeting.

Members decided on 2:00 PM Tuesday after the Council meeting. Steinberg said the next meeting potentially will be 10/20 at 2:00 PM.

7. Matters not anticipated 48 hours in advance of the meeting (Agenda Item 8) : None

Steinberg declared the meeting adjourned at 4:36 PM.

To join the Council meeting via Zoom teleconferencing: Go to <https://amherstma.zoom.us/j/92128430882> To indicate you wish to make a comment click “raise hand”.

*To join the meeting via telephone: Call (312) 626-6799 or (646) 876-9923; Enter webinar ID when prompted: 921 2843 0882. When prompted to enter your participant number press #; To indicate you wish to make a comment, press *9 on your telephone.*

During the public comment period, the Chair will recognize members of the public. When called on, please identify yourself by stating your full name and address.

Record of Agenda Packet Materials and Documents Presented:

4th qtr June 30 2020 YTD Budget Report to FINCOM
Calendar 8.10.20 Dates
Calendar 8.10.20 Overview
Capital Inventory Memo 9.29.20
Draft Inventory in Progress
Finance Committee agenda 10-6-2020
Fixed Water Charge Memo for Finance Discussion CS BK 10.2.202