

Finance Committee Teleconference Meeting, May 8, 2020 1:02 p.m.

Steve Klein, Robert Miller, Sandra Walker, Michelle Shalaby, Barbara Marchione, John Pshenishny, Doug Newman are present

Mari Enoch, Peter Scheiten, Tara White, Marsha Pshenishny, Marc Carson

Sandra Walker distributed minutes from last meeting. Robert Miller had a concern about wording in the 8th paragraph and asked for it to be changed. Minutes were approved, Barbara Marchione abstained as she was not present at the meeting.

Steve recapped the School Board Committee and School management. The first concern is that School District does not have an approved budget until and unless the majority of the towns in the district vote at town meeting to approve that budget. At this time all the towns have a town meeting scheduled for the last week in June. The likelihood of those meetings happening is still up in the air. The second concern is that the School District is trying to get straight a number of issues that will impact its final budget those include primarily State Aid for which they have no indication, but are assuming a significant decrease in the State Aid. A report Steve saw from a reputable source, Urban Institute, noting that year over year Massachusetts has experienced over 50% decline in State revenues from a year ago. The State is going to be in desperate shape in terms of its budget overall and its State Aid capabilities. No one knows yet how much and to what extent the Federal Government will provide support to States and/or local governments. So, the District does not know how much State Aid it is going to get and also does not know what will be required of it to open itself back up in September. Whether classroom size needs to be adjusted or any number of things for personal safety will be imposed on the School District at unknown cost is still a question. Third, if none of that is known by July 1st, the School District is authorized, as well as the Town, to go on a 1/12th basis budget for purposes of operations. In the case of the School District, however, 1/12th does not mean 1/12th of this year's budget, it means 1/12th of this year's total budget plus any agreed contractual increases of which will include transportation and teacher contracts that have yearly increases. Those contracts may be negotiated but those negotiations have not been initiated yet and it cannot be predicted how they will come out. So 1/12th may actually mean 1/12th plus.

John Pshenishny had been on the School District meeting and mentioned that he liked what Sheffield was doing which was conserve the Free Cash and eliminate any capital out of Free Cash.

Doug Newman also attended the meeting and added that as Sheffield is taking a very conservative approach that is to hold off on any new Capital expenditures, which he felt may be a very good model for New Marlborough to consider. Also Sheffield is not going to have any Warrant Articles that are not financially appropriate for this year.

Steve offered that essentially the School Budget at this point may need to be thrown out the March proposal as it is not really meaningful. They may not have much more than 1/12th of last year's budget plus whatever contractually they may not be able to negotiate lower. They do not know what that number will be at this point. There is no way the Finance Committee can

confidently recommend a town budget with 50% of the total of the budget missing. Any proposed budget for the Town at this point may not be adequate as it would only be speculative. There are too many questions still unanswered at this point.

Barbara Marchione asked for clarification that the School District does not have a number going forward, even 1/12th plus contractual responsibilities. How can any Town have a budget? Steve said the State has authorized Towns and School Districts to proceed without an approved budget on July 1st if they are not able to hold a Town meeting or whatever constituent meeting they are supposed to hold. So the School District can go forward by saying there is no approved budget, but they are going forward on 1/12th basis. then the Towns will move forward on a 1/12th basis. Doug Newman thought he heard that School District has to have their budget by June 1st and if they don't have it by then, they will proceed with 1/12th on July 1st. His recollection was that they will have a new budget by June 1st. Barbara felt that the District has to come up with a 1/12th figure on last year's budget. Steve said that all the Towns have a scheduled Town meeting that is only a place holder as we are not sure how that meeting is going to work. If there are no meetings by July 1st, the School District and the Towns will continue to operate on a 1/12th basis without approval. Robert Miller asked how long can the Town operate on a 1/12th basis, can the Town legally operate for a year on that basis? Mari Enoch said that the budget needs to be set before a tax rate is set-November to December. Steve said that taxes continue to get paid but State Aid is a question. The Town could borrow money, but that is not clear. Federal Reserve can lend money to State governments that can downstream to Towns and School Districts but that is not clear yet. It is not clear how best to proceed if we are dealing with numbers that are going to change.

Sandra Walker felt we know what we have for barebones to run our Town. She felt that the Town should figure out what we can afford and build our budget from there. Steve offered that we could pass last year's budget, but given that our contribution could increase by \$125,000 that may be too low. Doug again said that the District needs to have some figure for a budget by June 1st so that Towns will be able to have their meetings so that the Town should have a number to pass a budget. Steve said that the Governor's budget had been thrown out so there is no confirmation as to what they will be giving to School Districts. An equation for Town contributions has many variables. There may be a number by June 1st but we can't really be sure. Doug felt that they should wait until June 1st to see if the District comes up with a number. Barbara's concern was that if we wait until June 1st there would not be enough time to have a Town meeting within 45 days. Mari Enoch clarified that the 45 day requirement was for ballot questions.

Steve said the School Committee would have another meeting next week, May 14, 2020. He proposed to move forward to discuss other issues. The HR proposal draft report is an issue that needs discussion. The HR Advisory Group approved to recommend the report and submit it to the Selectman. Doug Newman felt that two parts of the report that were useful was the Table on Page 4 which assigns Labor category groups and the minimum/maximum rates on Page 7. Many of the employees are above the minimum range but some are not. The recommendation was that there be a one-time adjustment to bring those people up to the minimum of the range. The calculation for that compensation is in a proposal offered to the Select Board. The use of an assumed across the board increase is in the budget that is approximately 2% about \$25,000 so

there is a proxy in the budget for what this may cost. The actual number has to be approved. The Select Board will need to decide that compensation which should be done soon so that the Finance Committee will have a number to work with. The HR Advisor's recommendation was for a 1.6% increase for everyone and .4% for increase to everyone under the minimum. 2% is a place holder, but the increase total in dollars is roughly \$25,000. Robert Miller had a question under the heading Survey of Area Municipalities in the second paragraph that Summary of Survey results looks like there are a number of adjustments that are needed to get to the median. Steve said that there weren't that many to get around the median. There are some that will need an increase to get within the range. Michelle Shalaby wondered if the Advisor and the report included position descriptions. Steve said yes and they were based on interviews with employees and other equivalent positions in other Towns. John Pshenishny felt the report was pretty good and reasonable. This report is helpful to give the Town a better picture of pay range and position responsibilities. Sandra Walker wondered if the increase of includes taxes and incidentals associated with that compensation and Steve said yes.

Steve next talked about several requests that had been submitted from Police Department and Department of Public Works. There are several capital requests; the police cruiser estimated at \$50,000; the roller (requested by the DPU) estimated at \$75,000 used and \$125,000 for a new one; a big truck estimated at \$275,000 new; the repeater system is \$8,000; and the fuel tracking system estimated at \$8,000; and the security camera installed estimated at \$3,000. Steve suggested that this be put together in a packet that can be dealt with at a later time. The question is whether to do nothing this year or do any combinations of the pieces. Packets can get out to Committee members to review. The spreadsheet used last week is the most current. John Pshenishny's opinion was that they table any capital expenditures for this year. Steve recommended that the Committee review the packet and they can discuss it at the next meeting.

Next meeting is scheduled for Friday, May 15, 2020 at 1:00 p.m.