

Town of Bedford Finance Committee

Remote Meeting - Zoom

June 15, 2020

Minutes

Finance Committee Members in attendance: Ben Thomas (Chair), Elizabeth McClung (Vice Chair), Paul Mortenson, David Powell, Stephen Steele, Tom Busa, Karen Dunn, Stephen Carluccio and Erica Liu

Others in attendance: Victor Garofalo, (Finance Director, Treasurer)

Sarah Stanton – Town Manager, Jon Sills – Superintendent of Schools

Chair Thomas called the meeting to order at 3:00 pm. Reads Remote Meeting Guidelines. Calls the Roll of Committee Members, all in attendance.

I. REGULAR BUSINESS

1. Public Comments – Chair Thomas opens the meeting to any public comments. None offered.
2. Re-Organization of Finance Committee – Chair Thomas notes that Member Mortenson had requested that this topic be added to the Agenda for this meeting. As such, Chair Thomas requests that Member Mortenson explain his request.

Member Mortenson states that generally this reorganization is done annually within 30 days after the Annual Town Meeting. Since the current pandemic situation has caused the Annual Town Meeting to be postponed, the re-organization should be done now anyway. Member Mortenson moves to have each Finance Committee officer remain in that position until a further re-organization is held in 2021. As such, Chairman Thomas, Vice Chairperson McClung and Clerk Mortenson would retain their current positions until the 2021 re-organization.

Member Powell asks Member Mortenson why he believes that this should be done.

Member Mortenson states that Chair Thomas has done a great job as Chair as has Member McClung. Member Mortenson is also willing to continue as Committee Clerk. He states that he feels that continuing as such would be best considering the current pandemic related situation.

Members Liu, Carluccio and Steele agree that given the current circumstances it would be best to leave the current Chair, Vice Chair and Clerk in place.

Chair Thomas takes a Roll Call vote of the members with respect to Member Mortenson's reorganization suggestion with Chair Thomas abstaining.

Vote 8-0-1.

3. FY2020 Reserve Fund Transfers

Finance Director Garofalo provides discussion of his review of FY 2020 budget balances for all Select Board departments with five departments being in need of reserve fund transfer totaling \$350,000. Mr. Garofalo provides a summary of the primary reasons for each of the following:

Fire Department – zero fund transfer for Overtime Salaries up to \$90,000.

Department of Public Works – zero fund transfer for Water Purchase up to \$180,000.

Town Clerk – zero fund transfer for Salaries up to \$25,000.

Election and Registrations – zero fund transfer up to \$25,000.

Legal – zero fund transfer up to \$30,000.

Chair Thomas asks if anyone has comments, questions or discussion on these.

Member McClung asks if any of these situations are going to continue or will any get resolved.

Mr. Garofalo discusses the current status/resolutions for the Town Clerk, Fire Department, Water Purchase and Election and Registrations.

Member Liu asks about Fire Department numbers and the department members that were out for Academy Attendance and other reasons and whether these expenses continue.

Mr. Garofalo explains the basis for the calculations used for this Reserve Fund request and that most of the reasons for the additional expenses are not continuing.

Member Steele asks if the additional costs for Town Meeting are included in this request for transfer.

Mr. Garofalo states that we are working on securing reimbursement for some of the additional costs from FEMA.

Chair Thomas asks the Town Manager specifically to thank Rosemary for everything she has done and her excellent work.

Member Powell moves to approve all five Reserve Fund Transfer Requests.

Second by Member Busa.

Chair Thomas takes roll call of members for voting.

Vote: 9-0-0

Motion carries.

4. FY 2021 Proposed Budget and Reductions

Chair Thomas asks if Town Manager Stanton will be doing this Budget review with reductions.

Ms. Stanton agrees and begins discussion of the impact of the Covid virus on all parts of the local economy and resulting changes to monetary expectations which had earlier led to the Budget numbers that had been tentatively agreed upon earlier this year. This would include what to anticipate for state aid this year. In that regard the State still has not finalized what their numbers for aid might be so we cannot know until we receive the state numbers.

Anticipating a 40% drop in revenue from hotel and meals revenue.

Also anticipating a second wave of the pandemic which will also impact the local economy and revenue from it. Also expecting a reduction in jet fuel revenue. Also possible 15% to 30% reductions in individual local aid payments. Based on discussions with other Town Managers and State Representatives, we are currently working on number reductions comparative to 2008 recession. Thus looking at 2.27% to 2.3% reduction in revenues.

Have also indefinitely postponed the three major capital projects, land acquisition for the fire station, renovation for the police station and the Library HVAC project.

Basically leaves approximately \$1.8 million in cuts to be amortized between the Town and the Schools. We all know that the Schools are 67% of the budget and the Town is 32%. After working closely with all involved for both the Town and the Schools, we all agreed to a shared split of the numbers. We don't know if this will get worse in the fall.

Taking the amortized deficit, the Schools are looking to cut \$1.278 million and the Town \$608,111.

Ms. Stanton discusses the proposed cuts by the Town to satisfy its agreed reduction. She also discusses a list of back-up cuts that could be made if things get worse.

Ms. Stanton also states that no one is happy with these cuts but everyone acknowledges that this will be a difficult year followed by two more difficult years. She also notes that they have looked hard at the Capital budgets which had already been trimmed. Also, she notes again the three major capital projects that have been postponed.

Member Steele confirms that the Capital budget has been looked at hard already. If things get worse as time goes on, we could take another look there.

Chair Thomas states that he has committed the Finance Committee to re-examining budgets if circumstances change.

Member Powell asks about the Stabilization Fund and what role it might play.

Ms. Stanton explains that the Stabilization Fund would not now be used.

Chair Thomas explains and agrees although he states that it might be a needed source in the future. Also, explains we have a Finance Committee reserve and how this might be added to for future use.

Member Steele agrees the Stabilization Fund is a reserve but feels it is best that it be available for use in the future.

Member Dunn agrees since she agrees with need for flexibility.

Member McClung agrees for the same reasons.

Member Carluccio also agrees not to use Stabilization Fund at this point.

Chair Thomas also notes that we will be using free cash which we have been able to do in the past. In the future, we may not be generating as much free cash as we have been.

Chair Thomas asks about how these budget numbers should be treated, all at once or separately for vote purposes.

Ms. Stanton desires that it all be voted on at once.

Chair Thomas states that no one apparently disagrees so we will move on to Jon Sills for the Schools.

Mr. Sills states that he fully supports what is being done here and that the Schools take a fair share of the reduction. There is no question that it is painful. No question our programs will be impacted. Our goal was to minimize the impact on kids as best we could. Wants to thank all at the Schools and the School Committee that have worked so hard to find these reductions.

Mr. Sills states that what he will now present is not a finished product but the bottom line is. Still looking at ways to better the result. Also want to thank the teachers for coming back to the table with us for a 0% COLA for 2020-2021.

Mr. Sills begins with the earlier approved Schools budget and explains the reductions per various line items.

Mr. Sills also discusses what the State has suggested that Schools should look like starting in the fall.

Member Powell discusses maintenance of effort cuts.

Mr. Sills explains some of the maintenance of efforts trades that had to be made. Still do not know what schools will be like in the fall.

Member Liu asks if there is any proposed hiring even in light of the reductions.

Mr. Sills states that some additional hires that were approved by FinCom in January will be going forward.

Member McClung asks about whether the guidelines expected to come out for schools soon might require re-purposing of personnel or funds.

Mr. Sills doesn't anticipate that as of now but it is a possibility.

Mr. Garofalo reviews the numbers totals with respect to the reductions needed and from whether the Town or the Schools.

Members agree to thank Mr. Sills and all his staff for all of the very hard work they have done to reach this result.

Chair Thomas discusses the use of the terms “cuts” and “reduction”. Since cut is usually used to refer to a budget that was never passed while here every single budget is still larger than its FY20 equivalent. That means these numbers are a reduction in the growth we originally had prior to the pandemic but the numbers are not actually cuts.

Member Carluccio wants to be careful with respect to potential program cuts.

Member Busa asks what will be our total Finance Reserve.

Mr. Garofalo states that the number is \$2,004,823.

Motion to approve a reduced School Department budget, reduced by \$1.278 million from what we previously approved and a reduced Selectmen’s Budget, reduced by \$608,111 from what we previously approved by Member Powell.

Second by Member Busa

Chair Thomas takes Roll Call of member votes.

Vote: 9-0-0

Motion carries.

Motion to recommend approval of reducing the debt figure by \$139,991 to \$9,850,492 by Member Powell.

Second by Member McClung.

Chair Thomas takes Roll Call of member votes.

Vote: 9-0-0

Motion carries.

Motion to increase the Finance Committee budget to \$2,006,437 by Member Powell.
Second by Member McClung.

Chair Thomas takes a Roll Call of member votes.

Vote: 9-0-0

Motion carries.

Mr. Garofalo explains the Sewer and Water numbers that need to be voted on for approval.

Motion to adjust the budget to reflect an increase of \$150,000 in the water and a decrease of \$218,925 in the sewer by Member Powell.

Second by Member McClung.

Chair Thomas takes Roll Call of Member votes.

Vote: 9-0-0

Motion carries.

Mr. Garofalo suggests now to have a vote on the total budget for FY2021 of \$98,163,350.

Motion to recommend approval of a total combined budget of \$98,163,350 by Member Powell.

Second by Member McClung.

Chair Thomas takes Roll Call of Member votes.

Vote: 9-0-0

Motion carries.

5. Annual Town Meeting

Chair Thomas reviews the details of the Annual Town Meeting set for July 11, 2020 beginning at 9:00am at the High School Football Field. FinCom will be seated up front

but social distance separated. Since many articles have been removed and postponed, the presentations prepared earlier by FinCom have been edited down. Chair Thomas suggests that Members review these on their own and send any comments to Chair Thomas.

Members agree since there will be another FinCom meeting next week.

Member Powell suggests that attendance at the Budget review at Town Meeting may be substantial greater than normal.

Ms. Stanton states that she is planning on 300 people.

Chair Thomas takes the Roll of Members concerning plans to attend.

II New/Special Business

1. Meetings Attended

Ms. Stanton provides discussion and overview of new \$75-\$100 million manufacturing facility to be built by Ultragenics Corp., a biopharmaceutical company, at 170 Middlesex Turnpike with 100 new jobs. The Select Board has approved a 9 year Tax Increment Financing Agreement (TIF) for the project. This will produce new growth and eventually substantial taxes for the town. This is a big win for Bedford and is the largest commercial project other than Amazon for the State. Signed a letter of intent with the Town. Finalizing their P&S Agreement. In order for this to go forward, the TIF must be approved by Town Meeting. In order to do this, there will be a Special Town Meeting also held with only a single warrant on July 11th.

2. Minutes

February 27, 2020

Motion to recommend approval of the Minutes of the Meeting of February 27, 2020 by Member Busa.

Second by Member Liu.

Chair Thomas takes Roll Call of Member votes.

Vote: 8-0-1

Motion carries.

March 5, 2020

Motion to recommend approval of the Minutes of the Meeting of March 5, 2020 by Member Powell.

Second by Member Busa.

Chair Thomas takes Roll Call of Member votes.

Vote: 8-0-1

Motion carries

3. New Business

Member Liu discusses Library Trustees meeting.

4. Open Discussion

Ms. Stanton discusses closure of Springs Brook Park for this season.

Member Liu asks if anyone could provide an update of Assessors meetings since she missed them.

Mr. Garofalo provides some information including date of next Assessor's meeting.

Chair Thomas suggests next meeting for next Monday, June 22 at 3:00pm.

Members discuss time for meeting.

Members agree to 4:00pm for next meeting.

Member Dunn suggests a need for a write-up for the paper on the TIF Special Town Meeting warrant.

Member Mortenson suggests that he will draft a write-up in advance.

Motion to adjourn by Member Mortenson.

Second by Member Steele.

Chair Thomas takes a Roll Call of Member votes.

Vote: 9-0-0
Motion carries.

John B. Connarton
Recording Secretary

DOCUMENTS LIST

Agenda for June 15, 2020 Meeting.

Memorandum by Finance Director Garofalo to Town Manager Sarah Stanton
Dated May 21, 2020 with respect to FY2020 Reserve Fund Transfers

Model Guideline 3.0 Adjusted FY2021

FY2021 Current Model 3.0 Adjustment

