

## **Foxborough Advisory Committee**

**Wednesday, May 13<sup>th</sup>, 2020**

In attendance:

Bernard Dumont, Seth Ferguson, Thom Freeman, Jr., Jack Martin, Larry Ooi, Dennis Keefe, Paul Ivanovskis, Dan Peterson, Brian Guild, Sharon Weiskerger

### **MINUTES**

#### **7:03PM - Meeting called to order by Seth Ferguson**

#### **7:05PM - Administration Revenue Presentation**

Town Manager Bill Keegan presided over a PowerPoint presentation of the town's current and FY2021 fiscal financial situation. In a recent conference call with State and fed authorities, including the Lt. Gov, nobody has a clear picture of how things will pan out. In assessing the information given, Mr. Keegan feels that Foxborough's estimates sound credible. On 4/28, the budget was revised down by 1.23% from originally a 3.28% year over year increase. The total Operational Budget is up 4%. Additional revenues and cuts were met through COLA not renewed @ \$58K and 3 contracts have not yet been resolved. Free Cash has always been used against the budget, but in small percentages (8%). Free Cash was \$1.5M in FY2020 – the town will have 67% left over. After FY2019 the town had 75% left over. In 2018 the town had \$8.3M in Free Cash: \$2.3M went to CIP and the new turf field, which voters approved; \$1.4M went to OPEB and the Stabilization Fund. \$4.4M spent - \$3.8M left over. EOY FY2020 we expect \$3.2M left over. Projections for FY2021 is that the town will only need to use \$780K. Remember that the town voted to use \$4M in funding for the Burrell School project before bonding.

#### **7:25PM - Open Discussion**

Seth F – Local Receipts look rather high in the FY2021 budget proposal. We are calling it out now to provide the voters a realistic choice. 1) Cut services down to 'level funding' 2) Make incremental cuts lower to Free Cash. ADCOMM appreciates all the hard work that goes into the budget preparation; can we make recommendations to the revenue side.

George S – The State accountants will have a say as to what will show up in the final aid numbers. The State has said that for this year, we may fall short, and will give towns 3 years to come to balance. Items like Snow & Ice may be overthinking. We do not know what the State can/cannot do. Options may include 'back-filling, State funds and new funding allowances.

Seth F – Predictions of continued or larger impacts to Revenue into FY2021 lead me to think that the Revenue side is too aggressive. Local Receipts in FY2014 were \$10.2M ... in FY2019 they were \$11.7M. Projections for FY2020 were \$11.37M ... currently the town has collected \$10.75M, down 5%. Another 5% for FY2021 would bring it down to \$10.25M. We are here today to talk about the gap; groups are already looking to reductions.

George S – The perception is that the Town burns Free Cash.

Seth F – I think that the voters/taxpayers are looking to find reductions.

Bill K – That is a good assessment. The Town is in a good financial position now. I would wait until the Fall Town Meeting. If State Aid comes in better than estimated, we can adjust then. It is unnerving to use Free Cash, but it will not hurt, and we can replace it.

Bill Yukna – The Meals Tax is a big loss (State halted it to at least August), but that only applies to Roads and OPEB – it is not an Operational budget revenue source. The town has always underestimated local receipts. PILOT does not include concerts and Revolution games.

Seth F – I think if they come in @ \$9-9.5M for FY2021, recommending \$10.25M is conservative. I would say to put in the budget what is real and not spend all that the town might not get.

Bill Y – The School Department has returned to the town an average of \$85K over the last 3 years. If the town gets to the SPED ‘circuit breaker’, money could flow back to the General Fund. That could produce a multiple of the average return. The Schools have locked down their expenditures. Now the question is ‘what do we need to open schools again?’ FY2021 could fall if there are bigger school changes. Now, the Department has to re-evaluate how to teach, facilities, expanded services, daytime cleaning, food services and social distancing. The Department has added 1.25 for district tutor and +3 for SPED teachers, but reduced manpower by 2.5.

Bernard D – There has been no increase in headcount yet only a 2.5 drop in manpower. I am concerned for the new hires and their attached benefits. We always have to fall back to Free Cash as a safety valve. We all agree that the budget is more conservative.

Thom F – Will any delays in revenue collections dampen opportunity costs to the town?

Dan P – Is this pre-empting a move we would be making in the Fall anyway?

George S – It baffles me – what to do/what is the result? We need to speak with one voice.

Doc Elfman – Say it realistically, not realistic in thoughts/projection of ‘experts’. Regardless, we will have to fix things in the Fall.

Bill K – There is a lot that we do not know. The SE Regional School, their costs may go down. There are no State Aid numbers yet, and there may be some Fed Aid coming.

Dennis K – Shift to health care; labor is the biggest component. We should ensure the hiring freeze – a turnover of 10 persons can mean \$.5M in savings. This is a handy safety net.

Bill K – The Town needs a Building Commissioner, and it may need another fireman. The town needs to rebalance, though it is already thinly staffed. Money still seems to be coming in; most tax payments are escrowed through mortgages, so that is consistent. There are 2 big payments coming up: the Pension fund and the Insurance are due in August. The town usually derives a discount by paying in full.

Bernard D – Property Taxes, State Aid, Local Receipts, Free Cash, and other revenues. If a \$.5M ‘soft spot’ exists ... would we be penalized by securing more Free Cash?

Bill K – That is a philosophical discussion. Now or in the Fall makes little difference. We cannot spend until funds are appropriated anyway. We should have the State certification of Free Cash by then.

George S – These are extraordinary times; the State usually frowns on towns securing too much Free Cash, but I do not know of a negative.

Paul I – How will we communicate to voters the security and packaging of the budget? We can be clear about explaining to the town in June that heavy discussions have been had.

Bill Y – If we were a town with limited Free Cash balance, we would wipeout. We have a depth of resources; our back is not up against the wall. Most towns do not have Stabilization Funds ...that is reserved for a rainy day.

Dennis K – the most concerning number is whether the formula goes to hurt @ 14% drop. I'm opposed to using \$.5M now, then have it earmarked in case of State allocations later.

Bill K – Large 'Gateway Cities' may get more Federal dollars. Most places are looking at drops of 10%. We'll be speaking with State Reps to request that they don't penalize towns for balancing their budgets.

Brent Ruter – What is the downside predicted? What does the \$.5M represent? Local receipts are down %5 over the last 6 years – down to \$10.75 after a \$1M reduction; reduced State aid by 14%; New Growth down 30%.

Larry O – I'm not suggesting cutting services, just move \$.5M off the Revenue line. Fund through the Reserve Fund ... this has been a 'rainy day - month'.

Seth F – We believe Local Receipts will be impacted more than expected. This is what the Reserve Fund is for (not Free Cash). The voters will balk at Free Cash use.

Bernard D – Once we go to the Cash Reserves, what is the worst that could happen?

Bill K – Cut \$2.7M is taking a more conservative approach.

George S – If the numbers fall further than the projections, we are looking at quantum changes.

Bernard D – What are other towns doing?

George S – Praying.

Jack M – I support the \$10.25M figure. Take from the Reserves as that is what they are there for. But I also think conservative efforts may not be enough.

Paul I – If this is not the year to dip into Reserves, when will it be? I agree with Jack.

Larry O – made the motion to lower Revenue budget line from \$10.75M to \$10.25M and recommend using up to \$.5M Free Cash to fund FY2021 budget.

Sharon W - 2nd

**Vote: 10 – 0 – 0**

**8:43PM - CIP**

Seth F – I can make the minutes available to gauge for any vote changes.

Dennis K – Bill, have you talked to department heads?

Bill K – Yes, they understand and have consensus.

Seth F – I was on the CIP committee. The \$9.4M is bonding; rates are phenomenal right now. I am in favor of the \$11M CIP budget.

Jack M – Looking at the list, I curious about the need for a Staff Command Vehicle?

Bill K – That is paid for out of the Ambulance Receipts revolving fund. The current vehicle is 10 years old. It is operated by the Public Safety Department Chief.

George S – It is in the rotation for replacement – repair expenses have been mounting.

Jack M – I don't care about a rotation; replace it only if it needs to be.

Seth F – We are looking at paving.

George S – That is tied to State Aid, not to the DPW.

Seth F – What more on the \$9.4M bond for Water?

Bill K – Rates are so long now for bonding.

George S – The town has already paid for the consulting portion, and the bonding has already been built into the water rates.

Seth F – I am in favor; good rates and the work needs to be done.

Thom F – made the motion to Accept the CIP budget for FY2021

Dennis K - 2nd

**Vote: 10 – 0 – 0**

Seth F proceeded to inform the ADCOMM of scheduling: 5/20 – General Govt, minutes, no budget articles, Warrant write-ups due by May 27<sup>th</sup>.

### **9:08PM - Adjournment**

Larry O – made the motion for Adjournment

Seth F - 2nd

**Vote: 10 – 0 – 0**

**Minutes approved by Vote of the Advisory Committee.**

**Date of Meeting: 13 May 2020**

**Vote:**

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**Signature of Chairperson**

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**Signature of Vice Chairperson**