

Finance Committee Meeting

October 16, 2019 7:30 PM EST
Veterans Memorial Building, Room #229
900 Main Street
Millis, MA 02054

In Attendance:

Jodie Garzon, Chairman
Peter Berube, Vice Chairman
Doug Riley, Clerk
Joyce Boiardi
Jim Borgman
Shawn Power
Craig Schultze
Katie Tieu
Mike Guzinski, Town Administrator
Carol Johnston, Finance Director
Terry Wiggin, School Business Manager
Kerri Roche, School Committee Member
Erin Underhill, Town Moderator

Jodie Garzon called the meeting to order at 7:33 PM.

Free Cash – Deferred Revenue Discussion:

Carol Johnston provided the committee with a Combined Balance Sheet. The Combined Balance Sheet was submitted to the Department of Revenue for Free Cash Certification. The town is a “cash-based business” Revenues cannot be recognized until they are in hand. Therefore, Real Estate and Excise Bills that were generated in FY19 but are not yet received are considered Deferred Revenues.

FY21 New Revenue Forecast:

The FY21 Revenue Forecast is unchanged from what was presented earlier in the year; there are no significant revenue sources expected in FY21. FY19 fell short of its projected revenues and it's best to stay conservative for FY21. There has been a delay, until December 2019, with the opening of the marijuana facility in town. The town will receive \$25,000.00 in Marijuana Impact Fees on the first day of a sale. Other revenues from the facility will not be recognized until one year after opening.

May 2020 Town Meeting Must Fund Articles Discussion and Funding Sources:

Carol Johnston provided the committee with a spreadsheet including the November 2019 Articles requiring funding and the May 2020 Must Fund Articles and their funding sources. An item in the amount of \$160,380.79, Reserved for Excluded Debt, could not be included in Certified Free Cash until a Town Meeting votes to approve it. At this time the funds can be reserved for use at the May 2020 Town Meeting.

Certified Free Cash, \$505,738.00 less the November Town Meeting Articles, \$236,015.78 less the May 2020 Town Meeting Must Fund Articles \$261,673.00 leaves a Free Cash Balance of \$8,049.22.

November Town Meeting Articles Funding Sources:

Mike Guzinski provided Draft Motions for the November 2019 Town Meeting.

Article #1 Plastic Bag Reduction ByLaw does not require funding.

Article #2 Unpaid Bills in the amount of \$6,074.62 would be funded as follows: Free Cash \$1,017.57, Sewer Enterprise Reserves \$199.62, Water Enterprise Reserves \$1,834.45 and Stormwater Reserves \$3,022.98.

Article #3 Operational Budget Items would fund:

Part-Time IT Director	\$ 25,000.00
Study of IT Structure of Municipal and School	\$ 20,000.00
Replace Fire Engine II Motor	\$ 27,679.00
Police Academy Training Wages (2) Officers	\$ 60,000.00
Tree Trimming/Removal	<u>\$ 50,000.00</u>
Total:	<u>\$182,679.00</u>

Article #3 would be funded by Free Cash \$142,679.00 and Marijuana Impact Fees \$40,000.00. Marijuana revenues will not be consistent for at least eighteen months after the opening of the facility.

Article #4 Capital Items would fund:

Fire Scott Air Packs & Bottles	\$ 30,000.00
DPW Intersection Safety Signs	\$ 13,000.00
DPW Engineering Study – Village & Birch streets	\$ 38,000.00
School MS/HS Boiler Repair	\$ 25,000.00
School Engineering Study – Roof & Mechanicals	\$100,000.00
School MS/HS Locker Replacement Phase II	<u>\$ 20,000.00</u>
Total:	<u>\$226,000.00</u>

Article #4 would be funded by Taxation \$160,380.79, Free Cash \$27,619.21 and Stormwater Enterprise Reserves \$38,000.00.

Article #5 Police Cruiser Lease in the amount of \$17,700.00 would be funded in total with Free Cash. This article requires a 2/3 vote at Town Meeting.

Article #6 OPEB Actuarial Study in the amount of \$7,000.00 would be funded with Free Cash.

Article #7 Change of Name from “Board of Selectmen” to “Select Board” does not require funding.

Article #8 Zoning ByLaw Amendment Municipal Facilities Overlay & Zoning Map does not require funding.

Article #9 Zoning ByLaw Amendment Senior Residential Community Development Age Qualifications does not require funding.

There is a correction to the Warrant: Articles #8 and #9 were submitted by the Planning Board not the Zoning Board of Appeals.

Carol Johnston assured the committee the “Must Fund” items for the May 2020 Town Meeting are included in her calculations. Jodie Garzon asked for clarification on the payment schedule for the Police Cruiser leases and asked for \$5,000.00 for Unpaid Bills be added to the May “Must Fund” items – this addition would decrease the Free Cash Balance to \$3,049.22.

The committee members inquired if there were any more “found” monies for future fiscal years and why the Annual Audit wouldn’t have uncovered these earlier. Carol Johnston stated the audit concentrates on fraud and the Finance Department did not had time to research these items until the Town Accountant position was put in place. Mike Guzinski added the restructure of the Finance Department is working out well.

School November Town Meeting Warrant Article Discussion:

Terry Wiggin explained the article request for the MS/HS Boiler System Repair in the amount of \$25,000.00 would extend the life of the system for approximately ten years and considered it a very good investment of town funds for the three main boilers.

The second request is for MS/HS Engineering Study – Mechanical and Roof in the amount of \$100,000.00. The roof is nineteen years old and is leaking. Conducting a study of the school's mechanics and roof at the same time is sensible. Air quality, electrical system, etc. tests would be performed, and they are hoping to install an air quality system similar to the new Clyde Brown School.

The third request is Phase II of the Locker Replacement Program in the amount of \$20,000.00. Phase I was funded by State Earmarked Funds and replaced ½ of the lockers in the Middle School. Phase II will complete the replacement program in the Middle School.

It is anticipated the necessary repairs identified by the study would be a \$500,000.00 project, split evenly between roof replacement and mechanical upgrades. The project could be completed in phases. The Capital Planning Committee's report reflects the project costing approximately \$1 million. Kerri Roche assured the committee that preventative maintenance plans are in place at both the Middle/High School and the new Clyde Brown Elementary School.

Jim Borgman remarked the study seemed expensive considering the work performed was labor intensive. Terri Wiggin explained the study would also provide the necessary information to go to bid immediately. The committee cautioned funding a \$100,000.00 study would be wasteful if the town is not prepared to move forward with project.

The study would provide the information needed to bring the proposal to the Capital Planning Committee. The study would be completed in six weeks and work can be performed during the winter. They hope to have a project proposal ready for the May 2020 Town Meeting. There could be approximately \$65,000.00 in left over funds from the Clyde Brown School Roof Article which could help offset the cost of the \$100,000.00 study. The Town Administrator and Finance Director will verify prior to Town Meeting if the funds are available. If so, the recommendation to fund the item would be more appealing to attendees of Town Meeting.

November Town Meeting Warrant Article Discussion and Recommendations

Article # 2 Unpaid Bills

This article is typically recommended at Town Meeting in the event a bill is uncovered after the Warrant has closed. Mike Guzinski noted that the Warrant has been executed and any additional unpaid bills will be addressed at the Spring Town Meeting.

Craig Schultze made a motion to recommend approval of Article #2, Unpaid Bills, in the amount of \$6,074.62 of which \$1,017.57 will be funded from Free Cash, \$199.62 from Sewer Enterprise Funds, \$1,834.45 from Water Enterprise Funds and \$3,022.98 from Stormwater Enterprise Funds; Joyce Boiardi seconded. Vote: 8/0 motion carries unanimously.

Article #3 Operational Items:

A. Part Time IT Director:	\$ 25,000.00
B. Study to Combine Town/School IT:	\$ 20,000.00
C. Fire Engine II Motor Replacement:	\$ 27,679.00
D. Police Academy Training Wages (2) Officers:	\$ 60,000.00
E. Tree Trimming/Removal:	\$ 50,000.00
Total:	<u>\$182,679.00</u>

Peter Berube inquired why there was a compelling need to hire a Part Time IT Director now rather than waiting for the FY21 Operating Budget cycle. Jodie Garzon explained the Acting IT Director, who is unpaid, is ready to step down from that position and enjoy retirement. Craig

Schultze voiced his concern to committing \$50,000.00 for the IT Director and approximately \$120,000.00 for (2) Police Officers in FY21. He also felt the Study to Combine Town/School IT could wait until the budget process beginning in early 2020. He reminded the committee that any Free Cash that is unused at the November Town Meeting could be used in May to fund other items and there typically is a Snow and Ice deficit that will need to be funded in May 2020. He confirmed with the Moderator that Town Meeting can reduce the scope of an article as presented but not add to the scope. The motion made at Town Meeting trumps the way it is written in the Warrant. The Select Board decided to take the IT Director and Police Officer Training off the May 2019 Town Meeting Warrant. If the need was so critical it would have been funded six months ago. He does see the need to fund the IT Director at this time but disagrees with the timing. Mike Guzinski noted that \$40,000.00 of Marijuana Impact Funds will be used to fund the Police Officer Training and the School Resource Officer's salary will be offset by future Marijuana Impact Funds. Marijuana Impact Funds are intended to assist all Public Safety and School departments impacted by the sale of marijuana in town. Committee members agreed the Police Chief demonstrated a need for funding two additional officers and although funding would reduce overtime they could not agree on the timing of the request. Historically, the committee's policy is to not fund recurring operating items or additional staff with Free Cash. Committee members expressed their concern with the Police Department's staffing level affecting the community and Officer safety and noted it is much different than understaffed office staff. Regionalizing the IT Director is a possibility as most IT work can be performed remotely. They inquired what the impact would be in reducing the Tree Trimming amount to fund the Academy Training; cutting back the failing trees in town is a public safety measure. Decision making is difficult with limited funding sources and Shawn Power suggested reviewing department budgets semi-annually. The committee deliberated all the possible options before coming to an agreeable compromise.

Craig Schultze made a motion to recommend approving Article #3, Operational Items, as follow: Part Time IT Director for \$ 25,000.00, Fire Engine II Motor Replacement for \$ 27,679.00, and Tree Trimming/Removal \$ 50,000.00 from Free Cash and Police Academy Training Wages (1) Officer \$ 30,000.00 from Marijuana Impact Fees for a total of \$132,679.00; Peter Berube seconded.

Craig Schultze requested the committee member assigned Article #3 make Town Meeting aware of the impact approving the Part Time IT Director and additional Police Officer will have on the FY21 Operating Budget, Peter Berube agreed.

Vote: 8/0 motion carries unanimously.

Article #4 Capital Items:

A. Fire	Scott Air Packs & Bottles	\$ 30,000.00
B. DPW	Intersection Safety Signs	\$ 13,000.00
C. DPW	Engineering Study – Village & Birch Streets Drainage	\$ 38,000.00
D. Schools	MS/HS Main Boiler System Repair	\$ 25,000.00
E. Schools	MS/HS Engineering Study – Mechanical System & Roof	\$100,000.00
F. Schools	MS/HS Locker Replacement Phase II	<u>\$ 20,000.00</u>
	Total:	<u>\$226,000.00</u>

Craig Schultze made a motion to recommend approval of Article #4, Capital Items, as written with \$160,380.79 by Taxation, \$27,619.21 from Free Cash and \$38,000.00 from Stormwater Enterprise Fund Surplus; Peter Berube seconded.

Doug Riley has reservations about funding the Engineering Study for the Village and Birch streets drainage with an unknown dollar amount to fund the project. He felt the funds could be used for more pressing needs other than a puddling intersection. He admitted not knowing the impact the puddling had on residents in the area. Jodie Garzon noted the project is a critical requirement for the town's Stormwater Management MS4 Permit. Mike Guzinski noted the intersection was identified as having drainage issues and the study would reveal what exactly the project would entail. He also reminded the committee that the town is working hard to obtain grants to partially fund the project.

Vote: 8/0 motion carries unanimously.

Bills Payable:

Peter Berube made a motion to approve a bill payable to W.B. Mason Co., Inc. in the amount of \$14.69 for Katie Tieu's nameplate; Joyce Boairdi seconded. Vote: 8/0 motion carries unanimously.

Meeting Minutes Approval:

Craig Schultze made a motion to recommend approval of the October 9, 2019 Meeting Minutes; Shawn Power seconded. Vote: 7/0 1 abstained motion carries.

Old Business/New Business:

Jodie Garzon reminded the committee Warrant Article writeups are due by Friday, October 18, 2019 for the Finance Committee Report.

Adjourn:

Peter Berube made a motion to adjourn the meeting at 9:23 PM; Craig Schultze seconded. Vote 8/0 motion carries unanimously.

Respectfully submitted,
Deirdre Gilmore