



Town of Harvard
Finance Committee
Minutes for April 8, 2020

The Finance Committee Regular Meeting was held virtually in accordance with the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L.c.30A. S.20.

Members present: Don Ludwig (chair), John Seeley, Mark Buell (7:30), Richard Fellows, Jennifer Finch, Ray Marchica, Siko Sikochi.

Absent: N/A.

Others: Tim Bragan - Town Administrator, Marie Sobalvarro - Assistant Town Administrator/HR Director.

Don Ludwig (chair) called the meeting to order at 7:00pm.

Minutes for approval:

By a roll call vote, Don - aye, John - aye, Ray - aye, Siko - aye, the minutes of Feb 5, 2020 were approved as presented.

By a roll call vote, Ray - aye, John - aye, Siko - aye, Jennifer - aye, Don - aye the minutes of March 11, 2020 approved as amended.

Public Commentary: None

Meeting business and Town Administrator's report:

Document 1: Article from Mass Municipal Assn (MMA) "Cities, towns confront unprecedented budget challenges" dated Mar 30, 2020.

Document 2: Article from MMA "State budget writers to host discussion of COVID economic impacts April 14" dated Apr 2, 2020.

Document 3: Article from State House News Service (SHNS) "DeLeo: Pandemic, Aftershocks Loom Over Budget" dated Apr 6, 2020.

Document 4: Article from SHNS "Mass. Employer Confidences Takes Historic Nosedive" dated Apr 7, 2020.

- The Select Board declared a state of emergency on March 19, 2020 due to the Covid-19 pandemic.
- State budget discussion will be streamed, Apr 14.
- Looking beyond any potential override failure. Select Board discussing taking money out of Capital, and there's no mechanism to do that. The stabilization fund can be used. One time items, not budgetary items.
- \$4.7M in Capital right now, should everything get approved at town meeting, it's more like \$3.5M
- We did receive payment for the entire fire hydrant accident repair from the insurance.

Document 5: Division of Local Services (DLS) Bulletin BUL-2020-01 "Emergency Expenditures and Borrowing" dated March 20, 2020.

Document 6: DLS Bulletin BUL-2020-02 "An Act to Address Challenges Faced by Municipalities and State Authorities Resulting From COVID-19" dated Apr 3, 2020.

- Town Moderator Bill Barton has moved Annual Town Meeting (ATM) June 20, 2020, and the Select Board has set Annual Town Election to June 23, 2020.
- Bulletin also explains how towns can amortize deficit resulting from COVID-19 over 3 years. The town is keeping track of every expense related to COVID, including Town Hall, DPW, HAS, HPD, HFD, etc.
- Harvard had already set excise tax to have no late fee or interest charge until after May 1st. Property tax bills similarly until June 1st. This change will cost the town approximately \$10,000 in revenue.
- Select Board last night was hoping the FinCom could take a look at all of the budgets again for their first meeting in May.
- We are anticipating that FY20 state aid will still come in for May and June. Given the state's large rainy day fund and the fact that we are so close to the end of the fiscal year.
- On the local side, we're losing revenue from excise bills, real estate bills, meals tax, and there very likely could be other areas that could take a hit.
- Parks and Rec have not discussed how the beach and swimming will work this year. This is not going away by July.
- There is more doubt that a \$320,000 override would pass in this economy and situation.

Document 7: School Committee Discussion of Potential Budget Cuts dated Feb 25, 2020.

- The School Committee has not yet approved a final budget, but Lori had to put something in for the budget, so she used these cuts after Linda Dwight said it was ok.

Document 8: Town Budget Cuts and Revenue Increase 3 tabs.

- Parks and Rec's field usage fee revenue is unclear if that will work this year, time will tell.
- The Select Board did vote to add the \$56k revenue to offset the transfer station increases by raising transfer sticker prices from \$80 to \$130.

Document 9: Budget Breakdown FY2008-FY2021 8 tabs.

- Breakdown between Town, School, Insurance/Benefits, and Debt. Debt is the only place you cannot make cuts. Insurance can be cut but it can be difficult.
- Close to a 70/30 split for the last 14 years pretty consistently between School and Town depts.
- The school's insurance costs are higher since they have the majority of the employees. There are things that we can do with the insurance costs.
- The teacher's union contract has still not been signed, and with the amount unknown in the budget the school may not want to sign at this time.
- The Select Board has a pessimistic view towards an override passing this year and would like the FinCom to discuss now and finalize a plan by the end of May.
- The state is losing revenue rapidly: Meals tax, rooms, marijuana, gaming, lotto, gas, sales tax, tolls, state income tax delay until July 15 are all examples.

- We can look at what we can cut and use stabilization to fill in the rest if we need to as a last resort.
- If we have Free Cash, our current bylaws provide that any free cash will go to fill up stabilization first, and that is less money for Capital which CPIC will need to keep in mind.
- We do have the option to use money from OPEB, generally you'll want to continue to invest. We can explain spending stabilization, we can't explain spending stabilization and pulling from OPEB to bond agents.
- The state has a large rainy day fund, but it can only be spent once.

John looked at expenses, and those are very tight already, which leaves personnel. Schools, DPW truck drivers, Police officers, and library hour cuts.

Only a portion of salary is saved during personnel cuts due to unemployment expenses. Which are already over budget and will need a reserve fund transfer at the end of the year.

A spending freeze was implemented last week for expenses for non-emergency spending. This does not affect the schools. Already signed contracts are still going forward. State library commissioners met and discussed where to set the mark for spending.

There has been a 12.5% reduction in hours for May and June on the town side. May be asking the school's to cut 70% of \$320k in the chance of a failed override attempt. Town side would be \$96k, \$224k on the school side.

Unemployment will need a reserve fund transfer, snow and ice is not calculated yet. The last balance was \$324,500.

Don makes a motion and John seconds that the committee ask the school dept to come up with a plan of \$224k additional cuts should the general override fail. Jennifer counters the school cover the full \$320k should an override fail. If the 70/30 split had been followed from the start of the budget cuts, this would still put the school under 70% share. Town side expenses are down to personnel which could

affect public safety. Mark seconded Jennifer's motion that we ask the School Department to cut the full amount.

VOTE: Roll call vote was unanimous: Don - aye, John - aye, Jennifer - aye, Siko - aye, Mark - aye, Ray - aye. Vote is unanimous 6:0.

Document 10: Reserve Fund Transfer Request for \$34,765.08 for Mass Teachers Retirement System. Lori found an error from FY13 and is correcting it with this.

VOTE: Don - aye, John - aye, Siko - aye, Jennifer - aye, Mark - aye, Ray - aye. Vote is unanimous 6:0.

Document 11: Reserve Fund Transfer Request for \$1000.00 for Wiring Inspectors budget.

VOTE: Don - aye, John - aye, Siko - aye, Jennifer - aye, Mark - aye, Ray - aye. Vote is unanimous 6:0.

Adjournment:

Meeting adjourned at 8:29pm.

Supporting documents (11 Total):

1. Article from Mass Municipal Assn (MMA) "Cities, towns confront unprecedented budget challenges" dated Mar 30, 2020.
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3. Article from State House News Service (SHNS) "DeLeo: Pandemic, Aftershocks Loom Over Budget" dated Apr 6, 2020.
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5. Division of Local Services (DLS) Bulletin BUL-2020-01 "Emergency Expenditures and Borrowing" dated March 20, 2020.
6. DLS Bulletin BUL-2020-02 "An Act to Address Challenges Faced by Municipalities and State Authorities Resulting From COVID-19" dated Apr 3, 2020.
7. School Committee Discussion of Potential Budget Cuts dated Feb 25, 2020.
8. Town Budget Cuts and Revenue Increase 3 tabs.
9. Budget Breakdown FY2008-FY2021 8 tabs.
10. Reserve Fund Transfer Request for \$34,765.08 for Mass Teachers Retirement System.
11. Reserve Fund Transfer Request for \$1000.00 for Wiring Inspectors budget.

Upcoming meetings:

Apr 15, 2020 7pm - Virtual Zoom meeting.

Respectfully submitted,
Jennifer Finch