

TOWN OF IPSWICH  
Finance Committee  
Meeting of May 26th, 2020  
Remote

With a quorum present, the Chair called the meeting to order at 7:32.

Finance Committee members present: Janice Clements-Skelton, Michael Dougherty, Walter Hartford, Michael Schaaf, Joseph Bourque, Timothy Goodrich, Chris Doucette, Jamie Fay, Rob White

**1. Citizens Queries – Janice Clements-Skelton**

- There is an open chat room for any citizens queries.
- No citizens queries.

**2. Acceptance of Finance Committee Minutes – Janice Clements-Skelton**

- Motion to approve minutes from 3/12/20 and 5/12/20, with Jamie’s corrections, made by Joe and seconded by Michael D.

*→Roll Call Vote: Motion passed unanimously, 9-0*

**3. Warrant Hearing – Janice Clements-Skelton**

- **Janice opened the Warrant Hearing.**

**Article 1: Consent Calendar – Tony Marino**

Janice said this article sets the wages for town officials, it’s the pilot payments from the ELD, it gives the ability to hear reports from committees, and gives the ability to establish expenditure limitations for the revolving funds. These are unchanged from last year. Jamie gave updates on the town wharf revolving fund, which has been increased from \$12,000 to \$15,000 this year. The Crane Maintenance Fund was new last year and Jamie asked how that has played out. He also asked about the Shellfish Enhancement Fund and was hoping for an update. Sarah said the Crane’s Beach fund has \$0 in it currently, the town wharf fund has \$33,818 and the Shellfish Enhancement fund has \$40,376. Chief Nikas gave an update on the town wharf fund. They added \$3,000 to the fund this year and they are trying to leverage the permits that the state is using on the wharfs to do town work. They are having two pilings set for the dingy docks. The \$15,000 in the Shellfish fund is the same amount that was used in the past. The Shellfish Advisory Board has not yet set what they will be doing with the \$15,000. Janice asked if this is a one-year increase. Chief Nikas said he expects it to revert back to \$12,000. It was just because the state was there working on the project. Jamie asked how much has been spent this year on the Crane Beach Maintenance Fund, Sarah said she doesn’t see any activities so far this year. Sarah said they originally planned to increase beach fees but they didn’t do that yet so they will do this next year. This money is going to be dedicated to the replacement of the boardwalk. Walter asked if the boardwalk is in good enough shape to wait. Tony said it is going to need to be replaced within the next few years.

- Motion to support Article 1 made by Michael Schaff and seconded by Rob.

*→Roll Call Vote: Motion passed, 9-0*

**Article 2: FinCom Election – Tony Marino**

Michael S. asked if the Select Board had received any interest in FinCom. Janice said she does not believe so but this her position is a town meeting appointment.

- Motion to support Article 2 made by Michael D. and seconded by Chris.

*→Roll Call Vote: Motion passed, 9-0*

**Article 3: 2021 Municipal Budget – Tony Marino**

Janice said that Sarah sent a spreadsheet and Tony asked FinCom to look at each department to make recommendations for budget cuts. Walter looked at the spreadsheet and made recommendations including cutting any lines with out-of-state travel or conferences, as these will be less likely over the next few months. Walter also mentioned that the Police cut \$2,000 from association dues and two other directorates cut money from association dues. Walter said he was surprised by that because he thought that couldn’t be changed. Ammunition was cut by half, Walter asked why that was. Tony said they have a different funding source. Walter said gasoline was cut in one place but not in another and

he wondered why. Civil Dispatch permanent wages decreased to \$0, and on the fire side there were a lot of cuts that don't seem to be variable such as medical exams and radios so Walter wanted to know more about that. He also asked how you cut long-term debt principal and interest, and how do you cut a lease. Sarah said the cuts to principal and interest is because they had anticipated bonding permanently for two small projects. The municipal finance bond market went crazy so instead of doing a permanent bond they did a BAN. They got a 1.75% interest rate plus a premium. They saved money on the interest and the principal payment. Tony renegotiated leases and that line item had been fully funded because they didn't know how the renegotiations were going to go. They also renegotiated a lower price on the copier leases.

Janice said it is looking more and more like a 15% reduction in state aid vs. the 10% reduction they originally anticipated. Janice asked why we are waiting until fall town meeting to reduce the budget. Why not reduce it now and then add it back if we get more than we thought? Janice also noted that there might be a second wave in the fall and then we wouldn't be able to reduce the budget. Tony said regardless of whether or not the town meeting happens, Sarah and Tony will continue to watch what is going on and they won't spend money if it looks like we won't have it. Janice said with so many people on unemployment now, we need to make a more modest budget that reflects a more modest tax rate. Michael S. said if we cut 10%, and then have to cut more in the fall, we will have spent too much on a monthly basis in the summer months. Tony said they are going to keep an eye on state aid and will watch it on a monthly basis so that they don't overspend. Tony said he doesn't anticipate it being a problem. Michael D. said he appreciates the time that Sarah and Tony have taken to provide this budget. He said there is no right or wrong decision and all of the communities are in the same position. Everyone is in uncharted territories. Michael also said that FinCom met two weeks ago and they decided unanimously to recommend that the Select Board moves forward with an interim 1/12<sup>th</sup> budget because we are uncertain what we will receive from the state. Michael D. said he will not be supporting the School Budget or Municipal Budget because FinCom decided it was in the best interest of the town to move forward using last year's numbers. The state doesn't know what they will be cutting and Mike said he doesn't think a 10% cut is nearly enough. He also said he cannot justify voting for this budget with only a 10% cut.

Joe said he agrees with Michael, but the Select Board has the authority to make the decision and move forward in the way they think is best. Joe said he thinks although FinCom gave their opinions, he thinks they should now support the Select Board. Chris said he thinks the role of FinCom is to give advice to the town. Two weeks ago, FinCom did not think it made sense to put together a budget. He said he doesn't know that they have to necessarily support the Select Board's decision if they don't agree with it. Janice said they are charged with an advisory capacity and they gave a thoughtful recommendation that they thought was in the best interest of the town, their advice was not taken but Janice said she doesn't want anyone to think they have to fall in line. Walter said he thinks the advice given was twofold. One point was about the safety of the town members and having too many people together. He said he thinks the Select Board wants to move forward with town meeting so that they can access the stabilization funds.

Michael S. asked if there are any Select Board members in attendance. Willy said he was listening, Michael asked him to explain the Select Board's rationale. Willy said the Board was split 3 to 2 on this decision, the one thing he wanted to point out was that Tony and Sarah did a great job of finding ways to cut back and he has faith in them that they won't max out spending. He said there is a big assumption that the Finance Committee was making that we can hold a meeting at a later date, and there is such a large amount of uncertainty about how much money we will get, when we will find that out, and if we will be able to hold a meeting in a few months. Continuing with the 1/12<sup>th</sup> budget and not voting a budget in is not a smart way to move forward. Willy also said that most of FinCom's advice was due to safety, but the Select Board will look to FinCom for financial advice and will look to the Board of Health for safety advice. Willy said he thinks it's crucial that we get a budget passed and have something to work with. He also said that two weeks ago FinCom decided based on the information they had then, today they can make a different decision because they now have a budget in front of them that was approved by the Select Board.

Chris said as someone who deals with budgets on a daily basis, he has never put one together not knowing revenue. FinCom gave their opinion two weeks ago based on not knowing much of anything, and that has stayed the same. Tony said they know most of the revenue. 85% comes from taxes and 5% comes from local receipts. We never have the state aid number; state aid is a smaller portion of the budget. Chris asked what would happen if we don't receive all of the taxes, Tony said they received all of the taxes in May. We will know more as we go, but when looking back at history with the last recession taxes didn't go down. Chris said this is different though, there has been 10% unemployment and it might get worse. Janice said it's not 1/12<sup>th</sup> of last year's budget. It is a minimum of 1/12 of last year's budget. They have tried to correct this language repeatedly. Janice said although we don't know exactly what state aid is going to be, we know within a certain amount. What we are trying to do this year is very different than what we have tried to do in the past. Janice said we have people on this committee that do this day in and day out and are looking at this situation and are seeing this is dire. Janice said she thinks it would be much better to be more conservative and then add things back in, vs.

approving something and then taking it away. She also said that the narrative needs to be clearer about what the Finance Committee is putting forward. Janice said the DOR representative should look at what the town spent in the previous year's month and add an increase for health insurance. Any other increases have to be reasonable and have to be approved. Sarah said this budget being laid out isn't that far off of the 1/12<sup>th</sup> budget, it just confines us. Janice said it confines us to unreasonable spending, if it's something the DOR wouldn't approve than we shouldn't be spending it. Sarah said this just allows departments to have access to reserve funds or allows the town to have access to management transfer. Approving the budget gives the town the ability and the maneuverability to run things.

Willy said he understands the logic about coming in conservative and adding back later, but we don't know if we will be able to add back later. He said perhaps there is a middle ground that works with the budget the Select Board approved, but then gives flexibility to be more conservative and spend more if we need to. There has to be a way to work around this without it being one or the other. Janice asked if we were to vote on this budget, could the motion could be something like "We support this budget but expect that you will not spend more than 90% until state aid is confirmed on a month to month basis" to show that they support the budget but expect spending to be conservative. Willy said he can't speak for the entire Select Board, but he thinks it's wise for the Finance Committee to make suggestions on items that would be wise to wait to spend money or areas that can be cut. Maybe there are items on the capital plan that can be put on hold and that will offset things. Willy said he doesn't think there is that big of a difference between the 1/12<sup>th</sup> budget and the proposed budget, so maybe just holding off on some capital will make it more conservative but still allow for an approved budget. Janice said she could be on board for an approach like that. She said her concern is that the Finance Committee gave the Select Board a recommendation and they didn't take it, so why would it be different next time. Willy said the recommendation that FinCom gave was about whether or not to hold town meeting vs. a financial recommendation. Janice disagreed, and said it was a recommendation on the finances of the town. The recommendation was not whether or not to hold town meeting, it was whether or not we should approve a budget. Michal D. said he was the one that made the motion and it was purely from a financial prospective, not a health perspective. Michael said he cannot approve a budget when he doesn't know what we are going to be receiving to pay for the budget.

Chris said he seconds that, and the state aid is a part of the puzzle. The economy is in rough shape right now and we don't know how reliable state aid and local receipts are right now. We can't pass a budget without having any clue what the actual figures are going to be. Rob said he is surprised with the cuts and that he doesn't see any strategy changes. He also said he doesn't see any cuts in the road program or any use of the stabilization funding. Walter showed that there are other dollars that can be saved or taken out immediately. From a precautionary perspective, we still have the discretionary money that has been saved for a rainy day. Rob said he would like to validate those things with Tony and Sarah. He asked about what cuts have been made and what else can be cut. Sarah said they asked the department heads for their list of cuts. They received a list of cuts from the DPW and from cemeteries. Sarah looked at the total budget by directorate, and then she looked at the \$250,000 that needed to be cut so she could cut them fairly across all directorates. Using that ratio, she knew how much she had to cut from public works. Sarah took most of the cuts that were offered. From roads, Sarah took less than what was offered because the roads are in bad shape. From cemeteries, they cut things that they usually purchase such as signs for the baseball fields, playground mulch, and picnic tables.

Rob asked if the stabilization fund was tapped at all. Sarah said they are using \$122,446 and also cutting \$250,000 from the budget. Rob asked if there were any cuts to capital. Sarah said Tony met with the committee and originally it was \$1.4M, the cuts were \$394,590 so free cash went to \$680,000. Rob asked what strategy or programs were cut in the capital plan. Sarah said FinCom suggested to Sarah and Tony to ask department heads for cuts so they asked each department for 5% cuts. Sarah went through the cuts that were made in each department. \$394,000 for the town side was cut from capital and \$250,000 for the schools. Rob said with Sarah's information, he is more hesitant to support the operating budget because the capital plan was gutted, but he will still support the operating budget.

Jamie said he thinks this has been an interesting discussion with a lot of thoughtful points of view. We are living in a time of limited uncertainty. He thinks real estate taxes will get paid and we have a reasonable understanding of local revenue. We don't know about state aid but the state is in worse shape than the town because of the types of revenue they rely on. The big unknown is the state aid. We may know more in three months than we know now. FinCom made a recommendation to the Select Board and they decided to move forward to hold town meeting and move forward with a budget. It is the job of the Finance Committee to make a recommendation based on the Select Boards decision. We have an element of uncertainty but we have a significant stabilization fund and we have flexibility due to a reduction in capital spending. Moving forward with a 1/12<sup>th</sup> budget may work for a few months but it also leaves people with a great deal of uncertainty. Jamie said while he voted for the 1/12<sup>th</sup> budget approach and thinks that this would work, it's not what the Select Board voted and he feels comfortable enough with the budget the Select Board voted on. He does not think we should be telling the town that we should do a 1/12<sup>th</sup> budget.

Tim said that philosophically he doesn't think he has changed much from two weeks ago. He doesn't like the idea of going forward to town meeting with a budget if we aren't confident we will have sufficient revenue. He is open to considering an alternative approach. Jamie asked Tim what would make him comfortable. Tim said he would be much more comfortable with a budget that reflects all of the dire news we have gotten over the last two weeks since we met. It should reflect a 15% reduction with state aid as experts have suggested. Tim also said he thinks the situation we are in now is also going to cause significant shortfalls at the local level. He said he thinks this should be amended at town meeting. Rob asked Tim if he feels the same way on the school budget, Tim said yes.

Michael S. said he is supportive of Jamie's comments and he also noted that he compared the budget put forth to the 1/12<sup>th</sup> budget and they seem very close. He said he is comfortable with this budget from that perspective and will support it. Sarah said they have always been very conservative with budgeting their revenues, especially local receipts. Typically, they receive \$700,000-\$800,000 over from what Sarah budgets. That \$800,000 is usually used to build free cash. Sarah said the motor vehicle excise is usually \$2.2M but Sarah budgets \$2M. Typically in recessions the town sees drops in motor vehicle excise, so Sarah cut \$150,000 out of this. It would have to drop \$350,000-\$400,000 to hit the level we are at now. Meals tax has already been collected so there won't be a shortfall. Sarah said she is always more conservative when budgeting revenues and local receipts. Although things will be tight, we can manage because we are so conservative.

Chris asked if there have been any thoughts on pay freezes or furloughs. Tony said they have started meetings with the unions to let them know that if they need to cut more after these cuts, they will either need to start furloughing or will need to hold off on salary increases. They are waiting to hear back from unions if they would prefer to have furloughs or to forgo salary increases. Tony said they are also looking at possibly cutting one or two positions through reorganizing. Janice said this budget has three salary increases that are between 7-10% which are huge increases. Janice asked what the outliers are. Tony said he would have to pull the budget book out to know. Michael D. asked how we can go to the town with a budget that has increased spending with some cuts when we are expecting to see revenue shortfalls and unemployment worse than The Great Recession. Mike also asked what would happen if we can't get a 200-person quorum. Tony said they are going to apply for the 1/12<sup>th</sup> budget and have it ready to go in case we don't get a quorum. Janice asked Tony how much town meeting will cost, Tony said they are looking to use CARES funds and it will likely be \$15,000. They have to pitch it to the state to get that reimbursed.

Hugh said that people who have had long experiences on these committees have been through downturns before. In those times, property taxes have remained stable. Hugh said the School Committee has a strong stabilization fund and they have also made significant cuts and plan to put that money toward the stabilization fund. They feel comfortable going forward with the budget they have presented.

- Motion to support this budget made by Michael S. and seconded by Rob.  
→*Roll Call Vote: Motion passed, 5-4.*
- Michael D, Tim, Chris, and Janice did not support.

#### **Article 4: 2021 School Budget – Barry Hopping**

Rob asked Barry to walk through the cuts that were made with the School Budget. Barry said they asked each of the administrators to develop lists of priorities in terms of budget reductions. They created a balanced reduction budget and took some from the stabilization fund. Barry went through each line item. Hugh said the goal in the reductions was to keep them as far away from the classrooms as possible. Janice asked what the balance going forward is, Barry said it is \$2.742M.

Jamie asked Sarah to walk FinCom through the funding plan and said that they had not been anticipating using free cash to fund the base budget, yet it is showing up as a funding source. Joanne said the addition from free cash may have been the wrong terminology. When reducing projects from the capital plan, Joanne said she counted the \$204,000 to be added to the base budget calculations. Jamie said if it's done that way, they are shifting money from capital to operating. We won't be getting that free cash. Jamie said that is concerning to him because he thought they would be cutting money from the budget so it would be in free cash for the town. Sarah said there will still be \$661,000 plus \$100,000 in reserve available in free cash after the capital and after the school budget. The general stabilization fund will have \$1.762M after the school budget. Janice said with the remaining balance of \$2.74M she thinks it makes sense to move that \$204,000 out of municipal free cash and increase the additional withdrawal by \$204,000 which gives us some breathing room if we need it later this year. Hugh said they were told to cut capital items. Janice said that they didn't cut it, they transferred it. A cut would be taking money out and not moving it around. Janice said if that \$204,000 is necessary to balance the budget, then it should come from the school stabilization fund, otherwise it isn't really a cut. Dr. Blake said reduced the capital budget by cutting projects. Hugh asked if those items were in the budget to begin with or were they were in the

town budget. Dr. Blake said they were in the capital plan. Jamie said they were asked to cut \$600,000 out of the budget, and they cut \$200,000 and used reserve funds for an additional \$200,000, so there is a delta of \$200,000. Rob said the stabilization fund has \$2.2M so they have the resources, they just need to make further cuts or take form stabilization. Barry said they will take this all under advisement and will meet with the budget committee next week.

Mike D. said we aren't taking these cuts seriously enough. Barry said they are putting the children first and safety first. Michael said there is a potential revenue shortfall that will be experienced across the board with the town and we all need to take it seriously. Barry said the School Committee has stretched the benefits of the last override into a seventh year and has demonstrated great fiscal responsibility. Janice said if we can shift the \$204,000 out of municipal free Cash and into the school stabilization fund, we would be able to preserve this money for future use. Barry said they will take that under advisement and come back with a recommendation. Michael S. said alternatively, they could also cut \$204,000 from the operating budget, or do some combination of the two. Janice said they don't want to see that \$204,000 come out of free cash.

Walter asked Barry if we had \$1.7M in savings due to changes since March 13<sup>th</sup>. Joanne said that is correct, they will be moving \$1.6M into the Stabilization Fund and \$102,000 to the Special Education Reserve Fund. They looked at every line item since the schools stopped doing business in March and found savings from building operations, utilities, substitute teachers, and supplies. Hugh also said that was taken into consideration when extending the override into a seventh year. Janice asked about the \$2.74M balance after the additional withdrawal and if it includes the \$1.6 additional that will be added. Joanne said on May 20<sup>th</sup> the stabilization fund balance was \$2.2M, after transferring in \$1.6M there will be \$3.8M on June 30<sup>th</sup>. The proposed plan is to take out \$1.1M, so the balance will be \$2.7M.

Michael S. asked about facilities and equipment repair and asked if we will be putting things off and needing more money next year. Dr. Blake said they felt comfortable making those reductions in technology and repair. Michael asked if they could fund some of the operating expenses through Feoffees. Dr. Blake said the reductions that have been put forth by the administrators would not really qualify for Feoffees money. Rob asked about the mini grants and he also said that they had a meeting to discuss the Payne Grants to see if they could cover any of those issues but they cannot.

Chris asked Dr. Blake what conversations have been had with the unions. Dr. Blake said he is waiting to hear what is decided on with the budget. He will sit down with the heads of the unions within the next few weeks. Barry said they voted to pay salaries through the end of the school year and also 50% of coach's stipends.

Janice said they can either vote to move forward with this vote with the understanding that the \$204,000 will not be taking from free cash, or they can RATM. Jamie said the cuts taken were .06% of the appropriated budget and he said he thinks given the circumstances, they need to tighten up a little bit more. Barry said the pandemic has taken a large social emotional toll on the children. Any further reductions will start to affect the classroom and they want to be able to service and support the students in ways they have never needed to before. With this budget, they have the resources going forward to handle that and Barry said they will take Jamie's point but he also wants to protect the resources for the children. A discussion ensued about whether or not FinCom should make a motion on this and whether the numbers would be the same or different than previously proposed. Janice said it is unusual that the Finance Committee would craft a motion with the numbers vs. responding to numbers presented by the schools. Rob said he thinks they should RATM.

- Motion to RATM Article 4 made by Rob and seconded by Joe.
- Discussion: Chris said he doesn't know how it's any different than the previous article. We don't know the numbers for the previous article either. Rob said Chris is talking about the revenue side. One the expense side, the school has to work through a lot of issues and they might need more money in the fall, so this is risky. Michael S. asked Barry and Brian if FinCom RATMing the article would have an impact. Dr. Blake said the budget number is \$32,167,098 whether we take additional money from stabilization or if we take it out of budget reductions, that's still the number. Barry said he thinks it sends a strong message to the community if the Finance Committee doesn't support the vote and when people are uncertain, they vote no. Barry said they will make up the \$204,000 but they can't deliver that tonight because Barry can't speak for the entire School Committee. Michael S. opposed the motion and suggested they vote this motion with the caveat the \$204,000 is not funded through free cash. Janice asked Barry if there is a dramatic reduction in state aid, has the School Committee looked to see what they would cut. Barry said they are constantly looking at class sizes and enrollment numbers and these are ongoing conversations. 80% of the budget is staffing. Hugh said if there is a 20% cut in state aid then they will go to fall town meeting and conservatively address those cuts and use the stabilization fund.

→Roll Call Vote: Motion to RATM failed, 6-2.

- Rob and Tim were in support, Michael D. did not vote (call dropped)
- Michael S. moved to support the school budget for this fiscal year of \$32,167,098 with the condition that they do not rely on any free cash to fund the budget, and further that we request them to send information on how they

intend to fund the \$204,000 shortfall.

- Jamie proposed an amendment to the motion that the direction is to have the School Committee make up the \$204,000 through budget cuts or other funding sources.
- Discussion: Chris said since learning that there has been even less progress with union conversations on the school side, he is even further away from wanting to move forward with these budgets. He said he can't imagine if this recession takes any hold that there wouldn't be reductions or pay freezes. Taking the majority of the money from stabilization is just kicking the can down the road. Michael S. said the fallout from this is going to be seen over multiple years. Chris said there are a lot of people in this town who have lost their jobs or are making less money, and from the municipal side and the schools there has been no pay cuts or pay freezes and he doesn't know how we can approve figures that aren't taking any of that into consideration. Joe said he thinks the Government is going to step up, and in the end, there will be a means. Walter said he agrees that Brian needs to be ready with plan b if something happens to state aid.
- Janice repeated the motion, which was to support the \$32,167,098 budget for the schools that is not reliant on free cash to make up the \$204,000 in budget cuts or other revenue sources.
  - Walter asked if there were dramatic cuts from the state, would we be working as a whole community to spend at a lower level or will the schools still get the same amount of money either way. Brian said they would have to be responsive of this. Hugh said there have been years where they have had to do mid-year budget cuts. He also said they have always worked together as a town to do what is best for the town and the students, and they will continue to do so.  
→Roll Call Vote: Motion passed, 5-4.
- Tim, Chris, Janice, and Michael D. did not approve.

#### **Article 5: 2021 Whittier Regional Budget – Tony Marino**

Sarah said Whittier Tech has 22 students from Ipswich this year. The estimated budget three weeks ago was \$456,572 but there can be an invoice for a mid-year adjustment. We don't know the enrollment for Essex Tech and if we needed money and we vote the \$485,000, that remaining amount will be unused levy and will give Sarah some money if the acceptance stays high. The number can be lowered in the fall when we have the actual numbers, these numbers are just estimates. Rob said his opinion is that they need to vote the accurate numbers and we can fix it in the fall. Janice said she isn't a big fan of padding numbers.

- Motion to support Article 5 in the amount of \$456,572 made by Jamie and seconded by Joe.  
→Roll Call Vote: Motion passed with the amended dollar amount, 8-1.
- Michael D. did not approve.

#### **Article 6: 2021 Essex County Technical Budget – Tony Marino**

Tony said they don't have these numbers either but we have estimates that the enrollment is up by 3. Sarah went through the makeup of the budget for Essex County budget and went over how she came up with her estimates. She added 10% in for sped costs as well. Rob said the per student number is outrageously high and he doesn't like that there is a cushion added in there. Michael S. said they discussed how tech schools state wide have a greater college admission rate than high schools and this is an inappropriate use of resources that is very expensive. Michael said he thinks this is an issue that deserves our attention in the long term. Barry said it seems like the mission of the vocational schools has shifted to sending students to college after vs. having students go into the trades.

- Motion to support Article 6 made by Rob and seconded by Walter.  
→Roll Call Vote: Motion passed, 8-1.
- Michael D. did not approve.

#### **Article 7: Transfer of FY20 Funds to Education Stabilization Fund – Barry Hopping**

Barry said this savings was from the schools shutting down and they would like to move \$1,633,538 to the education stabilization fund. Michael S. said he noticed the other two boards decided to RATM this and he asked Joanne if this number is likely to increase. Tony said the Select Board only RATMed this because they didn't have the number at the time. Walter asked if the School Committee voted this at the last meeting, Barry said they did.

- Motion to support Article 7 made by Joe and seconded by Rob.  
→Roll Call Vote: Motion passed, 8-1.
- Chris did not approve.

### **Article 8: Transfer of FY20 Funds to Special Education Reserve Stabilization Fund – Barry Hopping**

Barry said there is a ceiling for percentage of the budget that can be moved over, and these funds can only be spent on special education costs. The approval of the Select Board is needed to access these funds. The amount is \$102,000. Michael S. asked what the rationale is for that number. Joanne said it is a state enacted law that doesn't allow more money to be put in.

- Motion to support Article 8 made by Jamie and seconded by Rob.  
→*Roll Call Vote: Motion passed, 8-1.*
- Michael D. did not approve.

### **Article 9: Annual Capital Plan – Tony Marino**

Tony said they cut the capital plan down and then went through each line item and the leases. The total capital spending being proposed is \$839,680 as compared to the previously proposed budget of \$1,485,670. The balance of that will be available if we need it for budget cuts or to offset further reductions in state aid. Jamie asked Tony to go over the big items that made up the \$550,000 cuts. Tony went through the cuts for the schools which included flooring and carpet, and interior and exterior painting. An ADA Study at Payne Building, radio boxes at Payne and Doyon, an air compressor at Doyon, and a locker room upgrade were also cut. On the town side, budget items eliminated include the staircase to the main entrance of town hall, the library repair of the iron fence, some radio box communications, and the DPW break room remodel. They also pushed the backhoe request for DPW. Jamie asked Tony if he feels comfortable with the things that have been taken away, Tony said he thinks these are items that are okay to wait a year. If we get more state aid than we expected, we can add things back in. Rob asked if eliminating radio boxes will have an effect on insurance. Tony said they were panic buttons being installed in case of an intruder and we can always do this in the future. Walter asked when the Green Communities money will come in, Tony said the paperwork is in and they expect that money to come in within the next month or so. There is a list of projects we will use the money for, all of the projects are related to energy reduction.

Mike said he believes that the capital budget should be restricted to the expenditures that we are contractually obligated to, such as leases, as well as being restricted to expenditures that have to do directly with public health and public safety. Mike said he thinks every other optional expenditure should be put on hold for this fiscal year. Chris said he doesn't necessarily agree, he doesn't see a lot of things in this capital plan that seem frivolous. He said he understands the need and want to strip this down as bare bones as possible, but there are also some things in this budget that can save us money a few years down the road. Janice said that she agreed, and that in the past there have been years where the town had a very lean budget, and they have always paid the price down the road for not maintaining the infrastructure. These are investments that will save money down the road.

- Motion to support Article 9 made by Michael S. and seconded by Joe.  
→*Roll Call Vote: Motion passed, 8-1.*
- Michael D. did not approve.

### **Article 10: Water Main Replacement – Vicki Hamlin**

Tony spoke about Articles 10 and 11 together. Last year there was \$5.5M brought forward to FinCom and the town for water main repairs. They missed the fact that this needed a ballot vote, so it was picked up at the staff level and then checked with George Hall since this had already moved forward to contractors. Article 11 was created to fix this and it took the total cost down a bit, which they were legally allowed to do without a ballot vote. Vicki said they are under contract for the High Street work and those bids came in lower than projected, which allows them to get more work done than expected. George Hall said when it was brought to Bond Council, he created this so that it would protect the town. Given that the town had already gone to the bond market and signed a contract, we had not committed contractually so Bond Council's view was that we should go back and rescind that portion of the borrowing obligation that put it over the .1% and undertake the work to peruse a new warrant article.

Jamie asked what the value is of the High Street Water Main Replacement, Vicki said it is \$3.7M construction contract, \$400,000 in engineering total costs, and an estimated reservation of funds for police detail for \$4.6. The entire police budget probably won't be spent because the project is going quicker than expected due to a lack of traffic. The bulk of the cost of this project is pavement overlay. Jamie said now it is being split into two separate votes for the same project and we will be contracting for more than is allowed with the bi-law. George said that was not his understanding that we had contractually committed funds that require us to go over that threshold. Jamie said the threshold is \$3M and this will cost \$4.6M. George said he is going by what he was told about the amounts of the contracts and where the money was

coming from. Jamie said he is concerned that this does fall under the Bamford Act and should go to ballot. George said there is a sum of money that has been borrowed and a sum of money that has been contractually committed, and the town has made certain representations to its bond holders about irregularities of that. George doesn't want to put the town in the position where we are trying to repudiate our contractual obligations. If there is a way to provide funding with borrowed money, that would be appropriate to do. But if we were to put the entire project including what has been spent, that raises the question of what would we do if that ballot vote failed. Vicki said the signed contract for the construction is just shy of \$3.7M. All of the other pieces such as engineering and police details are separate entities that make up the rest of the package. The work is not all going to be completed by the end of this fiscal year, paving will be done in the spring which will be next fiscal year. Janice said since this is a Capital project the timing doesn't matter. Vicki said due to the timing they will not exceed the limit for the banter bylaw within a one-year period. Tony said we aren't spending more than \$2.9M within this fiscal year.

Jamie asked when the next ballot vote will be, Tony said November. Jamie asked if we can fix it then. Tony said we can vote it then but we would still have to come up with the funds to pay the contractor and it will hold off the work and Market Street will stay torn up until spring. Tony said George and Bond Council both recommended this. George said the way the bylaw is written, if a vote is taken at this annual town meeting, it has to be approved at the annual town election or a special election, but if that were the case they would have to put off the whole article. Jamie said they could reduce the article at this meeting which would make the bond valid. George said that was what they had discussed, fixing it by reducing it. Tony said they could lower the number for the first article and use it only for Market Street and then fix it in the fall for High Street.

Michael asked if the Bond Council thinks it is consistent with the Bamford Bylaw to proceed this way. George said the way to manage the error is to reduce the appropriation to an amount within the threshold. What we are getting mixed up in now is because we are also trying to do the Market Street work. George said he thinks if they hadn't added in the Market Street work it would have been within the limit. Jamie asked if we reduce it to \$2.5M, would we be able to cover the rest. Tony said they could move money around and cover what we need to cover.

Jim Engel said a careful reading of the Bamford Bylaw is probably necessary at this point, and he thinks it talks about the total amount of the borrowing and it is silent about whether the borrowing amount is for one project or multiple projects. Jim said they should read it to see if they can fund a project incrementally. He believes all it says is that if you ask for borrowing over the .1%, you have to go to ballot. It does not say that you cannot incrementally fund a project so that each amount borrowed stays below the .1%. Jamie said the intent of it was to limit borrowing to certain projects that exceed a limit relative to the town's valuation. The point of the article was to put some restraint on town meeting. Jamie said he thinks they should support Article 11 so that the bond becomes legal again. It seems like there are other funding sources available to cover the funding of that project, and it seems like we want to keep another \$1.5M to cover Market Street. Jamie asked Tony to confirm the number for Market Street. Vicki said the original number was \$1.5M for Market Street and to continue High Street. Tony said hopefully we can come back in the fall to finish High Street. Janice said the article, as presented, needs to be amended. Tony said it just needs a motion and they will work with George on the amendment.

- Jamie moved that the Finance Committee support Article 10 in the amount of \$1.5M, seconded by Michael D.
- Discussion: Michael S. opposed this motion and he thinks we can trust legal councils' advice on this.  
→*Roll Call Vote: Motion passed, 8-1.*
- Michael S. did not approve.

#### **Article 11: Rescinding Funds from 2019 ATM Article 10 – Tony Marino**

- Motion to support Article 11 made by Jamie and seconded by Michael S.

→*Roll Call Vote: Motion passed, 9-0.*

#### **Article 12: Wastewater Infrastructure Repair/Replacement – Tony Marino**

Vicki said this is a request for \$2M for an infrastructure upgrade to the sewer syphon and interceptor. This is the sewer piping on the north bank of the river. They are almost done with design and ready to bid the project and are also applying for an MVP Action Grant for funding and they should hear by August on the grant. However, this is a necessary project so we will need to do it whether or not we receive the grant funding. Michael D. asked Vicki to explain the importance of this pipe and the effects if there is a failure. Vicki said we have sewer piping in the river and if the pipes fail, they are over 60 years old with deterioration. Failure would mean closure of clam flats, beaches, all of the water ways, it would put much of the community without wastewater collection systems and would be a public health risk. It

would have devastating impacts on the community. Mike said this gets paid for by the consumers and not by the tax dollars. This is probably one of our most vital pieces of infrastructure.

- Motion to support Article 12 made by Mike D. and seconded by Jamie.  
→*Roll Call Vote: Motion passed, 9-0.*

#### **Article 13: Other Post-Employment Benefits Funding** – Tony Marino

Tony said this was based on the formula that the town came up with the use a percentage of free cash to pay of OPEB liabilities. Walter asked if an abnormally large number of free cash is available do we have to contribute more, Sarah said no.

- Motion to support Article 13 made by Jamie and seconded by Rob.  
→*Roll Call Vote: Motion passed, 8-0 (Chris was no longer on the call).*

#### **Article 14: Citizen’s Petition** – Lori LaFrance

Janice said she received an email from Lori saying they are putting this on hold. This article discusses lowering the voting age to 16 for town related votes

- Motion to IP article 14 made by Joe and seconded by Rob.  
→*Roll Call Vote: Motion passed, 8-0 (Chris was no longer on the call).*

- **Janice closed the warrant hearing.**

#### **4. FinCom Report** – Janice Clements-Skelton

Janice asked the members of FinCom to let her know which articles they want to do. Jamie said he would do 13, Mike D. said he would do 12. Rob is going to do 9. Michael S. asked about other aspects of the reports and said he would do the graphs and the summaries. Tim said he would do any of the articles, Joe said he would do Article 7 and 8. Janice asked Jamie to take 10 and 11. Janice said she can do a few of them as well. Mike D. said he can also do 1 and 2. Mike asked if there will be a speaking portion on both sides of the votes or just the majority, Janice said on the articles where FinCom was so closely split, they will speak on both. Rob said we should look at last year’s articles and use those as reference.

Janice also said they should discuss Bean Counting. Originally it was going to be on May 30<sup>th</sup>, but that would be too short of notice. Rob asked what the value of Bean Counting is and perhaps they should discuss that since they just talked for 4 hours about the budget. We don’t know what will be coming up money wise and the school also has big issues coming up. Perhaps a tri-board meeting would be better. Janice said she agrees that the value of Bean Counting might be diminished this year. Rob said this meeting has been deep and has been similar to Bean Counting. Jamie said he doesn’t know what would be discussed at Bean Counting that hasn’t already been discussed. Janice asked George if there is any sort of charter obligation to hold Bean Counting, George said no. Joe asked if Bean Counting would be remote or live, Janice said it would be remote because it would be more than 10 people. Jamie said the time to have Bean Counting would be when we get numbers from the state. Janice agreed that it should just be delayed.

#### **5. New/Other Business** – Janice Clements-Skelton

- Tony said he is going to give an update on iCam for plans for town meeting.
- Jamie said he appreciates everyone participating in tonight’s meeting.

#### **6. Adjourn** – Janice Clements-Skelton

- Motion to adjourn made by Michael D. and seconded by Joe.  
→*Roll Call Vote: Motion passed unanimously, 9-0*

Respectfully Submitted By  
Alyson von der Esch  
7-12-20