

TOWN OF IPSWICH
Finance Committee
Meeting of April 14th, 2020
Remote

With a quorum present, the Chair called the meeting to order at 7:33.

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

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 3/10/20 made by Joe, seconded by Mike D.
→*Vote: Motion passed unanimously, 9-0*

3. Town Managers Report – Anthony Marino

Tony said since the last meeting, he has done mostly Covid19 related items. Town Hall operations have been closed to the public. There are some employees still going into Town Hall. DPW and Utilities are doing split shifts to limit exposure. Operations are as normal for most part, payments can be dropped off in the box out front or can be done online. The beach is open 3 days a week to residents only, so there has been a big push for beach stickers. The Building Department hasn't been pushed off schedule too much, inspections and permits are still typical. They have also been moving forward with Utilities on the Symes Project and on the High Street Water Main Project.

Chris asked what project is being done at night on Market Street, Central Street, and North Main. Tony said it is the National Grid Project. They didn't want to interrupt the potential for restaurants to have takeout business so they chose to do it at night. Janice asked for an update on infection rate or if the Board of Health has any projections. Tony said Ipswich has 25 cases, at least 8 of them are already out of quarantine, and at least 5 of those are at the same address. The Board of Health doesn't have any additional projections. The town has hired some additional public health nurses to manage cases and check on people. Select Board meetings have been continuing and Tony and Sarah have been keeping in close contact with the State DOR to see if there are any cuts in State Aid. They should be okay for this fiscal year but Tony and Sarah are laying out some scenarios in case there are budget cuts. Janice asked if we have a sense of what kinds of expenditures might be eligible for reimbursement. Tony said anything Covid-19 related will be eligible including meals for seniors and laptops for staff. All of the departments have been keeping track of expenses, including schools. The town will front the money now and then hopefully get it back later. Jamie asked for an update on the Public Safety. Tony said they had 1 case in the Fire Department, which impacted a few shifts so 8 firefighters are out now. They have all been tested twice and have all been negative. Other guys have had to step up to cover the shifts. Two police officers may have come in contact so they are in quarantine but have tested negative. Michael Schaff asked Tony if he is seeing unusual expenses for the town that will not be covered by emergency funding. Tony said he thinks they will be okay. Janice asked if there would possibly be any savings since things are shut down. Tony said he doesn't think so because everyone is working from home so still retaining their full pay.

Janice asked Tony to talk about the summer water rates. Vicki is preparing something for the Select Board for Tuesday night. The summer rate is higher but the Select Board wanted to look at other options since people may be encountering financial instability right now. They are looking at several options and nothing has been decided yet. They already voted the rates for the year, they wouldn't be changing it, it would just be instituted at a different time so that it doesn't require the two hearings to change it. Michael S. asked if the Select Board is discussing the impact on water usage. Tony said by not putting the summer rate into effect there is fear that it will impact conservation and if we get into a draught that could be a problem. This will also be on the agenda for Tuesday night.

Rob asked how many seniors we are feeding in Council on Aging and if there have been layoffs. Tony said they have not had any layoffs with the Council on Aging and right now they are putting out 100 meals per day on Mondays, Wednesdays, and Fridays. The meals are delivered to the Senior Center and then they store them there, then they have teams in place to deliver the meals to seniors. On Tuesdays Pomodoris is discounting food for seniors. The Y has also received donations and they are also delivering meals. Janice asked if Tony has heard from any of the food establishments

that they may not be able to reopen or if we might lose any downtown businesses. Tony said he hasn't heard that yet. So far so good, they aren't making a lot of money but they are making enough to cover expenses. The new burrito place and the Choate Pub decided to close for the time being. Janice said as soon as we can it would be great to drive people to these local spots.

Janice asked Barry to give an update on the schools. Barry said they have spent \$10k on site licenses for Zoom to help with online learning. They have also spent money on deep cleaning of the schools, as well as they are providing Monday-Friday breakfast and lunch, about 100 meals per day. The School Committee voted unanimously to continue providing classes next week during April break. Michael S. ask how the participation rates have been for the meal programs. Barry said it has been 100 meals per day between breakfast and lunch, they are trying to encourage families to participate. It has pretty much been the same families they deal with throughout the school year. The Food Service department has been keeping track of who is participating. They would like to see more participating. Michael S. also how the Zoom participation has been. Barry said it has been about 90% but for some reason there have been some families that have refused to log on and participate. Barry has asked Dr. Blake to keep a list of people who have not participated. The teachers have been great. They are still working through the glitches with Zoom but they are getting there.

4. Review of Budget Hearings – All

Janice asked the FinCom members what they thought went well and where improvements can be made for next year. Joe said he found the whole process very informative. The substance and the depth from each of the department was very valuable. He liked that he got a chance to learn more about the town, the personnel, and the departments. Janice said the Budget Hearings are probably the highest amount of citizen participation throughout the year so it's a great time for the Department Heads to showcase what they do. Every year we go to the tax payers and ask for money for the budget, and it is a great way to tell people about what that money is going toward. Joe said he found it very beneficial and educational. Janice asked if anyone has feedback on an area of improvement. Michael S. said the schedule this year worked very well. Which town departments showed up when, and the amount of time allotted to each department worked well. Janice said her and Tony tried to schedule things together that made sense to put together and Tony did a lot of the work to make sure it was scheduled. Walter said all of the meetings seemed to end relatively early too which was nice. Janice said as a committee they did a good job respecting the time by submitting questions ahead of time or after the meeting, and by asking concise questions. Although we want to ask most of the questions live, there are some questions that have more complex answers and people need time to answer them. Walter said he liked asking questions ahead of time when data was needed for the answers. Janice said next year she would like to have page numbers in the budget books. Tony said they included tabs for individual departments this year but they will work on page numbers as well. Janice said on the school side, they all noted that they missed hearing from all of the principals. Rob asked if anyone missed the fact that the Select Board didn't really participate in the Budget Hearings. Rob said the Select Board changed the way they did things from previous years and wondered if it was an issue. Tony said he got a lot of positive citizen response about that and the Department Heads also liked it because they were able to present in an easier way. The Department Heads gave department updates separately from the budget updates. Rob said maybe they could see the notes from those meetings. Rob also said if they talk about an override next year, he thinks they would need 3 nights for the schools.

5. Town Meeting Planning – Tony Marino

Janice said that yesterday afternoon there was a group call between herself, Willy, Tony, Barry, Dr. Blake, Tom Murphy Whitmore, and George Hall to plan for Town Meeting and discuss what planning would look like. They tried to get a sense of where the Boards and the Town Moderator are as far as thoughts. Right now, they are looking at the second half of June for Town Meeting, followed by a vote a week later. They are targeting June 16th with elections to follow the following Tuesday. Depending upon shelter-in-place, we may be able to go forward with a traditional Town Meeting, however some felt that was unlikely. George Hall said they could post an Annual Town Meeting Warrant that included only the time sensitive articles which would be the budget articles and the water articles. They would then post a Special Town Meeting Warrant for within the Town Meeting Warrant, and on that would be all other articles that would be ordered by priority. This would give maximum priority and we could open the meeting and could get through the budget, then adjourn the meeting, have the elections, and then pick up with the Special Town Meeting at a later date. However, if they get through the articles quickly it could be possible to open the Special Town Meeting the same night. Depending on the social distancing requirements, we may be able to do something that allows for seating every 3 seats while also opening up additional rooms and having assistant moderators in those rooms. Another option is to hold the Town Meeting outside. Walter asked if the quorum requirements have been relaxed at all, Janice said no. Tom said that was in one of the

iterations of the Emergency Legislation but it did not make it. They will need 200 people to have a quorum. Rob asked if this could possibly be held in July, August, or September. Janice said they did talk about that briefly but right now they are hoping to at least get through the budget items prior to the start of the fiscal year. Janice said they could take that approach but there was some conversation that as social distancing requirements loosen up they might have a harder time getting a quorum because people will want to be out and about. Janice said they are hoping to get some more guidance from the state in the upcoming weeks.

Tom said the Annual Town Meeting is the second Tuesday in May which is written in a by-law. This date can be pushed back by the Select Board. Once that date is posted, the Moderator can postpone it by 30 days as many times as needed. Tom said the Select Board is likely going to post that it will be postponed but they will wait to put a date out. Janice said they want to avoid scheduling something and then having to postpone it again and again. They are waiting to decide until they know more in order to minimize concerns and confusion. Jamie reiterated that the only thing that will be scheduled would be the time sensitive material, and everything else, including a citizens' petition, would be on the Special Town Warrant. Articles 1,3,4,5,6,7,8,9 would be on the Town Warrant, and articles 12,13, and 14, which is water infrastructure. All other warrants would fall into the Special Town Meeting. Jamie said the town of Marblehead has petitioned to have a judge change the number of people required for a quorum. Tom said that is very labor intensive and there would be a lot of backlash. We don't have to finish this budget by June 30th. Janice said we can watch Marblehead and see how it goes on with them, and as time goes we can keep this in mind if we need it. Sarah said Essex Regional Retirement Board gives them a generous discount because they pay the whole assessment in July. It's a couple of million dollars and we might not get that if we don't pay it in July. Tony said MIIA gives a discount as well. Tom suggested they look into this to see if they can still get a discount if they pay in August. Chris said in regards to asking for a smaller quorum, the articles don't seem to be very controversial, therefore people might be less likely to challenge this. It might be something to take into consideration.

Janice said common sense tells us that we should be anticipating some changes. Janice asked Sarah to do a rough model to see what it would look like if we had to take the budget down 5% and also 10%. Janice said she was also chatting with Mike D. and it looks like we could be looking at a \$5B-\$8B downfall at the state level. Right now, unemployment is at 14% and it is increasing 2% each day. We could have 20% unemployment in town and that will have an effect on local revenues. We're hoping we are close to the peak of infection and we may be at a place where we are at a downward swing in a few weeks, but logic tells us it's going to be well into the summer before we see some economic recovery. Janice said she recommended on the call yesterday that we should have a conversation as a committee and decide what approach we want to take. We could move forward with the budget as is and wait until we hear back about what State Aid is going to look like, and then cut if needed in July or August. Or, we could take the opportunity in the delay of Town Meeting and go back to the budget and reduce it by a percentage, and then create a prioritized add-back list. This allows the town to go into the summer in much more conservative position and allows for add backs if possible.

Sarah said her and Tony looked at local receipts and looked at the recession in 08/09 to see how that effected revenue and sales tax. Sarah said they already hit their meals tax target in the third quarter because she was conservative in budgeting. Meals tax in the fourth quarter will be much lower but it's okay. Local receipts were looked at individually. If we look at a \$300,000 loss in local receipts it's about 7.7%. That would be a \$188,000 drop in the schools and \$112,000 drop to the town. If we also lose 5% of state Aid, that would be a \$600,000 decrease which would be a \$376,000 decrease to the schools and a \$224,000 decrease to the town. This all depends on how much we lose from the State. Janice said if this was the case they would need to make major adjustments to the budget.

Janice asked FinCom if they would like to use the time at Bean Counting to tweak the budget. Mike D. said he thinks we owe it to ourselves to take a stab at this at Bean Counting and prepare for a worst-case scenario. He also said at the State level it is still uncertain what the aid will look like. He thinks we should be as aggressive as possible and consider a 10%-15% decrease and add back where we can. Mike also suggested getting rid of Capital Expenditures and put that money to better use and create a bare-bones budget so we can keep as many salaries as possible. Janice said she wants to make sure they are all very unified on their position on this. Jamie mentioned that nobody has talked about reducing property taxes and they are assuming these revenues will still be coming in. Second, Jamie said he views this has a relatively short-term disruption and he doesn't see that the town will be as affected as the state because we don't rely on as many sources of revenues. Jamie suggested to look at the Stabilization Funds. Walter said he thinks we should be looking at the Capital Plan and some of the discretionary expenditures, but he agrees with Jamie's point, and asked why do we have a rainy-day fund or Stabilization Fund if we never plan to use it. Janice asked Sarah what the balance is in the Stabilization Fund, Sarah said it is \$1.9M. Jamie asked if there is a separate fund for the school Sarah said it is at \$2.2M. Jamie said that gives him some level of confidence that that is something we should talk about. Michael S. said at Bean Counting we will likely know more than we know now and he suggested that we make some decisions now but wait to

make big cuts until we know more. Tim asked Michael D. how much of a budget cut the state is projecting percentage wise, Mike said 5%. He also asked Sarah if she had any concrete numbers on the impact on local real estate in 2008/2009. Sarah said they checked it and there wasn't much of a decrease. Chris asked Mike what would be coming at the Federal level to the State level which might trickle down to local governments. Mike said there has been no specifics on what the Federal Government is doing fund-wise. Chris said he agrees with Walter. The bulk of the budget is salaries, so unless we are looking to lay off a dozen people, it doesn't seem realistic to cut that much of a budget. He agrees with Jamie that this seems like a good time to use the Stabilization Fund. He would like to cut the budget a little on top of using Stabilization. Chris asked if there are any opportunities in bonding right now. Sarah said a few weeks ago the bond market was in turmoil and there is no permanent bonding going on right now. The financial advisor said to use a note but don't bond now. Sarah said they are going to try to get notes early so they can hit the market prior to any issues in June, and if they don't like what they see, they can go out again in June. Everything is already lined up and we can move quickly. The markets look like they are stabilizing a little, they are going out for \$4.9M so it's not too much. Joe said he agrees with Michael and that he doesn't think we will know much more than we know now on May 9th, and he agrees that we should use the Stabilization Fund because that's what it's there for. He also suggested we ask all of the Department Heads to look at their budgets and decide what they would get rid of if they had to do a 5% cut or 10% cut. He said he thinks the decisions about cuts should come from the bottom up vs. FinCom making the cuts. Janice said that she was happy to get a sense of where people's heads were at. She summarized the boards thoughts and will get it out to the School Board and the Select Board.

6. Bean Counting Agenda – All

Janice said it is difficult to create a firm agenda for May 9th right now. At the very least, it will be a budget review. If we are looking at mitigation measures we will be taking those up in detail and voting on them. We will also receive a detailed report out from the Capital group that Rob is part of. That will be a key aspect of Bean Counting. Janice said if anyone else has something they would like to be a part of the agenda, to send her an email.

7. Annual Report Planning – Janice Clements-Skelton

Janice said we are trying to make plans based on a moving target. June 16th is the target date. The warrant hearings will likely be on the 12th and 14th of May, then there is a week to get all of the writing done. Janice said she will get a note out to the group to see what else is up for grabs, and would like the reports back by the 22nd. She will then send a report to Sarah by the 28th which will go to the printer on the 29th, onto the town clerk on the 1st, to the post office on the 5th, and to the voters by the 8th. Janice said she has heard back from Michael D, Walter, and Tim about what they would like to write on. Joe asked if they should be choosing a side when writing about something, Janice said if the vote is unanimous they speak to that side of the vote, but if the vote is split they write about both sides.

8. Sub-Committee Reports – All

Mike D. said the Water and Wastewater Subcommittee will be meeting tomorrow to discuss softening the burden of peoples bills and the water rate. The ultimate goals are to do a combination of softening the financial burden while also encouraging water conservation. They are looking to reduce costs for a few months and Mike will let FinCom know what they decide. Michael S. asked how much the difference would be per family, Tony said Vicki will have that as part of her presentation tomorrow. Michael S. said he thinks we need to determine if it is worth it, if it is only a small amount. Joe said that Vicki mentioned if we keep the lower rate into May, there would be less income in June, so that could have a negative impact for this year's budget. Tony said that is correct because the last month of the fiscal year will impact the rate. Barry asked if Ipswich took advantage of federal grants in 2008/2009 and to what extent. Jamie said he doesn't recall but they did get some money. He said this time around, he thinks it will be more along the lines of reimbursement for extraordinary expenses. It's not going to be just getting money to spend it. It will be to reimburse excess costs. Mike D. said to answer Michael's question there is a slide for tomorrow night's meeting that shows three options including the winter rates, the FY20 base rates, and the FY21 base rates. Depending on which avenue they decide to pursue, rate payers could save between \$80 to almost \$200. Janice asked Mike to ask Vicki if FinCom could take a look at those slides.

Tony and Sarah gave an update on the Strategic Planning Group. Tony said they met a few weeks ago and they have 4 or 5 models set that they will present at Bean Counting. Each project will be presented and its impact will be presented. Janice asked for a preview of the slides for the presentation so that FinCom members can look into everything and prepare questions. Rob said for the next FinCom meeting he will go through the details of what they have done so far.

Jamie gave an update on Public Facilities. He was unable to attend the meeting but read the minutes and noted there was a presentation from the Climate Resiliency Committee which focused on keeping climate resiliency in mind

when design the building. They are looking at Fall Town Meeting for land acquisition and bonding. Janice asked if they have been working with the Capital Planning Committee to see if the most recent numbers have been built into the model. Jamie said they have not but this should happen fairly soon. Janice suggested Jamie and Rob could connect about this. Tony said he will have the most up to date numbers once they get them. Chris said he would like to see a 2019 and a first quarter Feoffees trust fund report as soon as possible. Janice said she has to get back in touch with them because they didn't show up to the last presentation. Chris said a report would be fine, Janice said she will reach out to them.

9. New/ Other Business – Janice Clements-Skelton

- Mike asked if the May 4th Shelter in Place gets extended, will we have another Zoom meeting in May, Janice said yes.

10. Adjournment – Janice Clements-Skelton

- Motion to adjourn made by Mike and seconded by Chris.
→*Vote: Motion passed unanimously, 9-0*

Respectfully Submitted By
Alyson von der Esch
5-6-20