

TOWN OF IPSWICH
Finance Committee
Meeting of July 14th, 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 5/26/20 made by Jamie, seconded by Michael S.
→*Roll Call Vote: Motion passed unanimously, 9-0*

3. Town Manager Report – Tony Marino

Tony thanked everyone for a successful town meeting and said the Select Board will be discussing dates for Fall town meeting, possibly October 3rd or 17th. That meeting will cover the remainder of the articles as well as possibly adding an article for the building for the Public Safety Building and the Tiff for the Biolabs.

Janice asked Tony how the businesses are doing downtown. Tony said there has been great feedback with outdoor dining and a lot of the restaurants are getting more business since people are realizing outdoor dining is available. There is also a “takeout terrace” by the Riverwalk for takeout dining. Janice said she has heard that people really like this and want to do this every summer. Tony said he thinks it would be a great thing for the town and hopefully we can get support to do it again next year. Michael S. said a few years ago a downtown assessment report was done and one of the recommendations was to expand outdoor dining.

Jamie asked Tony to give an update on the fire department. Tony said nobody is out, there is a new interim Deputy Fire Chief. The old Deputy Fire Chief moved to the Organizing Lieutenant position and Anthony said it is an ongoing personnel matter that he can’t go into. Joe asked Tony if the restaurants have to pay for the tents for outdoor dining. Tony said the town is putting it in through the Cares Act and the town owns the bollards.

4. FY20 Update: Budget Closing – Sarah Johnson

Sarah said no transfers are necessary. We are still paying bills. The accounts payable warrant closes tomorrow which is the last day for us to conclude our business. So far, we still have a little over \$1M remaining. We usually double check with all department heads but we are doing pretty well and we will have more money turned back than we usually do. Sarah said she thinks because of Covid, a lot of the projects departments thought they would be moving forward with were not completed. The good news on the revenue side is that currently we are \$844,000 over budget in revenues. That’s about where we were in FY 2017. There is also a receivable coming in for FY20 for \$72,000. We got through the split payroll, finishing up the payroll for FY20 and now starting FY21. Sarah said this was a team effort and she is thankful for everyone helping out.

Janice asked with just about \$1M and some incumbrancers, does Sarah have a sense of what will be available for free cash. Sarah said she hasn’t done an analysis yet because more goes into it and she has been working with payroll and the new town accountant. The auditors are coming in the third week in August so they plan to prepare for that for the next few weeks.

Michael S. asked what the major categories were for the surplus. Sarah said motor vehicle excise is always one we are over on. It was \$171,000 over this year. The real estate deferred taxes were over by \$86,000, other excise tax was \$34,500 and a big chunk of that was meals tax. Beach stickers came in \$17,000 over, licenses and permits were \$100,000 over and investment income was \$145,000 over, and miscellanies non-recurring revenues were \$275,000 over due to FEMA money coming in from 2018. Tax liens came it at \$127,000 over. Michael also asked Sarah if there were any major unanticipated expenditures due to Covid. Sarah said one expense was they bought a lot of laptops so people could work remotely, but they were able to put that through the Care Funds. We did not incur any major expenses that will likely not be reimbursed. Tony said we also have about \$800,000 in allotment left for the Care Fund as well that will

likely be used for schools. Janice asked if we have the final number for the cost of town meeting, Tony said it was about \$16,000. Michael asked how this experience with Covid will change next year. Tony said other than not knowing what to expect with revenue or if things have to close down again. But currently town hall is fully staffed and we are back to operating. It will all be driven by whether or not there is an increase in cases. Michael asked if the schools have been undertaking analysis on investments they may need. Tony said they have been working on three scenarios that DESE laid out for them which are back in school full time, a combination of in school and remote learning, or fully remote learning.

5. FY21 State Aid Update – Sarah Johnson

Sarah said she heard we may hear about numbers in September. Tony said he met with Senator Michael Rodrigues on the Ways and Means Committee, and he said if everything goes the way Governor wants, he would anticipate level funding Chapter 70, and a 20% cut in UGA. That would be about a \$340,000 cut to the town. Tony said we have already cut more than that so if that's the case we would be in good shape. Michael said he heard the same thing. The past few days the Senate has been focusing on the Police Reform Bill so they will work on the budget for FY21 next, and they are expecting September. Janice said that they would like to hold bean counting before town meeting and would like to have at least a week with the numbers from the state before bean counting. Tony said perhaps we should do October 17th vs. the third to give everyone more time.

6. Annual Town Meeting Debrief – All

Janice said she wanted to hear from the committee on how they thought town meeting went. Michael D. said he was very impressed with how it went and he said Tony and everyone else did a great job. Joe said he echoed that comment and thought it went very smoothly. Initially he wasn't in favor of holding the meeting, but with the planning that went into it, everything went very well.

Jamie asked if there was significant audience participation. Janice said there were two pieces that warrant some discussion. Phil Goguen made a motion to reduce the municipal budget by 10%. There was a discussion and it got 10 or 15 votes. Phil also proposed a 10% cut to the school budget and that did not get a second. Janice said Carl Nylen did a good job of explaining what a 10% cut would mean to the schools prior to Phil's proposal. Janice said Phil was also questioning the middle school/high school bond retiring and why aren't we seeing a greater decrease in taxes since that money came out. He was concerned we are repurposing that money. Janice said she didn't feel like it was wrapped up tightly. Sarah said Phil reached out to her after town meeting so Sarah sent him the information. Sarah said he thought we could use that room within the budget, but it was an exempt debt service vote from a ballot and town meeting. So that debt service floats above the tax levy and when it drops off after it gets paid off, it goes away. It floats over and outside of town budget. Sarah said she thinks he is clearer on this now.

Walter said he would like to see how the schools came up with the \$1.6M in savings and the extra \$200,000, and what it breaks down to as far as the budget goes. In a remote learning environment there should be similar savings, so he would like more detail on that at some point. Janice said she can reach out to Dr. Blake. Walter said he wouldn't worry about it until they decide on a path for the fall.

Michael S. said he thinks the experience with the voting clickers was not as smooth as we may have thought it would be. He also said it was difficult that we had to count people in cars, and that might be difficult for future meetings. Janice said she was keeping track of the numbers as Tom read them off, and there were no two articles that had the same number of votes. There were some pretty wide swings and Janice said she didn't see many people leaving. She has concerns that the technology is working accurately. The other process point that Janice noted is that as a town we have to have the same process for every article. We counted yes votes for some, no votes for some, and some we just said it was majority. Janice said we should find a way to codify the voting and counting process and use it for every article, it would improve the experience for the participants. Michael S. said he got confused a few times as well. Walter said the moderator was using the 372 number of people and that number wasn't static because some people left. Chris said as far as the concept of electronic voting, he liked the old process of simple majority. He said he thought the beepers caused too much confusion and we should just have people walk around to count. Janice asked Tony if the use of electronic voting is at the sole discretion of the moderator. Tony said yes, that is the way we wrote the article. Walter asked how problematic the parking lot is for that decision in the fall. Tony said he had some ideas for how we could do it quicker and easier. It would be easy to get the electronic voting back. Michael S. asked Tony to refresh him on the vote to allow the Town Moderator to make the call about electronic voting. Tony said they passed it about a year ago and it gives the Moderator the ability to run town meeting the way he sees fit. Chris said it was a little glitchy and we don't want to give people another reason to not want to go to Town Meeting. Tom clarified that it was the annual 2019 town meeting where we approved sanctioning electronic voting, but it has always been within the purview of the town moderator whether or not to

use electronic voting. Tom said he is conflicted on it. He sees the efficiency but it sacrifices some of the validity of town meeting and he doesn't take a position on it going forward.

7. Subcommittee Updates – All

Public Safety:

Jamie said the need for the public safety building has not changed, there was a presentation by the architect at the last meeting about what the building might look like. Conversations are now about when this should be presented and how. Its difficult to think about a major town meeting expense at this point just to inform people about this. They plan to meet next week and Jamie will give an update at the next meeting. Janice said Jamie can send them a quick update next week after the meeting and then they can have a discussion at the August meeting.

Strategic Planning:

Rob gave an update on the subcommittee. He reminded everyone that the Strategic Planning Subcommittee is made up of people from the community, the School Committee, the Finance Committee, and town management including Tony and Sarah. They meet every month and they are 80% there, making good progress. Rob shared a PowerPoint that showed a 30-year chart of all projects, which showed the impacts to the community from the perspective of the tax payers. The subcommittee plans to put together bullet points for each of the projects to explain what they plan to do and what the financial impact will be. Rob went over the projects which included the current tax levy, the school override, paving, facilities \$1M override, an open space placeholder, 30-year level debt service for schools, and 30 level debt service for the public safety building.

Jamie said the bottom of the chart is not \$0, it's \$6,000. By just looking at it, it looks like the taxes are going to double but that isn't the case. Jamie suggested to show this chart with a version that shows it relative to the full tax burden and not just relative to the increases. Jamie also asked with regard to the school debt service, if they are assuming this is the net debt service after state aid or is it the full amount. Sarah said it is net.

Michael S. said it looks like in 2020 the taxes for \$500,000 is about \$7K and at the peak it would be about \$8.350. Rob said that is correct, if all of the investments are going to be made in the timing they are suggesting. Michael said interest rates are so good these days and asked if we will get a good rate if we proceed with this bonding. Sarah said we kept it the same as it is now, but as the market changes we can update this easily.

Jamie asked what Rob's assumptions are for the current tax levy and how they are escalating that. Sarah said she thinks it was a 3% increase. Rob said that is also considering the fact that we are increasing the assessed value by 3%. The committee is discussing whether or not the assessed value should be a denominator on the growth. They want to show this from the perspective of the tax payer and tax payers don't benefit from an increased assessment. Sarah said that they are assuming that assessed value will go up 3% every year because that has been what has happened historically. Jamie confirmed that the tax impact is based on \$500,000 of value, Sarah said correct. Jamie asked Rob if they had any conversations with the schools about future overrides. Rob said it took a long time to talk about the operating override with the schools. Rob said he likes to only look at 15 years because there are too many lines and everything really matters in the next 10 years. He said he doesn't think they have thought through improvements or other operating overrides. Tony said he believes Carl Nysten mentioned to look at every 6-7 years. Sarah said she did show the full \$6,000 at one point but it took up almost the whole screen so you couldn't see the increases. Jamie said maybe just show it at some point for some perspective. Janice thanked Rob and said this is helpful to see the work they are doing. She asked Rob if it would be doable to allow the committee a large chunk of time at bean counting to go over this. Rob said he thinks it's something that the Finance Committee should discuss at more length. Rob said he disagrees with the 3% value and thinks it is inaccurate for the tax payer to see their world this way and the 3% mutes it in some way. We need to show that there are significant financial decisions that are being made and we want to show it as accurately as possible to the tax payers that are going to be in their homes for the next 5-10 years. Rob said he likes a 5-10 year look but Sarah likes 30-year, and he asked the Finance Committee their opinion. Janice said she agrees that most people don't budget for 30 years but she would still like to see it. She suggested showing 30 years but show what it would look like every 5 years.

Chris said he thinks this is a very helpful illustration, but he asked if there has been any talk of explaining to people exactly what they will get for all of these. Specially stating, "the benefit of this to the town would be x" and to explain what we would be avoiding by putting these into place. Chris said this might soften the blow and help explain a fairly inevitable cost to live in this town. Rob said he doesn't think the qualitative side of these investments has been thought through yet. Chris asked if we could identify what the School Dude assessment said were fairly obvious

requirements. Janice said she agrees with Chris that we don't do a good job of marketing things in the town and we need the value propositions for each of these projects. We need people to understand why these projects are needed. Rob had to sign off but he said he will provide more information prior to the next meeting, and to email him with questions.

Water Subcommittee:

Mike said they have a meeting coming up this month. The committee decided to instill the summer rate as of July 1, as opposed to keeping the base rate. The winter rates might be slightly higher than usual to make up for the shortfalls in June. Secondly, the water ban prohibits using automatic sprinklers on your lawn. The only watering allowed is hand watering in the evening. The Syme's Project was violating this, they tried to get around it but it was rejected. They have since removed the sprinklers and have brought in water trucks to water the lawns. Janice asked how it will work offsetting the winter rates from the summer losses since they are crossing over fiscal years. Sarah said she doesn't know how they plan to cross the fiscal year. The water revenue is slightly under what they budgeted, but they voted retained earnings, and with this help they are over what they budgeted. They still have \$400,000 available, so still have taken in more revenue than expenses that they have expended. Janice asked Mike if the committee has taken up any discussion about being proactive with developers to make it clearer from the start about their water policies and protocols. Mike said that is a message they will have to deliver early, they assumed they had done their due diligence to know about it. They saw some loopholes and they are going to revisit those so this doesn't happen again. Jamie said we should be giving clear expectations about our water supply but he doesn't think people should be that concerned about the Syme's project. Just a few houses watering their lawns doesn't make that big of a difference. Chris said he agrees with Jamie and he said that the town hasn't been very welcoming to the new development. Mike said this was an unintended consequence of the homeowners and there was confusion about whether or not the homes were occupied. Mike said the biggest concern regarding the water issues is going back to the draught of 2016. Janice said there are two issues here, one is conservation and one is a double standard. If there is a town-wide ban in place than it should be town-wide and should not exclude any development. Everyone in the community should comply. Tony said they were fined \$6,400 for the usage of the 24,000 gallons of water, and they have been paying the fines. Janice said this is something that needs to be made clear with the Planning Committee, earlier in the process. Developers need to understand that if a ban goes into place they are expected to comply, as is every homeowner and commercial establishment.

Michael S. said he doesn't understand how we can reduce the expense of water. Janice said the way she thinks of it is that the summer rates are there to reduce usage. Jamie said the system is meant to be income neutral. Michael S. said if we reduce revenue at some point in the year, we will have to make it up at some other juncture unless we cut expenses, which we likely cannot. Michael said it seems like an unhelpful exercise since we will just have to increase costs again later. Michael D. said they adjusted it to the base rate, which is less than the summer rate but more than the winter rate. Mike said they will increase the winter rate slightly to make up for the decreased rate in June. Janice said there are so many variables that it's hard to tell if it actually helped. Michael S. said they will have to raise rates in the winter to make up for the lost revenue, so although rates were lower in the summer to help people save money, they will have to pay that savings back in the winter. Michael asked what the impact on conservation was for reducing this pricing. Michael said that there was a 12% increase in water usage that we wouldn't have normally seen when switching to the summer rate. Janice said there are so many variables that we haven't had to deal with in the past so we don't really know if it was the rate that made a difference. More people were at home.

Michael S. asked about Vikki's water conservation plan and when it will be implemented. Mike said they are still going through all of the details of the study that was done and they are going to put together a committee to review the findings and to decide what pieces from the project are high priority. Tony said any changes to the bi-laws for this would be brought forward at the May town meeting.

Electric Subcommittee:

Michael S. said the budget was presented and accepted by the Commissioner, FinCom has to review. The major topic of the day is impending state legislation on greening the power portfolio. It's not clear what the mandates will be but it seems likely that something is coming up. Either way, the subcommittee believes they should be seeking a green portfolio. John put together some ideas on how to go about this while at the same time still maintaining some daily hedge. This would be 5-8 years out. Secondly, they got a brief report from John regarding a heat/energy program that was implemented. We got out of the peak power market so instead of buying peak power, we use the capacity of the generators which is cheaper. Walter asked if decommissioning the plant is baked into the scenarios. Michael said the ELD has put aside some funds to for anticipating the decommissioning. There is also money needed for a cleanup of the

powerplant area. Janice asked if there were any updates on Wind II. There is not, Janice asked Michael to update FinCom whenever that happens.

8. FinCom Organization – All

Janice said typically after town meeting the committee gets together to discuss how to organize the committee regarding Chair/ Vice Chair. Janice asked if anyone is ready and able to do the chair position. Janice said this is the completion of her second term, she is happy to stay on for a third year but she is also aware that it is good to have fresh blood. Jamie said he believes the third year as the Chair is typically the best year so he thinks she should stick around for one more year. He also said he although there are no rules, it has typically been a 3-year role and that seems to have worked. Chris said he thinks Janice is doing a wonderful job and he thinks she should keep going.

- Michael D. moved to nominate Janice Clements-Skelton to continue serving as chair of the Finance Committee until reorganization of said committee in calendar year 2021 or until the end of Governor Bakers declared State of Emergency, whichever is sooner or at the desire of Janice Clements-Skelton.
- Jamie asked Michael to clarify why he made a motion for something other than just a one-year term. Michael said he has seen that the Finance Committee typically does 2-year terms, but Janice has done such a great job leading our committee through this State of Emergency, so it makes sense to keep Janice in the driver seat. Doing it this way would make it so that Janice continues to lead us during this time but so that we can also stick to the 2-year benchmark that we usually do. Jamie said he thinks that it might make things tricky to have to reorganize in the middle of budget season, and he thinks it would be better to vote Janice in for another year no matter what. Chris said he agrees. Mike said he can certainly amend his motion. Joe seconded the amended motion. Michael S. said he agrees with Jamie that the third year is usually easier, but it is still a lot of work so it's important that the committee finds someone new for next year. Janice said she thinks as a committee they need to have a conversation about who is interested in the seat so that there can be a more seamless transition into budget season next year.
→Roll Call *Vote: Motion passed unanimously, 8-0*
- Rob was no longer on the call.

Janice asked Michael if he was still interested in staying on as Vice Chair. He said he is more than happy to continue being Vice Chair. He said he is not sure about being Chair of 2021, because he will have a new baby coming and isn't sure what his professional life will be like at that point. He is about 50/50 right now, so he doesn't want to take up the V Chair position if there is someone who definitely wants to be Chair after Janice.

- Janice made a motion to nominate Michael Dougherty as Vice Chair, seconded by Chris.
→Roll Call *Vote: Motion passed unanimously, 8-0*
- Rob was no longer on the call.

9. New/Other Business – Janice Clements-Skelton

- Tim said he thought we might want to talk about the low voter participation rate for the polls and ways we can encourage a higher percentage. Tim said it was only 7-8% and he thought that was concerning. Tony said about 800 people voted. He thinks it had to do with Covid and also the fact that there weren't a lot of contested races. We advertised it a lot but we can try to market it in as many ways as possible. They also opened options like early voting and absentee ballots and people took advantage of that. Janice said they have struggled with this in town in the past. It happens particularly when there is an uncontested Select Board election and when there aren't many hot topics being voted on.
- Michael S. suggested for the next meeting that they discuss the issue of how the town prices payment in lieu of affordable payments in both the Community Development Plan and the Housing Production Plan. Michael said he would like to invite the Affordable Housing Partnership or the Planning Board to give a rationale for these fees. Janice asked Tony who we should invite to discuss that, Tony said Ethan Parsons, Director of Planning, or Keith Anderson, the Chair of the Planning Board. Janice said she will reach out to them and get them on the agenda for August.
- Janice said she picked up the FinCom mail and they received a letter from the Attorney General that the Open Meeting Law complaint has been closed and no further action will be taken on it.
- Michael asked if the August meeting will be live. Janice said we will still have the option to stay on Zoom so she

will leave it to the committee as to what they would prefer. Janice said they can move tables around to distance if we do it at town hall. Chris said he thinks he would be comfortable doing that but he doesn't know everyone would be. He also asked if there would be enough microphones. Janice said she will check to see if we can distance with appropriate microphone coverage. Michael S. asked if any other committee has met at town hall yet, Tony said they have not allowed it yet. The target is August or September. Janice said they will wait to see what the Select Board says.

10. Adjourn – Janice Clements-Skelton

- Motion to adjourn made by Jamie and seconded by Michael D.
→Roll Call *Vote: Motion passed unanimously, 7-0*
- Rob and Walter were no longer on the call.

Respectfully Submitted By
Alyson von der Esch
9-1-20