

# **Town Council Finance Sub-Committee Meeting Minutes**

## **VIA ZOOM**

### **November 20, 2020 – 3:00PM**

**Members Attendance:** Janice De Lima (Finance Committee Chair), Ted Asherman (Town Council), Jay Trickett (Town Council)

**Others in Attendance:** Amy Kuhn (Council Chair), Hope Cahan (Town Council), Tommy Johnson (Town Council), Peter LaFond (Town Council) Nathan Poore (Town Manager); Peter McHugh (Finance Director); Amy Lamontagne (Assistant Town Manager), Susan Gibney (Assistant Finance Director), Maggie Fleming (Administrative Analyst).

**The meeting was called to order @ 3:05PM**

- **Approve Minutes of the September 30, 2020 Finance Committee Meeting**
  - a. Councilor Asherman moved to approve the minutes, seconded by Councilor De Lima. Minutes were approved.
- **TIF Update**
  - a. Nathan Poore and Peter McHugh presented the positive impact TIF Valuation has on State Aid for Education, State Revenue Sharing and County Tax payments.
  - b. They summarized TIF revenue and spending for FY20 and FY20 ending fund balances for each of the TIF Districts.
- **FY22 Budget Development Schedule**
  - a. The group reviewed the proposed FY22 Budget Schedule and there was much discussion about the overall Budget process, the impacts that COVID 19 and the Fire Department expansion will have on the Budget and how the School Budget should be included in early discussions.
    - i. Councilor De Lima asked whether there may be flexibility to do a more bottoms-up approach to the Budget.
      - 1. There was much discussion about how this might be achieved.
      - 2. Councilor Trickett stated that he is interested in reviewing all services provided by the Town with a focus on how changes due to the pandemic may impact them.
        - a. Councilor Trickett stated that, given where we are in the current budget process, bottoms-up budgeting may be a bigger long-term project.
        - b. Councilor Trickett asked about how we might move to zero-based budgeting.
          - i. Nathan suggested that we may want to pick a department for the FY23 Budget to explore a zero-based budget. Maybe we could set up an additional Finance Committee meeting in June to review this option as a group.
      - 3. Councilor Cahan mentioned that the school is currently out of money to continue to cover free meals for the rest of the year. Total exposure may be \$400K.

- a. There was much discussion about this situation and the fact that the Council has not heard about this issue.
  - ii. Councilor De Lima stated that next steps should include adding a June Finance Committee meeting to the Budget Calendar and requested that staff determine a Town Department that would be a good candidate for a zero-based budget.
    - 1. Councilor Asherman and Trickett agreed that that was a good first step.
    - 2. Councilor Trickett stated that we should also look into the way the Town budgets capital. He feels we should assess what we need and have less reliance in depreciation and replacement schedules.
    - 3. Councilor Asherman stated that he is concerned about the school meal situation and wonders if we will get hit with a school request for \$400K out of the blue.
- Peter McHugh and Nathan Poore presented a preview of the FY22 Budget.
  - a. Staff used the following assumptions:
    - i. July 1, 2021 COLA of 2.5%
    - ii. Fill the following positions that were left open due to pandemic
      - 1. Executive Assistant
      - 2. Public Works Plow Operator
      - 3. Open Police Officer
      - 4. 2<sup>nd</sup> Parks Maintenance Worker
    - iii. Assume all union contracts are re-negotiated with normal COLA
    - iv. No increase in Health Insurance rates in 2021, 8% in 2022
    - v. Large increase in Workers Comp resulting from full-time FF/EMT positions.
    - vi. Non-property tax revenues increase 6% over prior year (historical average).
    - vii. Restoration of \$155K of the \$260K in FY2021 budget cuts due to pandemic
    - viii. Restore capital plan to pre-pandemic levels
    - ix. All other expenses remain at 2021 levels
    - x. 1% growth in non-TIF property values (FY2022 will be the first tax assessment after the Town Revaluation project)
  - b. Results of the model show a Town tax mil rate of \$3.90 for a \$.59 increase over FY2021 (this was roughly the amount of the FY2021 pandemic rate reduction.
  - c. The rate increase is driven primarily by the addition of 16 FF/EMT in FY2021.
  - d. Staff then presented 3 tiers of possible expense reductions the Council could consider as we move through the budget process.
- Councilor DeLima asked if there are assumed COVID 19 impacts in this budget.
  - a. Staff responded that, based on what we are currently seeing from FY2021 results Year-to-date, FY2022 should be a fairly normal year.
- Councilor Asherman said there was no way we were not going to have a large increase in FY2022 due to the Fire Department expansion and requested staff to create a communication plan to remind residents of the need to move the Fire Department to a full-time employee department.
- Councilor Trickett Asked if there will be a favorable fund balance increase at FY2021 year-end based on current financial results.

- a. Staff responded that it does look like there will be an good sized increase in fund balance and may present opportunities for use of fund balance to offset some of the increase.
- Councilor Kuhn said that she discussed with Nathan the addition of a mid-year financial report at the January 11, 2021 Council meeting.
  - a. Nathan agreed that a mid-year finance report would be added to the agenda for January 11.
  - b. Nathan agreed that staff should develop and execute a communication plan to tell the Fire Department story and describe major budget impact items over the next 5 years that will impact the Town mil rate.
    - i. Nathan then reminded the group to keep in mind that use of fund balance per Town policy requires that the use impacts 5 years of spending. He also mentioned that expense cuts are always an option to help reduce mil rate impacts.
- Finance Director McHugh then presented the results of the FY2021 Senior Tax Relief Program.
  - a. 7 renters and 55 home owners took advantage of the program and received \$40,639 in payments from the Town.
  - b. The number of qualified seniors who applied were 15 lower than FY2020
    - i. There were 12 applications where income exceeded the \$40K limit.
- The group then discussed other options available to the Town to provide tax relief.
  - a. Councilor Kuhn mentioned the State Statute that allows municipalities to defer property tax payments for certain seniors 70 years old or above that have resided in Town for 10 years or more and who earn less than 300% of poverty level.
    - i. For 2 people in residence the maximum income would be \$51,720
    - ii. Councilor Kuhn then requested that staff lay out how the Town would implement this program and report back to the group.
- Adjourn – Councilor Asherman moved to adjourn the meeting and Councilor Trickett seconded the motion.
  - a. The meeting was adjourned at 5:11PM.

Respectfully submitted by Peter McHugh