June 1, 2020 Minutes

Town of Sharon Finance Committee Meeting

**Present:** Daniel Lewenberg, Patricia-Lee Achorn, Anja Bernier, William Brack, Arnold Cohen, Gordon Gladstone, Charles Goodman, Ann Keitner, Ira Miller and Edward Philips.

**Not Present:** Anil Ramoju.

Also present: Krishan Gupta, Director of Finance and Fred Turkington, Town Administrator.

1. **Dan Lewenberg, Chair, gave opening remarks**
	1. This meeting is being held through the Zoom online platform due to the State of Emergency based on the COVID-19 outbreak. He confirmed all present members could hear and that the meeting was being recorded and broadcast.
2. **Discussion regarding COVID-19 related budgetary considerations and preparations for Annual Town Meeting - Fred Turkington / Krishan Gupta**
	1. Outlook for timing of Annual Town Meeting:
		1. Fred Turkington and Krishan Gupta discussed that they have put together several scenarios for timing of the Annual Town Meeting (ATM), including dates from September 8 to October 19, 2020.
		2. Zoom and outdoor settings are not options for ATM, as Sharon has too many articles to vote.
	2. Preparation for month-to-month budgeting:
		1. Sharon is planning on operating on a 1/12th monthly budget, based on the FY2020 budget, starting July 1, 2020. However, the budget is not simply divided by 12, it varies per month based on debt service and other items.
		2. Town Administrator and Finance Director are working with department heads on the month to month budget.
		3. July monthly budget is $8,646,629.
			1. The monthly budget for July is capped at FY20 appropriation and includes items the Town typically pays in July.
		4. The Select Board has approved all sectors for the July 2021 budget.
		5. Any furloughs that take place will still have an impact on the budget, as with unemployment the Town still pays about 50% of salaries.

* 1. Update on FY2021 Revenue outlook:
		1. The state aid amount has not been solidified yet. Sharon is waiting to get an accurate picture of what state aid will look like before putting out the 2021 budget.
		2. Revenue from meal, hotel, vehicle and new growth taxes have declined for the fourth quarter due to the pandemic, and there has been a reduction in weekly withholdings. These declines aren’t severe, but they may decline further over the next few months depending on the pandemic, with a projected decrease of approximately $480,000 in total. The budget increase the committee previously voted on was $2 million.
		3. House Ways and Means Committee is required under COVID-19 rules to put out a budget by July 1, 2020. A local resolution may come out before that. State House and Senate will come together with an agreement. A local aid resolution would give towns and cities an idea of how to plan for a budget.
		4. Real estate tax collection deferred until today, but as of yet appears to be on track with previous years.
		5. Total full-year funds coming from the state is approximately $10 million, with approximately $9.5 million of that from Chapter 70 and UUGA.
		6. Committee members discussed that some revenue may not come back for some time, including hospitality revenue. Many job losses may be permanent, and there may be some changes to how business is done as more employees may permanently work remotely. Would like financial modeling that includes a second wave of the pandemic.
	2. Update on COVID-19 related expenses and reimbursement:
		1. The expectation is that FEMA and the Cares Act will cover COVID-19 related expenses.
		2. Committee members discussed that unemployment numbers for Sharon residents may increase and that delinquencies for payments may increase soon as well. May need to revise projected tax revenue for the future, as it makes up approximately 75% or more. $1 million projected shortfall may not be accurate, and may increase over the next 6 months, depending on the depth and length of an economic decline.
		3. Other towns are exercising hiring freezes and other similar measures.
		4. If there is a dramatic increase of COVID-19 related expenses it will be tough for the Town to cover. If the final budget increase is less than 1% the Town should be able to manage covering that expense over the last 9 months of the fiscal year.
		5. State has made $520 million available to take care of COVID-19 related expenses through the end of December through the Cares Act. $1.6 million is Sharon’s portion and Krishan is working on submitting the requests for this.
			1. There are other funds to cover extraordinary expenses related to the pandemic. Krishan is working on submitting the requests for this by the deadline of this Friday.

* 1. School department budget update: FY2020 and FY2021:
		1. The School Committee is having a meeting Wednesday night to discuss budget priorities.
		2. Originally 130 people, including van drivers, were going to be furloughed, but furloughs were rescinded for 80 of the instructional aids due to contractual obligations. Savings will be much less than expected. Some teaching staff were given notices by the deadline.
		3. Guidance from DESE and public health officials should be coming out in the next few weeks for how to reopen schools in the fall.
		4. Classrooms in Sharon schools can fit approximately 11 students per classroom with social distancing at 6’ apart.
		5. Committee members expressed that in the future there should be language added to union contracts stating that raises may not be given in the event of another global pandemic. Discussion that it would be very difficult to have to furlough employees while other employees are receiving raises.
			1. Options may be to move to layoffs or ask the union to renegotiate.
	2. Process to reconsider/revise FY2021 budgets for Annual Town Meeting; Re-convening Priorities Committee and Capital Outlay Committee
		1. Priorities and Capital Committees will be meeting in the next few weeks, and then administrators will be able to provide updates with examples of state aid cut at various levels.
			1. This will give the attending committee members the opportunity to take the data and updates back to their full committees for discussions on reserve fund use, pre-purchase of various items, and decisions on OPEB funding.
		2. Committee members discussed that replacing certain capital items may be necessary, such as trucks for the Department of Public Works that aren’t currently running. However, other items that can be pushed back for a year should be considered.
	3. Option to pre-fund FY2021 items using FY2020 Reserve Funds
		1. Town will have the opportunity to decide whether it wants to prepay or pre-buy some items to trim the tax burden for 2021. General census from other towns is that they state aid will be cut by 5-12%.
		2. Capital items go directly to the tax burden so it may be prudent to look at pre-spending on certain items to offset cash capital items that would otherwise fall to taxes.
1. **Update on Warrant Article write-ups – Chair**
	1. Dan Lewenberg asked committee members to give comments on the CPC article.
	2. The personnel budget, capital outlay, OPEB article and the introduction await further development.
2. **Update revenue projections for Sharon Gallery and other new sources - Fred Turkington**
	1. Revenue for the Sharon Gallery and the marijuana business has not been included in the FY21 budget.
	2. The intersections must be completed before the final agreements are signed by Market Basket for the Sharon Gallery.
3. **Preliminary list of Reserve Fund transfer requests - Fred Turkington / Krishan Gupta**
	1. Only one reserve fund transfer was made so far this fiscal year, which was $17,245 to the Town Clerk’s office. The remaining balance is $482, 755.

# Liaison Updates:

* 1. Sharon Schools – William Brack and Ann Keitner:
		1. The 15 candidates for the principal position were interviewed today.
		2. June 7 will be the high school graduation. Graduates will line up in cars at the Sharon train station and drive to the high school to receive their diplomas.
		3. Next School Committee meeting is June 3.

* 1. Library - Charles Goodman:
		1. The Sharon Library has gone through Phase 1 of the pandemic response, like all other libraries. Patrons can request books online and library employees bring them out curbside.
	2. Planning Board - Arnie Cohen:
		1. The Planning Board voted in favor of the golf course development.
	3. Standing Building Committee - Gordon Gladstone:
		1. Planning continues for both the high school and the library. Artificial turf will be discussed by the Conservation Commission on June 4.
		2. On June 10 the library is going in front of the ZBA. The ZBA previously had various questions they wanted answered by the architect and civil engineer.
		3. The SBC has sent out requests for qualifications from contractors. They have pre-qualified 8 general contractors who have submitted RFQs. Some site work construction is set to start in July or August, and early site work proposals have been sent. The project is going ahead as originally planned.
		4. The Conservation Commission may vote no on artificial turf for the high school site.
1. **Minutes to be Voted: March 30,2020**

**Motion:** by Patricia-Lee Achorn **Seconded:** Anja Bernier to approve the April 23, 2020 minutes **Voted:** 10-0-0.

**Motion:** by Patricia-Lee Achorn **Seconded:** Anja Bernier to approve the May 4, 2020 minutes **Voted:** 10-0-0.

1. **Topics not reasonably anticipated by the Chair in 48 hours:**
	1. Under the Finance Committee bylaws we have the authority to fill vacancies on the committee. The committee will review the interested party’s credentials and vote at the June 29 meeting.
	2. Typically a committee reorganization has been completed by this time of the year, but this has been delayed along with Annual Town Meeting.
2. **Adjournment:**

**Motioned:** by William Brack **Seconded:** Anja Bernier to adjourn **Voted:** 10-0-0.

The meeting was adjourned at 9:20 pm.