January 27, 2020 Minutes

Finance Committee Meeting

**Present:** Daniel Lewenberg, Patricia-Lee Achorn, Anja Bernier, Arnold Cohen, Ann Keitner , Ira Miller, Edward Philips.

**Absent:** William Brack, Gordon Gladstone, Charles Goodman, Anil Ramoju.

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

1. **Capital Outlay presentation**
   1. Paul Linehan, Capital Outlay Chair, presented the capital outlay and requests for Town of Sharon departments:
      1. Lowest cap budget in the last 5 years. Departments continued the philosophy of being as judicious as possible.
      2. Largest capital requests are from the Department of Public Works for roadways, sidewalks, 2 dump trucks with plows, and the Recreation Department for outdoor AEDs, a used vehicle, tennis court updates, pickleball courts and installation of lights at Ames.
         1. New AEDs are designed to be outdoors and withstand New England winters.
         2. Fire Department employees, EMS and other Town employees are or will be trained to use these AEDs.
         3. Snow mobile request from the Fire Department is for rapid deployment in case of emergency in preservation areas such as Borderland State Park. Current gator equipment cannot operate in more than 1 foot of snow.
         4. Police are replacing three of their vehicles with hybrids.
         5. The Town is considering installing lights at Ames to allow sports programs to continue during the construction of the high school and afterwards.
      3. Total for Town and Schools, including Community Preservation Act (CPA) funding, is $2,771,279.
   2. Fred Turkington, Town Administrator, discussed:
      1. Town has looked at expiring debt so as to not borrow more than expires plus 2 ½% and not exceed that target. Before construction of the Town Hall the target was typically 6 ½%, now with 4.7% actual ceiling, allowing the Town to borrow $3 million in capital and pay in cash for police cars, IT infrastructure, etc.
   3. Paul Linehan discussed the Town of Sharon 5 Year Plan – FY2021 – FY2026:
      1. It is helpful to understand what other capital requests are anticipated in the next 5 years to enable better planning. Departments typically work to stagger requests and replacements. Larger anticipated requests include:
      2. Police will continue to buy cruisers, defibrillators, tasers, etc.
      3. Fire will need radio repeaters in 2022, ambulance replacement in 2024 and fire engine replacement in 2026, etc.
      4. Playground at Deborah Sampson in 2024.
      5. As the Town takes on new debt, old debt is also dropping off. Borrowing is typically for a 10-15-year loan period.
2. **Health Insurance Presentation**
   1. Krishan Gupta, Director of Finance, gave a summary of the Town’s health insurance trust account status and costs.
      1. Sharon has been fortunate that health insurance costs have been lower than what the industry trends have been.
      2. Health insurance trust account balance was $2.8 million in FY19 and is estimated to be $2.6 or $2.7 million at the end of FY20.
      3. Town to increase rates, potentially will increase 5%. Percentage increase will be decided in March 2020.
      4. Contributions are structured. Most employees and retirees pay 30% and the Town pays 70%.
      5. Krishan Gupta and Fred Turkington review high severity claims for the percentage of the claims base and meet quarterly with the broker.
         1. Last fiscal year claims were much higher, this fiscal year there have been far fewer high severity claims.
3. **Dan Lewenberg discussed recommended goals for Priorities Committee**
   1. A sustainable, more consistent long-term operating growth rate is recommended.
   2. Proposed guide is:
      1. Target range 2-3%.
      2. Target / upper limit: revenue growth adjusted for debt exclusions.
      3. 10-year average historical growth in allocating operating budgets: 2.8%.
      4. Result this year is 2.75%, which is the adjusted revenue increase.
   3. Three largest non-operating costs for the Town are debt service, pensions and health insurance.
   4. The Finance Committee discussed that last year unforeseen savings were put into the operating budgets. May prefer that savings in the future are put towards the levy capacity or paid to extra debt instead because expenses can become built into the operating budget over time, compounding upon itself.
4. **Review and discuss 2020 Annual Town Meeting Articles and assign write-ups**
   1. Patricia-Lee Achorn volunteered to write up articles 1, 2, 3, 8, 9, 10, 11, 12, 13, 14, C and E.
   2. Anja Bernier volunteered to write up article 6, with Ann Keitner shadowing.
   3. William Brack volunteered to write up article 4.
   4. Arnold Cohen volunteered to write up articles F, G and L.
   5. Ann Keitner volunteered to write up articles 7 and B.
   6. Dan Lewenberg volunteered to write up the Introduction, 5 and A.
   7. Ira Miller volunteered to write up article J.
   8. Edward Philips volunteered to write up articles D, H, K and M.
   9. Anil Ramoju was volunteered to write up article I.
   10. Fred Turkington will ask various people to present on these topics at the February 10, 2020 Finance Committee meeting, such as the Fire Chief, Police Chief, Sustainable Sharon, Conservation Committee members, etc.
5. **Second Quarter Financial Summary - Krishan Gupta, Finance Director**
   1. Krishan Gupta presented the analysis for the general fund for FY20 July through December:
      1. Currently revenue sources are at approximately 48% of receipts, which is mostly on target as Town is halfway through the budget year.
      2. Motor vehicle excise taxes have not been collected yet and will be collected in the 3rd and 4th quarters. Expected to be on target with the budget.
      3. Town departments are on target except for Information Technology because they have had to pay their software licenses already for the year.
      4. Counsel on Aging has not received $4 million offset grant yet.
      5. Department of Public Works is above their target for the year at 59%. Krishan is waiting to hear back from them to determine the reason.
      6. Veterans is currently at 45% and is expected to be short approximately $10 – 12,000 by the end of the fiscal year due to increased outreach to veterans in the community.
      7. Lake Management is higher than expected due to cleaning costing more than anticipated.
      8. Town will be receiving $53,000 from the Community Preservation Act (CPA).
      9. Interest rate for high school and library debt will be locked in on February 6, 2020.
      10. Krishan Gupta will present to the Finance Committee after this date on how the bond sale went.
6. **Update on Independent School Investigation - Fred Turkington, Town Administrator** 
   1. Fred Turkington spoke to the attorney who is handling the investigation. The report is being finalized and the executive summary should be completed by the end of this week. He will view the reports and then make them available to the School Committee, Finance Committee and the public.
      1. Depending on the recommendations the School Committee may need to take personnel actions.
      2. Most recent bill was for approximately $1700. Final bills will be reported soon. Total should not be higher than $50,000.
      3. School is currently paying the principal on leave as well as the interim principal.
7. **Follow-up discussion, feedback regarding 01/08/2020 School Committee Quarterly Joint Update**
   1. Finance Committee members agreed that it was helpful and useful to attend the School Committee meeting on January 08, 2020.
   2. Ann Keitner relayed that Dr. Greer appreciated the Finance Committee attending and felt that their attendance facilitated discussions that may not have happened otherwise.
8. **Liaison Updates:**

## Sharon Schools – William Brack not present, no update given.

## Library - Charles Goodman not present, no update given.

## Planning Board - Arnold Cohen. No updates.

* 1. Standing Building Committee - Gordon Gladstone not present, no update given.

# Documents reviewed during the course of meeting:

* 1. 5 Year Plan – FY2021 – FY2026
  2. Town of Sharon Capital Requests FY 2021
  3. Capital Outlay FY21 – 2019 - 2020
  4. FY21 Estimates
  5. Town of Sharon, MA General Funds: FY20 Budget July – December Analysis
  6. Daniel Lewenberg’s recommendations write up
  7. 2020 Annual Town Meeting Warrant Articles

# Minutes to be Voted: January 06,2020

**Motioned:** by Edward Philips **Seconded:** Anja Bernier to approve the January 06, 2020 minutes **Voted:** 5-0-2. Patricia-Lee Achorn and Arnold Cohen abstained.

# Topics not reasonably anticipated by the Chair in 48 hours

* 1. Committee discussed that Krishan Gupta and Fred Turkington meet and review each year with vendors, such as investment advisors, as part of the vendor due diligence policy.
  2. Request that School Committee have budget available for the Finance Committee to review beforehand.
  3. Town is planning on having both electronic copies and hard copies available to Committee members.

# Adjournment

**Motion:** by Patricia-Lee Achorn **Seconded:** by Ann Keitner to adjourn **Voted:** 7-0-0.

The meeting was adjourned at 09:42 pm.