

Finance Committee

Meeting Minutes
September 22, 2020
7:00 PM
* VIRTUAL MEETING *

Present: Christi Andersen, Roland Bourdon, Jason Cole, Esha Gangolli (Associate), Mike Majors, Adam Nolde, Steve Noone, Sahana Purohit, Christine Russell, David Wellinghoff

Ms. Andersen called the meeting to order at 7:00 PM via a virtual meeting with no Committee members in physical attendance and broadcasted via Zoom and ActonTV.

1. Citizen's Concerns

There were no comments from the public.

2. Minuteman Regional Vocational Technical School Financials

Mr. Robert Gerardi, Finance Director for the Minuteman Regional Vocational Technical School District Finance Director attended the meeting to provide an update on district financials. Since the new building project has been completed, the district has witnessed several member communities leaving the district, and the existing communities have increased enrollment significantly. By losing a member district for this new fiscal year (Belmont), the Acton assessment has more than doubled. The district now has only nine communities carrying the weight of the operational costs. Last year, Minuteman had the largest freshman enrollment, in addition to increased member district enrollment percentage, at nearly 100% this year. The district is projecting full member enrollment by Fiscal Year 2023. Member district enrollment by each community is also growing rapidly, including Acton, averaging between 30-36 students for the past five years. The new rolling average is projected to be nearly 62 students - almost 50%. The state funding formula, which calculates the minimum contribution, does not use a five-year rolling average but instead is based on prior year enrollment as of October 1st. The district continues to monitor enrollment and staffing levels, and modifications will be made if necessary. The district has also requested a share of the Town's CARES Act funding to alleviate budget pressures.

Ms. Purohit asked for an update on recruiting new member communities. Mr. Gerardi noted the district is open to new members, and if there is interest they will explore those opportunities, however, current member districts are filling the enrollment levels.

Ms. Gangolli asked if there has been a significant change in cost per student. Mr. Gerardi replied since Acton's enrollment is increasing, the cost per student for the community is going down. As enrollment increases and the district reaches capacity, the cost per student decreases.

Mr. Cole inquired if the size of the new building is adequate for increasing enrollment levels. Mr. Gerardi replied he does not have the history of the project but notes the demand was

there for a larger building, however, budget constraints limited the scope of the project. Mr. Majors noted the old school building capacity was over 900. The cost of renovating the old school was nearly identical to building a new school, and the decision was made to move forward with a new building.

Mr. Cole asked for an update on the various bonds the district has issued. Mr. Gerardi noted the district has one final borrowing to be issued to close out the cost of the project.

Ms. Russell inquired about the district's admissions outreach strategy during the pandemic to ensure enrollment remains consistent. Mr. Gerardi noted the district will host smaller gatherings in addition to outreach by social media.

Selectman Jon Benson asked what the district's capacity is. Mr. Gerardi replied the current capacity is 628, and the current enrollment is around 602 students. Mr. Benson asked how many Acton students applied. Mr. Gerardi replied over 60 students have applied, with 57 accepted and admitted into the freshman class. Mr. Benson recommended the committee take a tour of the new building.

Ms. Andersen inquired on the Committee's opinion of Minuteman receiving a share of the Acton's CARES Act funding, which would cover nearly 10% of the eligible expenses the district has identified for this purpose. She supports this proposal. Mr. Gerardi noted a significant portion of the costs have been covered by funding provided directly to school districts and FEMA reimbursement, however, the remaining expenses have been identified for a request for relief through municipal CARES Act funding. Mr. Benson mentioned the request is \$40,000.

3. Town Updates

Mr. Brian McMullen, Assistant Finance Director informed the committee 97.8% of tax revenues have been collected thus far and finances remain stable with prior years. Mr. McMullen noted a recent memo sent to the committee by Stephen Barrett, Finance Director related to year-end turnbacks. The town's unaudited anticipated turnback is \$1,389,165, a portion of which are savings in salaries and benefits primarily due to the Town Manager instituting a hiring freeze at the start of the pandemic.

Mr. Noone inquired what the remaining CARES Act funding balance is. Mr. McMullen replied there is roughly \$1.9 million remaining after eligible expenses have been submitted and approved, however, the Town is meeting with their consultant to review additional materials and can provide another update at the next meeting. Mr. Benson noted the funding is by reimbursement, and the Massachusetts Department of Revenue has identified eligible expenses for municipalities.

Mr. Benson updated the committee that the Town has reached 10% safe harbor for affordable housing which will carry through August of 2022.

4. Point of View

Mr. Noone provided a brief update on turnbacks, noting this year's estimated combined turnback is \$1.8 million. After briefly explaining the process of turnbacks, Mr. Noone proposed a less than 2.5% tax increase, in addition to a review of expenditures for cost-savings for a permanent budget decrease.

Mr. Bourdon supports the concept of a working group to review the budget and suggested looking at town-owned property to get back on the tax rolls.

Mr. Cole believes the budget turnbacks have been too large and also supports reviewing expenses for cost-savings.

Ms. Andersen inquired if the committee feels that staffing should also be reviewed. Members Mr. Cole, Mr. Bourdon, Mr. Majors replied yes, that all expenses should be on the table, however with a recognition that services may be impacted with staffing changes. Mr. Majors suggested reviewing long-term capital expenses to be included in a yearly review of budget planning, and prioritization of capital proposals should be performed.

Mr. Benson noted historically much of the recognized turnback has been due to larger than expected revenues, in addition to strict budget monitoring of expenses.

Ms. Russell presented a draft Powerpoint of the FY22 Finance Committee Point of View presentation. Members reviewed each slide, with recommendations for data and graphs to be updated, added, or subtracted. The committee reviewed several proposals, such as recommendations to reserve levels, staffing, land purchases, and capital projects. Ms. Russell will forward the presentation to the committee and is seeking feedback from members for additional changes. An updated presentation will be discussed at the next scheduled meeting.

5. Finance Committee Business

Ms. Andersen announced there are no minutes to review at this time, and welcomed liaison reports from the committee.

Mr. Cole provided an update on the school building project, noting the committee is still working through some unanticipated expenses related to ledge and septic changes. The next milestone will be obtaining a 90% schematic for a guaranteed maximum price with the Massachusetts School Building Authority. Ms. Andersen inquired if there are any proposed changes to the usage of the rooms, with COVID-19 safety in mind. Mr. Cole replied not at this time.

Mr. Noone provided an update on the Health Insurance Trust, recently reviewing unaudited financials. They are expecting COVID will recognize a 4% increase in expenses.

Ms. Purohit provided an update from the Town Manager and Board of Selectmen. The Town will be hosting several public forums in the next few weeks. The Board has also authorized

the hiring of a Sustainability Director which will be advertised soon. The Board has also created a Diversity, Equity, and Inclusion Commission, which will be chaired by Selectman David Martin.

Ms. Andersen noted the next meeting will be on October 13th, followed by another meeting on October 27th.

Ms. Gangolli moved to adjourn. Ms. Russell seconded. Ms. Andersen called the roll:

Ms. Russell – aye

Mr. Majors – aye

Ms. Nolde – aye

Mr. Noone – aye

Mr. Bourdon – aye

Ms. Purohit – aye

Mr. Cole – aye

Mr. Wellinghoff – aye

Ms. Andersen – aye

The Committee voted 9-0, the motion carried. The meeting adjourned at 9:48 PM.