

Board of Selectmen

May 5, 2020

Remote meeting via telephone conference call

Present:

- Board of Selectmen: Ms. Karen Johnson, Ms. Mary Power and Mr. Joseph Fisher
- Mr. Tom Mayo, Town Administrator
- Ms. Michelle Monsegur, Assistant Town Administrator
- Town Accountant, Sue Nickerson

Call to order: 7pm

Ms. Johnson called the meeting to order and explained that the Board would address each item on the agenda and after each would ask the public if there were any questions or comments about that specific agenda item. She then read the following statement:

“This meeting is being held remotely as an alternate means of public access pursuant to an Order issued by the Governor of Massachusetts dated March 12, 2020 Suspending Certain Provisions of the Open Meeting Law. You are hereby advised that this meeting and all communications during this meeting may be recorded by the Town of Hingham in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the chair at the start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform all other participants of said recording.”

Ms. Johnson thanked everyone who had called into the meeting, noting that there were members of the Advisory Committee, members of the public and Town Officials on the line.

COVID-19 Update

Mr. Mayo gave the following update regarding the COVID-19 crisis:

“New State Mask Order & Business Guidance

Effective tomorrow, the Baker-Polito Administration has ordered all residents over the age of two to use a face covering or mask in indoor and outdoor public places where maintaining social distancing is not possible. I want to emphasize that this includes wearing a mask outside when you can't stay at least 6 ft. apart from others in public places. This order applies to all workers and customers of essential businesses and organizations, such as grocery stores, pharmacies, and other retail stores. If a customer refuses to wear a face covering for non-medical reasons, a business may decline entry to that individual. Residents are also required to wear a mask or face covering at all times when using any transportation service or public mass transit. A face covering may include anything that covers your nose and mouth, including a mask, scarf, or bandana. Medical-grade masks should not be used and should be preserved for healthcare workers and first responders. Cloth masks should not be worn by young children under the age of two, persons with difficulty breathing, or those who are unconscious, incapacitated, or otherwise unable to remove the mask without assistance. Today, the MA Department of Labor Standards announced that the state is allowing some non-essential businesses to perform remote fulfillment. The state will also allow car dealerships to open on a limited basis. The state has laid out specific requirements for COVID-19 precautions to protect persons conducting these activities and our

Health Department is reviewing the updated guidance and reaching out to Hingham business associations to make them aware.

COVID-19 Cases & Data

As of last Wednesday, DPH was reporting 148 laboratory-confirmed cases in Hingham. As of today, DPH is reporting 70,271 cases in Massachusetts, of which 5,736 are in Plymouth County. About 5% of current cases across the state are hospitalized. Please keep in mind that the numbers reported by the state are lower than the actual number of cases - they do not include clinical diagnoses of COVID-19 by medical professionals, people who self-diagnose and stay at home, or asymptomatic people who don't realize they have the virus. A total of 333,349 people in Massachusetts have been tested to date. "

Town Services Update

Ms. Monsegur gave the following update on Town Services:

"The Field Study Working Group led by our Recreation Director expecting a draft report this week for the Athletic Field and Outdoor Court Study. This is a CPA project that we started last Spring/Summer and it's exciting to bring it to closure soon. The Field Study Working Group is made up of folks from the Recreation Department, the Selectmen's Office, the School Department, the DPW, the South Shore Country Club, and the Hingham Sports Partnership.

Elder Services staff working from home continue to make calls to seniors in town. They have also worked on several Public Service Announcements with Harbor Media to continue get important messages out.

A reminder from our Treasurer/Collector's Office that property taxes are now due on June 1st, as are applications for exemptions and deferrals. There are multiple ways to pay your property taxes including online, via mail and via the drop box at the Town Hall driveway.

Finally, we continue to work on a reopening plan for Town services. As Tom reported last week, the Governor's Reopening Advisory Board is working on a report that is expected to come out on or around May 18th. We are awaiting the report of the Governor's Advisory Board on May 18th that will have more guidance on how to reopen businesses and the economy in a safe manner. We are awaiting that report and will have more details about our plan in the coming days and weeks.

Chief Olsson is on tonight and he is going to provide an update on 4th of July events and activities."

Fourth of July Events Update

Police Chief Olsson gave the following update regarding the 4th of July events and activities:

"Good evening everybody. I am here regretfully. I'd like to announce that the 4th of July Parade Committee, the Recreation Commission that sponsors the Hingham Road Race, and the organizers of the Harborworks Fireworks have announced that the parade, the road race and the fireworks have been cancelled this year due to public health concerns surrounding COVID-19 and social distancing. The decision to cancel the 4th of July events follows numerous meetings between each of the individual planning committees for the parade, Harborworks, and the road race, Hingham Police, Hingham Fire,

and the Downtown Association. I would also like to thank the Board of Health for the information they have been providing us to make part of this decision. This was not an easy decision but we feel that it was the right one. The three organizations will continue to collaborate and will be organizing a campaign to help give back to the Town and the citizens in a meaningful way. They are eager to keep the spirit alive for next year's 4th of July celebration. Each of the organizations will provide additional updates on the status of the events for 2021."

Ms. Johnson thanked the Chief for sharing the unfortunate news and added that she feels that the decision is the safest course of action and in keeping with the surrounding communities, adding that Plymouth and Weymouth have made similar cancellation announcements.

Mr. Fisher asked if residents could obtain masks from the Town and, if so, who should they contact. Mr. Mayo said that the Town is not providing masks but information is available about mask vendors and local groups that are sewing masks. Board members requested that this information be placed on the Town's website.

Ms. Power directed citizens who were interested in purchasing a mask to the group HinghamLink, adding that HinghamLink is a volunteer organization that is trying to help people out during this pandemic. She said that they are asking for a \$5 contribution for each mask, but they are also making them available at no charge for individuals who need them. She advised that the group's website is www.hinghamlink.com.

There were no question or comments from the public regarding the COVID-19 update.

Sale and Issuance of Bonds

Ms. Johnson asked Ms. Jean Montgomery, Treasurer, to comment on the process. Ms. Montgomery said that on Thursday, April 30, 2020 a competitive sale was held for the issuance of a \$11,433,581 bond anticipation note, adding that this is a one-year bond anticipation note which is refinancing several projects that are being paid down through a series of annual notes, some going back as far as 2012. She added that the borrowing also includes some new money for the purchase of the SSCC maintenance equipment, the Hingham High School clerestory windows project and the installation of the Town's fiber optic network. She said that the Town received six bids, four of which were competitive, one bottom-feeder (high bid), and one additional bid. T.D. Securities submitted the low bid with a net interest of 1.076%. She felt that this was a very favorable bid and commented that it was six basis point lower than last year's net interest cost bid of 1.678%. She added that the Town has fared very well in what its financial advisors have described as an unstable market. She said that market conditions had been a little weak since mid-March due to a lack of liquidity in the market, but that rates have recently begun to trend downward. She concluded that the net interest cost to borrow about \$11.4 million at 1.076% is \$123,025.34. She added that bond counsel has provided the Selectmen with a vote to approve the sale, scheduled to close on May 13, 2020.

Ms. Johnson commented that everyone involved has worked very hard to maintain the Town's AAA credit rating, which provides the Town access to the Capital Markets with more bidders than other municipalities and with interest rate returns that are very beneficial to the Town's taxpayers. She commended everyone who helped put this package together and applauded the work of the finance

team and the BOS for continuing the sound financial practices that allow the financial markets to receive the Town's debt so competitively.

Mr. Fisher commented that he had reviewed the details and echoed Ms. Johnson's comments.

Ms. Power read the following excerpt of the Moody's Issuer Comment relative to this debt: "Hingham is not susceptible to immediate credit risks related to Coronavirus. The longer-term impact will depend on both the severity and the duration of the crisis. The situation surrounding Coronavirus is rapidly evolving...The Town has a robust financial position which is aligned with the assigned rating AAA. The cash balance as a percent of operating revenues, which is on par with the U.S. median and was flat from 2015-2019. Furthermore, Hingham's fund balance as a percentage of operating revenues is roughly equivalent to other Moody's rated cities nationwide." She pointed out that one of the many factors that Moody's is looking at is the Town's Fund Balance and explained that Moody's is saying that Hingham's current fund balance is on par with the other AAA communities across the country.

There were no questions or comments from the public regarding the sale and issuance of bonds.

Vote: Ms. Power made a motion to approve the sale of \$11,433,581 2.50 percent General Obligation Bond Anticipation Notes (the "Notes") of the Town dated May 13, 2020, and payable May 13, 2021, to TD Securities (USA) LLC at par and accrued interest, if any, plus a premium of \$162,814.19.

Further Moved: that in connection with the marketing and sale of the Notes, the preparation and distribution of a Notice of Sale and Preliminary Official Statement dated April 16, 2020, and a final Official Statement dated April 30, 2020, each in such form as may be approved by the Town Treasurer, be and hereby are ratified, confirmed, approved and adopted.

Further Moved: that the Town Treasurer and the Board of Selectmen be, and hereby are, authorized to execute and deliver a significant events disclosure undertaking in compliance with SEC Rule 15c2-12 in such form as may be approved by bond counsel to the Town, which undertaking shall be incorporated by reference in the Notes for the benefit of the holders of the Notes from time to time.

Further Moved: that we authorize and direct the Town Treasurer to establish post issuance federal tax compliance procedures and continuing disclosure procedures in such forms as the Town Treasurer and bond counsel deem sufficient, or if such procedures are currently in place, to review and update said procedures, in order to monitor and maintain the tax-exempt status of the Notes and to comply with relevant securities laws.

Further Moved: that we hereby, individually authorize the use of our respective facsimile signatures on the Notes and direct Locke Lord LLP ("Bond Counsel") to affix the facsimile signatures provided to Bond Counsel for this purpose to the Notes.

Further Moved: that each member of the Board of Selectmen, the Town Clerk and the Town Treasurer be and hereby are, authorized to take any and all such actions, and execute and deliver such certificates, receipts or other documents as may be determined by them, or any of them, to be necessary or convenient to carry into effect the provisions of the foregoing votes.

Mr. Fisher seconded.

Roll call vote:

Mr. Fisher: yes

Ms. Power: yes

Ms. Johnson: yes

FY21 Budget Discussion

Ms. Johnson noted that there would not be a vote tonight on the FY21 budget, but rather just a discussion. She continued that, since the vote to postpone Town Meeting until June 22, the Board has been monitoring the Town's financial situation for the close of FY20 and what the Board expects FY21 will look like, particularly from a revenue perspective, adding that the Town is not allowed to deficit spend, except for snow and ice. She said that the Board of Selectmen is tasked with presenting a balanced budget to Town Meeting and that Board is proceeding prudently by making conservative assumptions about the revenue the Town will receive to support its expenditures. She added that, as FY21 approaches, the Board anticipates significant reductions in the sources of the Town's revenue. She said that the Board could proceed with the budget that will be presented to Town Meeting in the following ways:

1. Opening the budgets and making cuts to what the Town can expend in FY21
2. Not opening the budgets and, instead, identifying other sources of revenue that could maintain the proposed FY21 budget as previously voted by the Advisory Committee

She added that, at the moment, the Board suggests putting forward a FY21 budget that is the same on the expenditures side as what was voted by the Advisory Committee but by identifying a portion of Fund Balance (approximately \$3 million) to cover the potential gap that the Board has identified in the Town's revenue shortfalls for FY21. She added that the use of Fund Balance should be coupled with close financial monitoring, revenue monitoring, and the potential for reductions in services if the FY21 revenue numbers do not materialize as hoped. She added that the Board has already put in place hiring controls and expenditure controls for the rest of FY20, as well as Capital analysis that could be used to create turn-backs from FY20 to support expenditures in FY21. Ms. Johnson said that the Town would begin FY21 with those same controls in place.

Mr. Mayo added that the purpose of this financial plan is to account for the forecasted FY21 shortfalls just outlined by Ms. Johnson in a manner that is fair and reasonable but that is also flexible enough for any potential changes to the economic landscape during the course of the year. He also said that they plan on conducting a monthly financial analysis that reports revenues (noting that some Town revenues are collected monthly while others are collected quarterly), expenses (comparing year over year as well as year over forecast), and attempting to build metrics to help understand when additional cost-cutting measures may be appropriate. He explained that they have designed a system with three tiers beginning with tier 1, which would include certain austerity measures including essential hire and expenditures only, etc. which would flow into more strict austerity measures if the financial picture of the Town changes one way or another during the course of the year.

Ms. Monsegur clarified that, regarding the monthly expenditure and revenue analysis, the three most important revenue streams for the Town are the property taxes, State aid and the local receipts. She

also said that the three areas on the expenditure side that the Town has the most control over are the Capital expenditures, Municipal Departments and the School Department. She added that they are still working out a plan to identify at which point each Tier would be put in place.

Mr. Mayo explained the three tiers of expenditure control measures as follows:

Tier 1

- Essential hires only (those without whom services would have to be reduced)
- Essential Capital purchases only (purchasing necessary in the existing quarter without reducing services)
- Town Administrator Mayo or School Superintendent Austin must approve all General Fund purchases. (already in place now)

Tier 2 (trending towards a deficit of up to \$1 million)

- No new hires
- No new Capital purchases or projects
- Town Administrator Mayo or School Superintendent Austin must approve all General Fund purchases and may possibly enter into negotiations regarding these expenses in the hopes of deferring costs.

Tier 3

- Service cuts
- Force reductions
- No new Capital purchases or projects
- Town Administrator Mayo or School Superintendent Austin must approve all General Fund purchases and will pay those expenses that, if not paid, would jeopardize the Town's long-term financial health.

Ms. Johnson commented that a monthly financial analysis would involve the Board of Selectmen, the School Committee, Town Hall staff, as well as Superintendent Austin and John Ferris from the School Department. She added that input from the Advisory Board would inform any decisions by the Board of Selectmen in initiating a Tier 2 response. Mr. Mayo concurred.

Mr. Fisher thanked Mr. Mayo for the hard work he has put into creating the financial plan. He asked what level of services the Town is planning for as we enter into Q1. Mr. Mayo said that the Town is planning to enter Q1 of FY21 with full services but is planning for an ongoing analysis and is prepared to implement austerity measures as needed. Mr. Fisher also asked if the acquisition of the Water Company would be affected if the Town finds itself in Tier 2 or Tier 3 of the proposed financial plan. Mr. Mayo confirmed that the acquisition of the Water Company would not be affected at all because the ratepayers will pay for it.

Ms. Power also thanked Mr. Mayo, Ms. Monsegur, Ms. Nickerson, and the rest of the finance team for the quality of their work. Ms. Power asked how long Mr. Mayo expects Tier 1 to be in place. Mr. Mayo said that he hopes to have Tier 1 in place through October to allow the Town to have a full quarter to review revenue, including tax bills. He added that he hoped to have a formal vote to adopt this plan

soon from the Board of Selectmen, the Advisory Committee and the School Committee. Ms. Power also asked how the Town plans to assess what hires and purchases are considered “essential” during the Tier 1 phase? Mr. Mayo commented that the monthly assessment reports would address what is deemed “essential” as will the interpretation of these reports by the leadership team. He added that effective management within Tier 1 would determine whether the Town will see a need to enter Tier 2.

Ms. Johnson commented that she did not feel that the Town should be expanding during Tier 1, even for positions that have been in the works for a long time such as the GIS Coordinator. She said that the timing is not right for the expansion of the organization during Tier 1 and she would like some more time to think about the timing of the tiers and the hires that may be found to be essential as time moves on. Ms. Power suggested that Mr. Mayo and Dr. Austin could present the Board with the new hires that they had hoped to make during FY21 and which they plan to defer because of the current financial situation due to COVID-19.

Ms. Power was concerned that the uncertainty of the financial crisis could have the potential to affect the Town to a greater degree than expected and felt that the financial plan that they have come up with represents the best-case scenario rather than the worst-case scenario for the upcoming year. She commented that, if property tax collection rates were to drop by 1%, it would cost the Town \$800,000 and that a 10% cut in State Air would represent a loss of \$1 million to the Town. She noted that the Town saw the effects of the 2008 recession 12-18 months afterwards and expects to see the effects of the COVID-19 crisis for even longer. She expressed concern for the uncertain nature of the economy and noted that, while she hopes that most re-opening costs would be reimbursed, there is no guarantee and she feels that the Town needs to be flexible. She said that there were many things that she liked about the plan and noted the importance of trust between Town Meeting and government. She said that she feels that what the Town is doing with its current financial plan is very analogous to what families are doing with their household budgets and added that the Town’s financial plan seems to be balanced, reasonable and feels that it will position the Town for success at Town Meeting.

Ms. Lucy Hancock, 15 Amber Road, asked how this new financial plan would affect Article 6. Ms. Johnson said that the Board decided not to open the budget to make changes, but rather to leave Article 6 intact, and plans to self-impose the obligation, should revenue deficits exceed expectations, to make further cuts so the Town does not continue to spend Fund Balance to accommodate for budget gaps in FY21. Ms. Johnson clarified that Tier 1 is already in place.

Mr. John Asher asked whether it would be smart to look ahead to calculate when personnel costs might be increasing due to anticipated “essential” hires, even during Q1. Ms. Power agreed and has already asked for that information from Mr. Mayo and Dr. Austin, suggesting that this knowledge would help the Town in the event that Tier 2 needs to be implemented at short notice.

Kerry Ni of the School Committee thanked everyone for the thought and care put into the planning and asked when the School Committee could expect to see the plan. Ms. Johnson said that the School Committee could expect to see the new plan tomorrow so that they could begin a review. Ms. Power expressed the need for broad support for this agreement between the Board of Selectmen, the Advisory Committee and the School Committee.

There was some additional discussion regarding the chain of communication between the Board of Selectmen and the School Committee going forward and timing with regard to personnel issues.

Michelle Ayer, Chair of the School Committee, asked when the Board of Selectmen would need a School Committee vote regarding the new financial plan. Ms. Johnson said that the date would be based on the print date for the Town Meeting Warrant, which is May 22, 2020.

Public Comment

None

Selectmen/Town Administrator Reports

Mr. Mayo: nothing to report

Ms. Monsegur read the following notice from Aquarion Water Company about some upcoming system flushing:

“Aquarion Water Company will be flushing sections of South Hingham, beginning on Monday, May 18th. Water main and hydrant flushing activities will be conducted during the normal workday between the hours of 9am and 4pm, Monday through Friday. This program is being undertaken to ensure customers continue to receive the highest quality water. During this time, customers may notice episodes of decreased water pressure or discoloration of their water. Water discoloration results from temporary disturbances of the normal water flow within our piping network. These short-term changes in flow can stir up naturally occurring minerals and sediment that settle within the water mains. The objective of the water main and hydrant flushing program is to remove these accumulated sediments from our pipes through flushing water out of the hydrants. Aquarion recommends customers in or near the flushing area store water in the refrigerator for drinking and cooking. If discoloration does occur, customers should refrain from using hot water for things like washing laundry and should run their cold water faucets until the water appears clear.”

Ms. Monsegur added that Aquarion has published schedule information on their website (www.aquarionwater.com) under the “Alert” listing or you can also call 1-800-203-7000 to find out about the schedule.

Mr. Fisher asked for an update on the National Grid Water main project. Mr. Mayo commented that work has progressed approximately 2,000 feet beyond Rockwood Road in the direction of Route 3A. He added that they have encountered significant ledge, as anticipated and there is not an exact completion date as of yet. He also said that he anticipates they will be done long before the initial completion deadline of July.

Mr. Fisher also commented that Town Boards have been active and thanked all the Board members and Town employees who have been working diligently to keep the Town running.

Ms. Power noted that this past Friday, the Town achieved a significant milestone in the transition of the ownership of the Water Company when the Town filed its business plan with the Massachusetts DEP. She said that this effort was led by Environmental Partners Group (Ryan Trahan and Mark White) and

Hingham's Water Transition and Evaluation Committee (Chair Jim Taylor, David Von Loescecke, Dick Norman, Joe Welch, and Scott Cyr).

Ms. Johnson reported that she participated in a call, along with Ms. Monsegur and Mr. Randy Sylvester and Mr. Victor Baltera, that heard the report of the Town's Storm Water Management Analysis. She added that they worked with a team from Harvard's Kennedy School of Government to analyze how to fund storm water costs in Massachusetts. She noted that Ms. Monsegur coordinated the project. She appreciated the work and thoughtful analyses of the students on this project and added that three of the four students will continue working with the Town as summer fellows to continue to refine the storm water analyses. She further explained that the Environmental Protection Agency regulates storm water discharge in the Commonwealth, including compliance and costs. She said that this project is helping to identify ways to pay for this compliance within the Town's operating budget.

Vote: Mr. Fisher made a motion to adjourn. Ms. Power seconded.

Roll call vote:

Mr. Fisher: yes

Ms. Power: yes

Ms. Johnson: yes

Meeting adjourned at 8:29 pm

Documents: A complete meeting packet of supporting documentation is on file and available for public review in the Board of Selectmen's office.