

Board of Selectmen

May 11, 2020

Remote meeting via conference call

Joint Meeting with the School Committee

Present:

- Board of Selectmen: Ms. Karen Johnson (Chair), Ms. Mary Power and Mr. Joseph Fisher
- Mr. Tom Mayo, Town Administrator
- Ms. Michelle Monsegur, Assistant Town Administrator
- Ms. Sue Nickerson, Town Accountant
- School Committee Members: Michelle Ayer (Chair), Carlos DaSilva (Vice-Chair), Kerry Ni, Dr. Edward Scheier, Libby Lewiecki, Liza O'Reilly, Nes Correnti
- Dr. Paul Austin, Superintendent of Schools
- Mr. John Ferris, Director of Business Services for Hingham Public Schools

Call to order: 4pm

Ms. Johnson called the meeting to order and thanked the members of the School Committee for inviting the Board of Selectmen to attend and participate in their meeting and discussion on the Financial Management Plan for Fiscal Year 2021.

“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.”

FY21 Budget Discussion

Ms. Johnson thanked the members of the School Committee for participating in budget discussions during the past few Board of Selectmen meetings. She said that the Board has been trying to balance known or projected revenue deficits for the FY21 Budget for presentation to Town Meeting. She noted that municipalities cannot engage in deficit spending except for snow and ice and emphasized the need to present a balanced budget to Town Meeting. Because of the significant economic downturn that has evolved due to the COVID-19 crisis, the Board analyzed revenue projections and made decisions about how they could move forward with a budget to present to Town Meeting. The Board identified two ways to proceed:

- 1) Open the FY21 budget and, taking into account reduced revenue projects, make cuts to the budget
- 2) Take account of revenue deficits and identify unassigned Fund Balance amounts that would allow the Town to use some of its savings in a responsible way, along with financial management tools, with the goal of recommending a balanced budget to Town Meeting

Ms. Johnson stated that the Board chose the latter approach in an attempt to be fiscally responsible while at the same time trying to minimize disruption to the FY21 Budget. She commented on the difficulty of planning in such an uncertain environment. She felt that the Board, through discussions with Capital Market Advisors, the financial planners for the Town, has come up with a responsible plan to present to Town Meeting.

Mr. Fisher felt that the revisions that have been made to the plan have been significant in recognizing the uncertainty of the financial environment and the need for a flexible approach in dealing with this uncertainty. He expressed his support for the current proposal.

Ms. Power also acknowledged the difficulty in creating a financial plan amidst the uncertainty of the COVID-19 pandemic. She commented that there are more questions than answers on how the Town will run many services in the future, such as bussing schoolchildren, housing firefighters, running a public library, etc. She liked that the proposed financial plan has flexibility and noted the importance of showing Town Meeting a high level of fiscal responsibility. She expressed her support for the financial plan and hoped that the School Committee and the Advisory Committee will accept it as well.

Vote: Mr. Fisher made a motion that the Board of Selectmen of the Town of Hingham hereby votes to approve and adhere to the FY21 Financial Management Plan dated May 9, 2020 attached hereto and authorizes the Chair of the Board of Selectmen to execute said plan and hereby votes to authorize the Town Administrator to manage the implementation of said plan on behalf of the Board of Selectmen in accordance with its terms. Ms. Power seconded.

Roll Call Vote:

Mr. Fisher: yes

Ms. Power: yes

Ms. Johnson: yes

Ms. Johnson commented that the Board of Selectmen have vote on the FY21 Financial Plan and have presented it to the School Committee for their consideration and vote.

Ms. Michelle Ayer thanked the Board of Selectmen, Mr. Mayo, Ms. Nickerson and Ms. Monsegur for their work putting the financial plan together. She commented that she was thankful the Hingham has a significant Fund Balance to offset some of the projected revenue deficits and emphasized that changing nature of the projections. She commented on the uncertainty coming up in the fall with respect to the schools.

Ms. Ayer noted that the next item on the agenda of the School Committee was to “to receive a report on the FY21 Financial Management Plan and to act as appropriate.” She noted that the members of the School Committee have received an amended version of the plan and asked Ms. Monsegur to brief the Committee on the new changes. Ms. Monsegur noted that the change was made to Section 7.7 (page 8). Ms. Johnson explained that the change added that, at any time, a Special Town Meeting is a technique that the Town could use to address changes in the economic environment. She said that there could be several reasons for holding a Special Town Meeting, for example to ask for other resources due to a more extensive financial downturn, for approval of participation in a Federal loan program or to ask for budget cuts.

Ms. Ayer echoed Ms. Johnson’s previous remarks that the Committee finds itself to have two options regarding the FY21 budget. She said that their first option is to re-open the budget and re-design it prior

to Town Meeting. The second option is to present to Town Meeting the budget as already approved by the School Committee, Board of Selectmen and the Advisory Committee but then agree to a Financial Management Plan that, if revenues decline as expected, lays out a cost-cutting plan. She explained that the first part of this plan would use approximately \$3.3 million in Fund Balance to offset the projected decline in revenues. She added that this first tier of the plan would also include the implementation of financial controls including essential hires and essential Capital only as well as the close monitoring of departmental spending from both the Town and the School Department. She further explained that monthly forecasting and quarterly financial reports would indicate if revenues start to decline more than expected and would recommend the initiation Tier 2 austerity measures. She stated that the cost reduction structure of the plan would be 60% by the schools and 40% by the Town.

Dr. Austin commented that the school district has no plans for new positions in FY21. Mr. Ferris added that the School Department would enter FY21 watching Capital Projects and would only pay attention to those items that represented a significant safety or security threat or critical preventative maintenance. He said that, with a Capital Budget of \$1.3 million, these measures would represent a significant savings. He also said that they do not plan to cut technology spending because it is critical to education. He also noted that the majority of critical spending for the Schools does not start until September, allowing for additional visibility into FY21.

Liza O'Reilly thanked the Selectmen for the collaborative nature of working through the financial plan. She also suggested that the following passage from Section 7.5c of the plan regarding "other expenses and expenditure controls" be amended from "including an itemized list of all COVID-19 related expenditures made in the prior quarter and planned for the current quarter anticipated to be eligible for reimbursement," to include the addition of the following: "and/or result in a change in operations of COVID-19 related actions." She suggested that this addition would allow the public the opportunity to better understand the impact of how COVID-19 related changes are affecting the budget. Overall, she felt that the plan was comprehensive and addressed, gave enough management flexibility while still putting controls on spending.

Mr. DaSilva also thanked the Town Administrator, his team, and the Advisory Committee for drafting the financial plan. He expressed his support for the financial plan and urged Town Meeting to adopt it. He emphasized that the schools will continue their excellent level of education. He also hoped for reimbursements from the State and Federal government.

Ms. Ni echoed the comments from Ms. O'Reilly and Mr. DaSilva and stressed the importance of communication with the public going forward. With regard to the budget cuts and their implications on the schools.

Mr. Fisher commented on Ms. O'Reilly's comment and clarified that her language change to the document regarding reimbursable expenses.

Ms. Ayer, Mr. Ferris and Ms. Ni had some additional discussion about MA General Law 70 which gives the School Committee autonomy to spend money as they feel is needed to protect student learning. There was some consensus that the financial plan would not supersede MA General Law.

Ms. Ayer read an email from former School Committee member Christine Smith supporting a collaboration between Committees and Boards during this difficult financial time.

Mr. Joshua Ross asked if the plan would be available to the public. Mr. Johnson stated that it was a public document now that the Board had voted on it and said that it would be available to the public on the Town's website. He also asked about the minimum Fund Balance needed to keep the Town's AAA bond rating and if there were plans to dip into that to take care of additional expenses. Ms. Johnson answered that they have discussed this with Capital Market Advisors and have found that the fund balance is only one factor in their AAA bond rating. The financial management surrounding that fund balance is also very important. She felt that the use of the \$3.3 million of fund balance would not make a significant impact on the Town's credit rating. Ms. Johnson answered an additional question regarding reimbursements by stating that the Town does expect some reimbursements, for example from the Cares Act, and added that those expenditures that are assumed to be reimbursable would not be included in the increase in the annual budget deficit.

Ms. Power commented that the financial effects of the COVID-19 crisis will be seen for several years and encouraged everyone to adopt a multi-year view when making budget decisions.

School Committee Vote: Ms. Ni made a motion that the School Committee of the Town of Hingham hereby vote to approve and adhere to the Fiscal Year 2021 Financial Management Plan dated May 11, 2020 attached hereto and authorize the Chair of the School Committee to execute said plan and hereby vote to authorize the School Superintendent to manage the implementation of said plan on behalf of the School Committee in accordance with its terms. Mr. DaSilva seconded.

Roll Call Vote:

Ms. Correnti: yes

Ms. Leweicki: abstain

Ms. O'Reilly: yes

Dr. Scheier: yes

Ms. Ni: yes

Mr. DaSilva: yes

Ms. Ayer: yes

Ms. Ayer said that she appreciated everyone's involved for their hard work on this project. She commented that she felt that the proposed FY21 Financial Management Plan is the best way to protect both the Town's finances as well as student learning.

BOS Vote: Mr. Fisher made a motion to consider the plan dated May 11, 2020, which would include the modification made by Liza O'Reilly and clarified by Joe Fisher earlier in the discussion. Ms. Power seconded the motion.

Roll Call Vote:

Mr. Fisher: yes

Ms. Power: yes

Ms. Johnson: yes

Appointment of Members to the Financial Sub-Committee

Ms. Ayer explained that, prior to COVID-19, the School Committee had discussed setting up a finance sub-committee, whose primary goal would be to help John Ferris, Director of Business Services, as he works through all things budget-related. She added that most School Committees have a Finance Sub-Committee and she appointed the following School Committee members to the Finance Sub-Committee: Liza O'Reilly, Kerry Ni, and Nes Correnti, Chair.

The next School Committee meeting was scheduled for Monday, May 18, 2020 at 7 pm.

School Committee Vote: Ms. Ni made a motion to adjourn. Ms. O'Reilly seconded.

Roll Call Vote:

Ms. Correnti: yes

Ms. Lewewicki: abstain

Ms. O'Reilly: yes

Dr. Scheier: yes

Ms. Ni: yes

Mr. DaSilva: yes

Ms. Ayer: yes

BOS 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 6:02pm

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