

TOWN OF WENHAM
Board of Selectmen / Finance & Advisory Committee
Joint Meeting of October 8, 2019
Wenham Town Hall, 138 Main Street

Pursuant to the Open Meeting Law, M.G.L. Chapter 30 A, §§ 18-25, written notice posted by the Town Clerk delivered to all Board members, a meeting of the Finance & Advisory Committee (FinCom) and the Board of Selectmen (BOS) was held on Tuesday October 8, 2019 at 6:30 pm in the Selectmen Chambers.

Please be advised that this open meeting is being broadcast live and recorded by HWCAM for playback on Comcast channel 8 and Verizon channel 36. It will also be available for on-line, video on-demand viewing at hwcam.org. The listings of matters are those reasonably anticipated by the Chair 48 hours before said meeting, which may be discussed at the meeting. Not all items listed may in fact be discussed. Items may be taken out of order and at times that differ from those listed below. Other items not listed may also be brought up for discussion to the extent permitted by law. All audience members wishing to address the Board of Selectmen must go to the podium microphone and give their name and address.

Call to Order- *The meeting of the BOS and FinCom was called to order at 6:37 pm*

Selectmen present: Jack Wilhelm, Chair; John Clemenzi, Vice Chair; Catherine Harrison, Clerk

Finance Committee present: Alex Begin, Chair; Carrie Jelsma, Vice Chair; Jim Purdy; Mike Therrien

Not present: David Molitano

Also present: Anthony Ansaldi, Town Administrator; Patty Moore, Finance Director / Treasurer-Collector; Chris Holak, Town Accountant; Catherine Tinsley, Recording Secretary

Present nonparticipating: Fire Chief Kavanagh; Deputy Chief Baxter

Abbreviations used:

FY Fiscal Year

HWRSD Hamilton Wenham Regional School District

CIP Capital Improvement Plan

OPEB Other Post Employment Benefits

PILOT Payment In Lieu Of Taxes

Presentation of FY21 Budget Forecast and Discussion of Budget development Guidelines

- Wenham budget forecast preparing for FY21 and Beyond; Town of Wenham FY21 Overview (10.4.19)

Mr. Ansaldi referenced a PowerPoint presentation entitled: Wenham Budget Forecast preparing for FY21 and Beyond.

The agenda included the following:

- Where are we now: Current Financial Status
- What can we afford: FY21 Budget Capacity
- How did we get here: FY17 to Present
- Where do we go from here: Process Implications
- How do we get to a balanced budget?

The presentation is a public document. The minutes are a summary of the presentation and comments.

Prior budget strategies and budget drivers were identified as contributing factors to the current financial status and pending deficient:

- The HWRSD budget, the student enrollment shift, and school net operating increases
- The town's limited revenue
- The increase of required spending
- Past practices such as the use of free chase, the reserve fund, and state grants to subsidize/balance the town operating budget, minimal capital investments for future projects with no investment in other reserves or contributions to stabilization fund

Department of revenue and Government Finance Officers Association Best Practices that would benefit the town were reviewed such as not to use free cash or draw down on total reserve, and maintain a minimum reserve level of two months of operating expenses; for Wenham is 17% of the total annual budget currently would be \$3.4 million.

FinCom Approved: 02.22.20

BOS Approved: 02.11.20

Mr. Ansaldi observed that currently the town is experiencing a low cash flow with no funds in reserve to pay all the bills until tax revenue is received from the second quarter property tax bills.

Moving forward Administrations's recommendation is to eliminate the use of Free Cash to balance budget and use DOR best practices for Free Cash and review / update financial policies.

FY21 Budget projection for expense increases included i.e. personnel, pension, health insurance, OPEB.

The assumed FY21 School Budget drivers called for no increase for Essex Tech enrollment with a 3% operating increase. The HWRSD preliminary estimates include 3% net operating increase, and school capital needs; the enrollment figures will be available at the end of the month.

FY21 Budget Forecast based on preliminary estimates:

- Revenue estimates \$19,844,420
- Projected FY21 appropriations \$20,853,235
- FY21 structural deficit estimated (low) of \$1,000,000

Some revenue increases, listed for future consideration to balance the budget, were trash and other usage fees, update the recreation agreement, and reconsider Pleasant Pond as it has been subsidized by the towns annual for about \$24,000.

A few expense decreases were included in the discussion such as eliminating loose leaf pick-up, health insurance review, billing the water fund for indirect costs, and lastly staffing cuts / service reductions.

Mr. Ansaldi reviewed the FY21 budget building process, and added that the department heads are aware that there is a structural deficient and although most department are already bare bones they will look for additional cuts, but that this would not take care of the budget deficient.

The meeting was open for questions and discussion.

A thoughtful discussion ensued about the ideas and options to reduce expenses and increase revenue realizing the budget is a continually changing at this time.

There was support to reduce the reliance on free cash to balance the budget as a long-term goal.

The school budget, at 50% of town's entire budget, was acknowledged as a large unknown piece of the budget.

Capital needs were identified as an important part of the priorities and strategic plan. On a side note, the completion of the master plan was reiterated as a priority. Mr. Ansaldi is looking at grant opportunities to complete the master plan.

One possible suggestion was to review of the PILOT program for non-profits in town that do not pay taxes. This included developing a subcommittee to have ongoing meetings with these schools/ colleges.

This was followed by the suggestion to borrow for capital and consider debt exclusion/bonding to relieve the operating budget.

Patty Moore, Finance Director, spoke on the cash shortage mentioned during the presentation explaining there was not enough money in free cash (or stabilization, to cover the monthly school assessment payment and stressed the important to have reserves and plan ahead for i.e. employee retirement buyout.

Also mentioned for consideration was to eliminate town provided services that residents can get themselves.

It was noted that this was the first year the ambulance service will be up and running. The ambulance service has been generating revenue for the town.

Adjournment – *The Board of Selectmen unanimously adjourned at 7:46 pm.*

The Finance Committee unanimously adjourned at 7:46 pm.

Respectfully Submitted by

Catherine Tinsley

1.6.2020