

Minutes

SELECT BOARD

Monday, May 18, 2020, 6:00 p.m.

ZOOM MEETING

<https://us02web.zoom.us/j/82821230934> (Meeting ID: 828 2123 0934 #)

To call in via telephone: Dial 929 -205-6099 (Enter Meeting ID: 828 2123 0934 #)

Select Board present: Phil Kantor; Bob Armstrong; John O'Rourke, Chair (all remotely)

Others present (all remotely): Jan Warner, Treasurer; Roy Cohen, Finance Committee; Tom Donovan, Finance Committee; Alan Singer, Finance Committee; Tom Hutcheson, Town Administrator; Lisa Turowsky, Assistant to the Town Administrator

Minutes

May 11, 2020

- **On a motion from O'Rourke to approve the minutes from May 11, 2020, seconded by Kantor, O'Rourke voted aye, Kantor voted aye, and Armstrong voted aye, the vote was unanimous in favor.**

Meetings Attended by Select Board Members

Kantor attended numerous school budget hearings; CSC meets this week on Wednesday to discuss budget and a Frontier (DDD) call. Armstrong had a ConCom meeting. He participated in an aggregation phone call; town will get bids back this week. Going for 5% extra green, it's a tenth of a penny per kW hour more than Eversource. O'Rourke had MMA Board of Director's meeting, where participants talked about budget items and COVID-19. He also had a Mass Selectman's Assoc board meeting, where attendees talked about online webinars that will be available.

Public Comments

None.

Old Business

FY 2021 Town budget

New loan for the highway facility – options for FY 2021 budget

Jan Warner was in to talk about this item. She drafted a spreadsheet which shows the dollar amounts of interest to be paid over the span of 15 years. The loan was approved at an average interest rate of 2.38% for the term of 15 years. Town Meeting approved \$108,000 coming from free cash, and approximately a million dollars due to come from raise and appropriate. It was her intention that the payment schedule reflect the impact as voted at Town Meeting. If the loan is distributed over 10 years as opposed to 15, there would be less of an impact on free cash but the dollar amounts would not accurately reflect Town Meeting vote. Warner would like the Select Board's recommendation next week. Hutcheson said that the impact on the tax rate is less with the weight on free cash, said Hutcheson. The intent was to do what was voted at Town Meeting, not necessarily to get the lowest costs. There is a "bump" in year 11 that is not significant. Warner needs a motion from the Select Board to approve expenditure of free cash and to establish a policy to guide next group of Select Board members. Hutcheson and the Finance Committee will work together to ascertain the best use of free cash.

- **On a motion from O'Rourke to approve the recommendation of Warner as set forth on "spreadsheet two", seconded by Kantor, Kantor voted aye, Armstrong voted aye, Kantor voted aye, O'Rourke voted aye, the vote was unanimous in favor.**

New Business

Request for new hire from Board of Health

Carl Nelke said Jim Wakefield had to stop working at the Transfer Station; he will not be back as a regular worker. Eliminating Wakefield as an employee will result in cost savings for the BOH. Tom Eaton expressed an interest in working at the Transfer Station. Nelke interviewed him and would like to hire him on a permanent basis to fill in for the vacant position. The BOH proposed a raise for Roger Goshea who has been working for a couple of years at the Transfer Station, bringing him up to \$13.27/hour. They proposed bringing Eaton in at \$12.75/hour. It was agreed that neither of these changes in personnel will result in a change to the BOH's budget.

- **On a motion from O'Rourke to approve the hiring of Tom Eaton on Nelke's recommendation for an hourly rate of \$12.75, seconded by Armstrong, Kantor voted aye, Armstrong, voted aye, and O'Rourke voted aye, the vote was unanimous in favor.**

Proposal for a Deed in Lieu of Taxes: Dickinson property; 14 acres of land with no structures, off Whately Rd.

The property has been in tax title since 2002. The original owner passed the property to his heir, who then died. Eventually one of the owners came forward and said he didn't want to keep paying the taxes on this parcel and has requested that the town accept the deed in lieu of taxes. The parcel is right in the middle of over 200 acres that Northampton Water District owns. The water district doesn't want to pay the taxes on the property. NWD would rather the town foreclose on the property and sell it at auction.

A recommendation by Lee Whitcomb is requested, as she is still assessing whether this is a buildable lot due to the presence of an access road. The process of foreclosing on the property is a lengthy one; Warner asked the Select Board if they are interested in the process being initiated. The goal is to get the property back on the tax records.

The Select Board requested more information. The property is currently assessed at \$115,000.

6:30 p.m. JOINT MEETING WITH FINANCE COMMITTEE

Town budget and warrant

Set estimated revenue shortfall figure

Hutcheson had proposed \$318,000 as a likely revenue shortfall for FY21 after examining numbers from the Great Recession; local aid from the state could be lost as well. There is nothing to compare the current situation to that would be a useful starting point. It will be helpful to set the revenue shortfall figure before moving on to rest of the discussion, said Hutcheson. The \$318,000 represents the total that we might not have in FY21. O'Rourke said this could be covered with free cash and stabilization, so we're OK if we have these particular kinds of reductions. Kantor said this particular line item is understated. Minimum town contributions to the Frontier budget are being reevaluated right now. This is a huge wildcard that could cause massive swings to the respective budgets. Kantor wants to estimate losses to the town from chapter 70 at a higher number, and also 9C cuts to transportation. Cohen said that state collections might be down 8% per month for three months. \$318,000 seems low to Cohen as well. He thinks \$500,000 would be closer to the right number. Kantor also thought the right number would be about \$500,000. Beyond that, we would have to borrow. A Special Town Meeting would have to be held halfway through 2021.

Kantor said he wants the Select Board to go through each department and make cuts before moving on to any borrowing. Donovan recommended being very conservative. Singer disagreed that the budget can't withstand more cuts and said there's lots of room to start cutting the budget. This needs to start happening now. Singer advised treating the town budget like that of a business. O'Rourke said if there's fat in the budget, tell the Select Board where it is. Kantor said it's not necessarily that there's fat in the budget but there are things that can be postponed. He referred to the Highway Department and the Town

Administrator's budget. Town Administrator said he only got a total of \$16,000 from Department heads as being eligible for being cut. Cohen said all of a sudden, we have a canyon that has opened up in front of us. Will we be able to benefit from the CARE Act? The state is going to be short money. Cohen said there's no harm in planning for a very conservative case. There could be an opportunity to borrow some money at an almost 0% interest rate; if we had to do it for a year or two, that wouldn't be the end of the world. If there is no more that can be cut, it will be necessary to borrow.

Singer said getting the current budget approved at Town Meeting is not possible. Kantor said the school cut \$400,000 to come up with a level budget. Should the Town cut a person out of the Highway crew to save money from their operating budget? Kantor said they added a person to the crew when Ron Sweet took over. What can be punted down the road for one year? Donovan said we should be looking at our budget as a family budget; when you get a big curve ball you have to put some things on the back burner. Turning in vehicles after 5 years, etc. may not be sustainable for Conway. Kantor said before talking about borrowing we need to go through the budget line by line. Kantor said we should follow the process that the school adopted to cut almost \$400,000. Cohen said maybe we should work with \$400,000. We need to go into the budget more deeply, said Singer. Maybe we should go to 1/12 budget until we have numbers from the state, said Kantor. We probably won't have the numbers until August. To do this kind of scrutiny takes time, said Donovan.

Kantor we should be moving in the direction of level-funding. Level fund, do 1/12 budget, then go to STM with real numbers? This would wreak havoc with Frontier bookkeeping people. Warner was asked about 1/12 budget. Concerns are: some of Treasurer's payments are more than 1/12 at a time; July is heaviest payment schedule. It's OK to go over in one period as long as it gets evened-out. Hutcheson said he believed that DOR recognizes this issue; he's heard that as long as a 12 x 1/12 budget is adhered to, by end of fiscal year it hasn't gone over. It's OK to go over in one period as long as it gets evened-out. Warner said we have Hwy garage money is just sitting in account for cash flow. She won't need anything extra until March. There's lots of time to figure it out. Warner has been looking at tax payment comparisons from last couple of years. 2018 real estate/personal property 96% for bills, 90% in 2019, 80% in 2020 so far. Discussion about homeowner's ability to pay taxes. Warner is not terribly concerned about cash flow. She said we won't see full effects until following year. Borrowing if necessary can be done quickly and easily, said Warner. Monthly tracking tool that Warner developed was very helpful, said Singer. How do we deal with cash flow issues, asked Singer, to repay tax anticipation notes? Unpaid taxes would be collateral because you know that their going to be collected. Donovan wanted to know what happens to the assessments if economy does poorly. Before there's borrowing we have to see that there's a plan to pay it back, said Hutcheson. Warner said we wouldn't need to borrow until March. O'Rourke said we're in good shape to cover what we have to do to move forward.

How is this going to go over at Town Meeting? Singer said he wants to propose 1/12 instead of presenting this budget. Is Warner comfortable bringing free cash down to nothing? Warner wasn't worried about that. Kantor wants to reduce expenses; for example, he suggested specific raises in our budget are close to double-digit. Hutcheson will send out wage freeze spreadsheet. Kantor just taking those few employees to the same rate as everybody else gets will eliminate \$20-30,000 of the expenses. A wage freeze would save somewhere around \$16,000. It was noted that the Town Clerk's requested promotion was more than the town employees' 2.5% raise, this would bring savings up to \$19,000. There would be no raise for the Town Administrator's Administrative Assistant. Cohen said it makes no sense to squeeze employees who are paid modestly to begin with. Kantor said the burdens of the fiscal emergency need to be shared. Donovan said the town employees have gotten 12 ½% raises over last 5 years. People in town didn't get 12% in raises over last 5 years. For the FY21 budget going forward, if we freeze wages and cut 20% of the rest of the operating budget and fill in a \$318,000 gap with stabilization and free cash we could address a roughly \$497,000 revenue deficit. But we can't cut 20% of operating budget, said O'Rourke and Cohen. Kantor said we should be preparing for the worst-case scenario. Further cuts up to 20% might be necessary.

The idea of a 1/12 budget going forward with the understanding that such a budget would be "front loaded". If \$400,000 is the figure for an estimated shortfall, Hutcheson said he is still looking for policy direction in terms of operating budget cuts. Cutting 10% would definitely affect services. O'Rourke said

10% is too much. Warner said you can't cut 10% across departments; there is nowhere to cut from her budget unless you lay someone off. Kantor asked what can get cut to get the 10%. O'Rourke asked Kantor where to cut the draft budget 10%. Kantor responded start with a highway person. O'Rourke said this is the most important department in town. Employee could be furloughed temporarily said Kantor. We need a real look at what can be done. Hutcheson said he can ask departments to say what will they not be able to do if they are level funded, cut 5% or cut 10%. Service reductions are being talked about. Hutcheson said when Highway Department staff was added, that was just returning to the previous level of employment. There is no escaping tough decisions, concluded Kantor.

Next week there has to be a budget to vote on.

There will be no annual raise.

Establish amounts and sources for funding estimated revenue shortfall - \$400,000?

Items Not Anticipated 48 Hours in Advance of the Meeting *None*

Town Administrator update

Committees

The Community Preservation Committee is considering additional item. Since it would not affect the budget's bottom lines, I thought you might consider amending the CPC article. They are meeting at this very time, so I can't report on their deliberations.

Departments

For an update on the Highway maintenance building, the footings have been poured, the foundations are partially formed, and they may be able to pour the foundations this week.

Due to the deteriorating financial situation of many cities and towns, MIIA is forgiving costs under \$5,000 that they would normally have billed in March. This is saving the Town \$268 based on changes to Highway equipment bought in February.

Conway is eligible for \$166,813 through the CARES Act. This can be used for COVID-19-related expenses for both FY 2020 and FY 2021 (to Dec. 30), including making Town buildings safer, among other purposes. I'm sorting through guidance on how the Town might use these funds. The requirements are:

- "Necessary expenditures incurred due to the public health emergency with respect to ... COVID-19"
 - a. Funds may not be used to substitute for lost revenue
- 2. Not budgeted as of March 27, 2020 when the CARES Act was enacted
 - a. May not supplant state or municipal spending
- 3. Incurred on or after March 1, 2020, up to December 30, 2020

I have reached out to the Conway Grammar School and the district office about CARES Act eligible expenses. I anticipate only minor expenses on the Town side at this point—a couple of plexiglass shields and some additional cleaning supplies.

Concerns of the Selectmen

Kantor said the Deerfield Police Chief is trying to get all four towns to have Town Meetings at the same place, such as a football field, or to pitch in to rent a giant tent. (It was that if you have a tent, Town Meeting will go faster and people won't be together for so long.) Also, there are no weather-related delays if you have a tent.

Mail *None.*

Announcements

None.

Next Meeting: Scheduled for Tuesday, May 26, 2020, **via Zoom**