

✓

Budget Subcommittee Meeting Minutes
February 16, 2023

Present: Lynn Cavicchi, Jennifer Walsh, Frank DelVecchio, Diana Bren, Sara Walsh, and Walter Wilk

Also Present: Barry LaCasse, Teresa Murphy and Ed Donoghue

RECEIVED
TOWN CLERKS OFFICE

2023 MAR 30 A 9:56

WARMSFIELD
MASSACHUSETTS

1. Open Meeting

Ms. Sara Walsh called the Budget Subcommittee meeting to order at 6:02PM with all six members present.

2. Discussion of Special Education Policy

Ms. Cavicchi opened the discussion by saying that she has not had the opportunity to have further discussions with Ms. Murphy and Mr. Donoghue, so she thought this item might need to be put on hold unless the committee wanted to discuss the development of a policy. Ms. S. Walsh asked Ms. Cavicchi to explain what she feels is the issue. Ms. Cavicchi stated that the Committee has been working for two to two and half years to fund this initiative, and she said the funding is not happening. Ms. S. Walsh noted that the fund was created one year, then it was funded in following years. Mr. LaCasse added, it was established and then funded with \$50,000 two years ago, and since then we have been working on policy. Mr. LaCasse said he was ok with the policy that had been circulated in the past, but noted that he objected to a sentence that was added to the most recent version, which would allow the school to incorporate a funding amount in their operating budget. Mr. LaCasse noted that this added sentence would make the policy inconsistent with the Town's other policies. Mr. DelVecchio asked what the practical implications would be for this fund. Mr. LaCasse said we have two operating budgets that need to merge. If this policy was adopted, the schools could choose to put any dollar figure in their operating budget to fund this Special Education reserve account. That would be inconsistent with the language in all other stabilization/reserve fun policies, which state that funding should come from free cash. Mr. Wilk said he agrees because this will be the first thing to be cut from the budget. Ms. Cavicchi said the practice we are working toward should be to get it consistently funded, but she is not going to write a policy. Mr. Wilk used the Town employee's OPEB fund as an example of underfunded and it added that it is a huge liability. Mr. DelVecchio said that in his view the Town should have one big stabilization fund, but that is not what the Town voted. He added, if we had a robust stabilization fund, the Special Education increase could be used for this. Mr. LaCasse wanted to make the point that we have not had to dip into the Town's stabilization to fund Special Education. Mr. Wilk stated, you could take money out of stabilization knowing that we get 80% back that could be used next year. Mr. Donoghue explained that potential reimbursement would be less than the full expense. Ms. S. Walsh stated, we are looking toward developing a policy that everyone is comfortable with. She added, she expressed that we need to find a way, that everyone can agree on, so we can get there. Ms. Cavicchi stated that it has not been funded consistently and not been a priority. Mr. Wilk reminded, if it says in the budget, it will be the first thing cut if it comes down to teachers versus the fund. Ms. Cavicchi said, it was on warrant and didn't get funded. Mr. LaCasse clarified, it was funded at \$50,000, and the best way to ensure that it gets funded regularly is to develop a policy that outlines how it would be funded. Mr. DelVecchio said, you want enough money in there to make a difference, and you want to fund it when you can, not necessarily just when you need it. He then asked, what does the law require or allow. Mr. LaCasse said, the law says either the district or town can fund it. Mr. Wilk reiterated, it is strategically going to be the first thing to get thrown out. Ms. Murphy said, I would argue that \$100,000 is the minimum that should be funded because if needed to use this, it would be, as an example, for someone who moves into town and needs residential placement. The fund it is going to be for an extraordinary situation. Mr. LaCasse said, it is like debt service. If you got an extraordinary expense it would have to go into the Town's stabilization fund because it would have to be paid. Mr. Wilk asked if that is what we are facing now that it is not in our budget.

Ms. S. Walsh suggested that we add "schools/town is allowed to and "may" fund, and add the town may also utilize free cash to fund. And, that we agree on this method for the next few years." She asked if that might be

a way to create more flexibility. Mr. Wilk noted that we have been saying we are going to fund it for years and nothing has been done. Ms. S. Walsh asked if we can take this back to the School Committee for consideration. Mr. Wilk asked Mr. LaCasse, if this gets put in the operating budget would you still recommend that the selectmen not fund? Mr. LaCasse said yes. Ms. Bren asked, is this something that you would have an "immediate" use for. Ms. Murphy replied, the idea is to build it up in case it is needed.

6:23 – Ms. Jennifer Walsh arrived

Ms. Murphy added, the difference is that state law allows for this fund to be in the Town's operating budget. Ms. Cavicchi said, it goes to School Committee and Select Board, not Town Meeting, to be funded. Mr. DelVecchio suggested that the language say what Ms. S. Walsh has suggested plus "according to state law the School Committee could also fund." Ms. S. Walsh recommended that it be taken back to School Committee for revisions.

3. Discussion of 2024 Budget Next Steps and Options

Mr. LaCasse confirmed that he and Mr. Dumas, Ms. Murphy, and Mr. Donoghue had met to discuss the budget gap, and that they had a really good frank discussion which he felt was good news. He added that there is a follow up meeting scheduled for March 1st and their mutual goal is to reach a balance budget. Mr. LaCasse talked about some of the other adjustments that he is making, such as deferring the entire OPEB \$120K trust until Special Town Meeting after free cash is certified. In trying to provide consistence services, Mr. LaCasse is also recommending that the new growth estimate be increased. Regarding local receipts, he continued by advising that the legislature has changed the rules around Host Community Agreements. He said, ReLeaf came to us with a proposed agreement. We agreed to it, they opened and business is going well. However, since the legislature "moved the goal posts", the Town may not be able to include its 3% of gross profits as a local receipt. However, he feels that it would be reasonable to include some amount from ReLeaf as a local receipt for FY2024. We have potentially three host agreements that will be in place in FY2024. Ms. Cavicchi asked what the Town normal projections for revenue and Mr. LaCasse said zero, but by leaving in we are adding \$100k to local receipts. Lastly Mr. LaCasse advised that an additional budget adjustment is related to electricity usage costs. He noted that we have all experienced a spike in electric costs, but he believes it is temporary. He feels we can use free cash to fund this spike. Mr. Wilk asked if we are paying the current pension obligation within the budget and Mr. LaCasse replied, "yes." Mr. LaCasse further explained that we have bond rating agencies that like to see that too.

Mr. LaCasse advised that \$144k could be taken out of healthcare stabilization fund to fund the budget. This year we are seeing 3.68% rise in healthcare costs. We would take out \$500k, but this would create a cliff if we had another spike in healthcare. He said we are smoothing it out by paying it from stabilization. Mr. DelVecchio asked where that amount came from. Mr. LaCasse advised that that number probably isn't enough, but a healthy amount has to remain in the fund. Mr. Wilk suggested that if we bump up to \$500k, we wouldn't have many more opportunities to use this fund again. Ms. Cavicchi said what we would do if we have a six percent increase next year, and asked take out \$1M? Mr. Wilk relied that you couldn't because it would create a cliff. Mr. LaCasse stated, this is on the table because it's the second largest increase in five years, and that it is just an option.

Regarding the Opioid Settlement Fund, Mr. LaCasse shared that it was up to the municipalities whether or not to participate and because Mansfield did participate we have received \$301K. It would be a possibility to use \$100K to supplement the Police Department's POP Unit, and we will receive \$60-70K each year. He added, there will be an additional settlement that he recommends participating in and this will also help to add to the Opioid Settlement Fund.

Regarding the \$1.8 million budget gap that still exists after these cuts, Mr. Wilk said that he wants to make sure these cuts don't create a repeatable situation. Mr. DelVecchio said, you should fund the OPEB so it remains viable. He added, at some point it would be good to have some actuarial advice to know where we stand and where we should be. Mr. LaCasse said the idea is to someday have that trust fund available to fund employees benefits. Mr. LaCasse continued, we are making progress if you look at the bottom line. He believes it is sustainable and doesn't leave a cliff for FY2025. Mr. Wilk asked if the next step was to look at potential cuts. Mr. LaCasse stated that these measures are the revenue adjustments, and that his next step is look deeper with Departments Heads on cuts. Ms. Walsh added, cuts and then numbers from the state. Mr. LaCasse agreed, and said hopefully we have a decent House 1 budget from the governor. Mr. Wilk asked if the Town was looking at fees for trash. Mr. DelVecchio stated that it has been portrayed that it was a recommendation that the Town increase trash fees. Mr. Wilk stated that you can't say it's not a tax increase, it is a shift. Mr. DelVecchio said, as a policy, no one has actually looked at a pay-as-you go fee for trash collection. Mr. LaCasse said, it is not part of the equation to get to a balance budget for FY2024. Mr. DelVecchio noted that it would be a Select Board vote to implement fees for trash collection. Ms. Walsh stated, let's do an analysis, and get information out to residents.

4. Discussion of March Tri-Board Meeting Location and Messaging from 2/8 meeting

Ms. Walsh stated that there have been recommendations from the Board and residents to have the next meeting, scheduled for March 29th, in Meeting Room 3ab and available via for viewing on Mansfield Cable. She continued, before the last meeting, the Financial Committee put together a budget message, and we'll do that again after tonight's Finance Committee meeting. The message will direct residents to the budget info as we worked towards consensus. Ms. Bren asked why it is called a consensus meeting. And she noted that there will be an option for comments and questions during the meeting. Ms. Cavicchi stated that she disagrees with it being called a consensus meeting and that it is actually a tri-committee meeting. She said it was helpful because it was educational, but there was no consensus. She added, she feels there is no need for the three boards to meet until the Governor's numbers are out. Ms. Walsh said, she thinks they agreed to meet more regularly regardless of what it is called. Mr. DelVecchio said, it is good that we have these meetings with all the boards, because no one gets left out that way. Mr. Wilk said, I think it is a good thing to give everyone a baseline and it fills everyone in on where things are at. Ms. Cavicchi said, I think giving the community a Questions & Answers forum is more important than having all the boards together. Mr. Wilk agreed that it is good to have the opportunity for anyone to ask questions, but only once a baseline is established.

Ms. Walsh asked if there were any questions from the community. There were none.

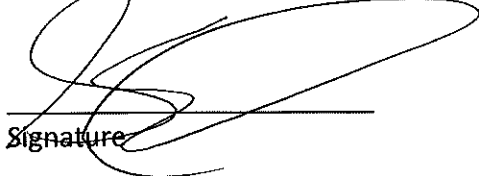
5. Any Items Not Known within 48 Hours

There were no items.

6. Adjourn

Motion: To adjourn the Budget Subcommittee meeting of February 16, 2023 at 7:04PM. (Wilk/DelVecchio)

Passes 6:0


Signature

3/29/23
Date

Minutes prepared by Nancy L. Griffin