

Town of Mansfield

6 Park Row, Mansfield, Massachusetts 02048

Finance Committee

RECEIVED
TOWN CLERKS OFFICE
2023 MAR 24 A 9 21



Meeting Minutes 2.16.2023

Present: Ms. Sara Walsh, Chair, Mr. Scott Feely, Vice Chair, Ms. Greta Thurston, Clerk, Mr. Walter Wilk, Mr. Michael Flaherty, Mr. Jack Cooney, and Ms. Melinda Tarsi arrived at 7:36 pm

Guest: Mr. Barry LaCasse

Minutes: Sharon Varricchione

0. **Call the Meeting to order:** Ms. Sara Walsh, Chair, called the meeting to order at 7:31 pm.

1. **Approval of Minutes: 1/19/2023**

Motion: To adopt the meeting minutes 1/19/2023

Passes: 6:0 (Cooney /Feely) with one spelling adjustment to Mr. Lacasse's last name.

2. **Bristol County Retirement COLA:** Letter

Mr. LaCasse stated the previous Governor signed a law that would allow retirement boards to vote an extra 2% cost of living adjustment on pension recipients. The Bristol County retirement system that the Town belongs to had already voted a 3% cost of living adjustment and the Governor needed to sign off to go even further for the retirement systems with the extra 2%. This was a local option for the retirement boards to decide yes or no. The second thing that the act did was it allowed retirement boards to also increase the COLA base. The cost of living adjustment pensions received was based upon \$18,000, the act will allow that \$18,000 to increase to \$20,000. That was the two items the Governors Act was given to the local retirement boards to either agree with the 2% COLA or agree with the increase on the COLA base or agree to both. Because Town employees belong to the Bristol County retirement system, the Town needs to decide on whether or not to opt into this, on either the 3% COLA base or both. The vote will be done by the Select Board but they sent the information to the Finance Committee to review and get their recommendation whether you think it's a good idea for Mansfield to do this.

Mr. Feely asked do we know what kind of reception this has been getting so far? Mr. LaCasse did not know but offered that if they wanted to do it, the deadline was June 30th, 2023.

Mr. LaCasse then stated he does not have a vote but that he would only make a recommendation to the Select Board. He then spoke about the pension funding schedule that it's not just for Mansfield but for the entire Bristol County.

He said Mansfield's share is about 12.2% and in FY2034 our portion is \$6.4 million for Mansfield's obligation to the Bristol County Retirement system. Then in 2035 we will be pay as you go as we will be all caught up. Mr. LaCasse stated that the 3% COLA is already factored into Mansfield's share. The additional 2% would mean there would be a future \$2.4 million problem in FY2034 if the Select Board and other Bristol County people voted for it.

Mr. Cooney asked if this was a one-time thing. Mr. LaCasse stated the 3% COLA is allowed so it is already included. The Governor gave the boards the ability to vote 2% higher for the COLA. Mr. LaCasse did not recommend this as we don't know what our budget will look like in FY2034 and is guessing that it's going to be tight and if you vote for this now you will have \$2.4 million less to work with in your FY2034 budget. Mr. LaCasse believed that the other towns are mulling it over too as they all just received the notices for this information. There are four options to discuss: Do nothing, 2% increase, Base from \$18,000 to \$20,000 and, the 2% plus the base increase.

Mr. Flaherty asked if we would have any TIF's that would help offset this in FY2034. Mr. LaCasse was unsure. Mr. Feely felt that the 2% increase seems reasonable as Social Security recipients just got 8%

because of inflation and he can also see the Governor saying that a total of 5% increase is not unreasonable since Social Security is getting 8%. Mr. Wilk also mentioned they have decent health care benefits too. Mr. LaCasse stated the way that he looks at it is that it really impacts services for cities and towns, this is a direct impact where as Social Security is in all the taxes that we pay but you don't feel it or see it. You do see this, these are our employees. Ms. Walsh said it was worth mentioning that people don't get Social Security because they do get a pension, so is this an impact and a disservice to the people who are not eligible for those types of increases. Mr. LaCasse stated that just because you receive a pension does not mean that you won't receive Social Security. Your Social Security is sometimes reduced because you receive a pension so you can't say that it's one or the other.

Mr. LaCasse recommended not to wait until June to vote on this as it would be retroactive to March and March would be a good timeframe to vote. Ms. Walsh suggested to take this back and see what the other communities are doing before they make their recommendation.

3. FY 2023 Financial Update:

Mr. LaCasse gave his report highlights on the following below:

- **General Government Revenue:**
This year's Tax Liens Redeemed Revenue actual is \$382,000 and the prior year is was only at \$123,000 and the year before that was about \$51,000. This is up this year due to the auction of foreclosed properties.
- **Earnings on investments:**
This year we received about \$273,000 in interest income on our funds. The year before that was about \$55,000 and the year before that was about \$156,000.
- **General Fund Other Revenue: 23:20**
The Current funds are at \$772,180, the prior year was \$380,000 and the year before that was \$254,000. Most of this came from the host community agreement. It's the amount the Marijuana retail establishment is paying to us and the other is the Opioid money we received because we are participating in the Opioid settlement.
Ambulance revenue: \$864,820, the prior year was \$788,000, prior year before that was \$506,000
State revenue: included our meals excise tax and our hotel excise tax which are good guidelines to how our economy is doing. In 2022, hotel excise tax was at \$235,000 at this point this year we are at \$402,000 which is a \$167,000 plus swing which is a good indicator to our local economy. The meals tax is \$301,000 last year and now we are at \$365,000.
Cannabis tax, was at \$17,000 last year and had only been on board just a few months. Now we are at \$146,000 which is a good sign and at some point, we are going to have another retail/medical establishment and hopefully a grow facility coming on board as well.
- **General Government Expenses:**
The current year budget is \$109 million dollars and our actuals are at \$59.682 million so we are 54% expended when we really should be 58% expended.
- **Enterprise revenue:**
This is our water, sewer, parking, and airport enterprise systems. On the revenue side, for sewer, we are at 63% collected of the money we budgeted to collect in order to sustain the expenses, water we are at 73% collected, parking we are 90% collected which is also an indicator of our local economy where more people are paying to park at the train station and the airport is 75% collected. This is good because with the enterprises you always want to be ahead of the game so you don't have to have to have General Government take over.
- **Enterprise expenses:**
On the sewer side, we are 60% expended, our water we are 56% expended, parking 58% and airport is 21%.

4. FY 2024 Budget Update and Fin Com Messaging:

Ms. Walsh stated that the Budget Subcommittee just met to see where we are in the budget. From the meeting last

week, there are a couple of different avenues they were looking at to balance the budget. The spending deficit as of last week was at \$3.2 million which was better than January and we had asked the Schools and the Town to meet to see what could be adjusted.

Mr. LaCasse stated that after the last consensus meeting he met with the School Superintendent, the Assistant Superintendent and the Town Manager and had a frank and useful discussion but could not disclose that information as they need to speak with the School Committee first. They will all meet again on March 1st to discuss further.

Mr. LaCasse then shared what was discussed at the Budget Sub meeting.

- **General Government Side:**

We stood at \$3.2 Million dollars on February 8th. Also, that day, we were informed by MIAA, our health insurance carrier that the 6% projected increase in health insurance was really only going to be 3.78% so that freed up about \$268,000. The shortfall went from \$3.2 Million to \$2.9 Million dollars.

Since that time, Mr. LaCasse reviewed these following revenue sources and the other opportunities we had to lower that shortfall which are difficult and but sustainable:

- OPEB: since covid we uphold our \$400 policy by paying \$280 and funding the difference from Free Cash at Town Meeting. This year he recommended that we eliminate the OPEB line item from the operating budget altogether and put it on Town Meeting requesting Free Cash. That would bring \$120,000 off the shortfall.
- New Growth: over the last two, five, ten years it's been \$900,000. Mr. LaCasse suggested originally that we go from \$400,000 to \$600,000 but now he suggested we go to \$800,000 which is still \$100,000 below the \$900,00 amount. It's not something that he wants to do but he believed that it's sustainable based upon historical data. That would give another \$200,000 against the shortfall.
- Host Community Agreements: with the retail Marijuana establishment, he did not carry anything on his local receipts estimate because it's brand new since late last Fall. But looking at the numbers we are getting from ReLeaf he's confident that if he puts in \$100,000 for FY24 we will make that number no problem.
- Electrical Accounts: all of our departments that have Electrical accounts have incorporated the spike in the electrical rates into their FY24 projections. We believe that those rates are temporary and that they will level off or come down. So, because of that, we are willing to supplement the FY24 budget with \$250,000 of Free Cash to smooth that out because we don't think that will create a cliff in FY25. Mr. Wilk was concerned with this approach as it may not hurt them this year but it could hurt them double the next year.

Ms. Thurston asked for the \$800,000 New Growth, are we borrowing from the next year's budget to fill the gap and Mr. LaCasse stated no that our New Growth is certified in the Fall before our tax rate is set. So, if the Dept of Revenue doesn't certify New Growth at \$800,000 because it's only \$700,000 we have to make up that \$100,000 before the tax rate is set so essentially cutting our budget by \$100,000 at that point.

Mr. Feely confirmed with Mr. LaCasse that he is looking for one-time items to use that don't create a cliff. He then asked if we are looking at operational capitol that usually don't go to CIP but are essentially smaller one-time items in people's budgets. Mr. LaCasse answered that yes but they don't carry a lot of capitol items in our operating budget but for example he removed \$43,000 of debt service and they are going to fund that at Fall Town Meeting with Free Cash, that's a pay down for a very short debt service.

- Healthcare Stabilization Fund: back in 2018 the Town withdrew from the Southeastern Mass Health Group Health and Dental Insurance and there was an amount left over in that fund of about \$2 million so that money at Town Meeting was put into a Health Care stabilization fund. The fund is there to help offset the rising costs of healthcare costs. We have taken out the same amount of money the past three to four years to offset the healthcare increases. Mr. LaCasse stated that he thinks it's reasonable for FY24 to take out \$500,000 instead of \$144,000 as a one-time offset.
- Opioid Stabilization Fund: The state of Massachusetts entered into a settlement with the Opioid distributors and the Attorney General negotiated the Settlement and then cities and towns were allowed to opt into the settlement and Mansfield did. We will receive \$1.2 Million from the

settlement over the course of the years leading up to 2037. So far, we have received \$301,000 which is in the Opioid Stabilization Fund that we established at Fall Town Meeting 2022. This money can only be used for Opioid related services Mr. LaCasse stated that he thinks it's reasonable for FY24 to take out \$100,000 out of the \$301,000 Opioid Stabilization Fund to offset and supplement the Police Departments Pop Unit because they are delivering those types of Opioid services. That would leave \$201,000 in that fund then next year we will probably receive around \$64,000-\$65,000 and that will continue every year. That money will grow or we will continue to use that for offsets. In addition, the Town is going to participate in another Opioid Settlement that will be an additional funding source that will go into that Opioid Stabilization Fund.

Town budget:

At this point if you add everything up, we've gone from a \$2.9 Million shortfall to about a \$1.8 Million shortfall. In their meeting with the Superintendent and the Assistant Superintendent one of the things they all agreed to was to make it their goal to deliver a balanced budget by the end of March which will be difficult but they are committed to achieve it.

Ms. Walsh stated that there will be three factors when working with the budget: the Schools and School Committee will work on that number, Mr. LaCasse will continue to work with the Town Department Heads and we need the State number that will be coming out March 1st. 48:58

For the March 8th Budget Sub meeting we should have a better picture of where we are. Ms. Walsh stated they will be using social media to point people to the website for the most up to date budget information.

5. Discussion with Assistant Town Manager/Finance Director:

a. Potential Program Fees

Ms. Walsh talked about at last week's Budget Sub meeting where they discussed if there was a need for additional revenue resources for the Town and hopefully we don't need that but may need it eventually or we need to look at all the options. She then mentioned potential program fees and was referring to the trash analysis that they had talked about for a while and for them to look at this again and this may take a few meetings to discuss. Mr. Wilk added that the program fees would be a Select Board decision not a Finance Committee decision. Ms. Walsh added that she would like to keep all the analysis in a repository so they have one location to be able to go and look at it.

Mr. Wilk asked Mr. LaCasse if he had a ten-year lookback on how much trash was and to view the increases and Mr. LaCasse said he had that and Mr. Cooney mentioned that the last one they had was for FY2020.

Ms. Tarsi asked if we had data on changes and tipping fees, as there's been a big increase with other municipalities. Mr. Wilk mentioned we could look at past DPW bills. Mr. LaCasse mentioned that he has something that his predecessor started from 2001 that he's built on. The start year of 2001 is important because that's the year the citizens of Mansfield decided instead of pay as you go trash fee they opted for an operational override for \$900,000 in order to keep the trash cost within the levy. At the time that was close to the full cost of trash pick up which was about \$942,000 in 2001 and in 2024 that cost is about \$2.4 Million so were about \$1.3 Million over that original amount.

Mr. LaCasse based on his algorithm hopes to get to a balanced budget without creating fees. Mr. Wilk asked Mr. LaCasse if his algorithm includes cutting FTEs. Mr. LaCasse stated it includes not filling vacant FTEs. Mr. Feely stated which is more desirable then laying people off.

Mr. LaCasse also stated that we are one Town one budget and that the Schools are on Board to try and balance the budget.

The Committee thanked Mr. LaCasse for all his work and then he left the meeting at 8:44pm

6. Upcoming meeting schedule

Ms. Walsh stated the next Fin Com meeting was March 16th, a tri board consensus meeting on March 29th where she hopes they get to a balanced budget, then 4/20 and 5/18. The Committee then discussed moving the 4/20 meeting to 4/27 due to participation. Ms. Varricchione will look into that. On the March 16th meeting Ms. Walsh asked the Committee members that are working on the goals to present at that meeting. Ms. Tarsi

will also give a survey update at that meeting.

7. Items not known within 48 Hours: None

Comments from Community: 1:17:54

Mr. Steve Schoonveld stated he had three things to talk about.

- The SMHG funds: he did a little math and it seems as though it goes beyond stabilization and shares Mr. Lacasse's concern of overuse of this.
- The Trash file that Mr. Cooney shared with all of you, the last column is inaccurate. It's inaccurate because the \$912,000 override increases every year with the tax base.
- Why are we waiting to have a SPED reserve fund for this huge half a million-dollar one-timer? We have a stabilization fund, let's use it for a year, refund it next year when we get reimbursed through the circuit breakers. Mr. Wilk told Mr. Schoonveld that that was already recommended by the Assistant Superintendent Ed Donoghue in the Budget Sub meeting before this one but that they have not had a chance to meet with the School Committee regarding this but the Town had a chance to meet with the Select Board. Mr. Feely stated that he hopes the School comes back as Mr. Schoonveld is right, it's a one-time request.
- In closing, Mr. Schoonveld said that it's great to hear that the budget is balanced and Ms. Walsh commented that the budget is not balanced and that they are working on it.

Comments from Committee:

Mr. Feely stated that CIP will most likely be meeting in March.

Mr. Flaherty mentioned that this is going to be a challenging cycle but Mr. LaCasse has done a good job and he feels better where they are right now with the budget compared to where they were a few weeks ago.

Mr. Thurston agreed with Mr. Flaherty's comment and is looking forward to seeing what the Schools come up with to help with the Budget.

Mr. Cooney agreed with Ms. Thurston's comments and that he's glad Mr. LaCasse is working hard on the budget to help balance it and that it's good for everyone to push back and ask questions.

Ms. Walsh agreed with Mr. Cooney and that Mr. LaCasse did what we asked.

Mr. Feely stated that we have done a lot of work the past 10 – 11 years, we weaned ourselves off Free Cash, we got to the One Budget, we got all our policies in and we have been through some tough times and that they are better prepared to make these tough decisions.

Mr. Wilk stated because of all of our reserve funds and stabilization funds we can dip in up to \$5 million in an emergency, we have these tools.

Ms. Tarsi said thank you to everyone for their hard work.

8. Adjournment:

Motion: To adjourn the meeting at 8:55pm.

Passes: 7:0 (Feely/Flaherty)



3/16/23

Date