

Minutes, April 29, 2020

FINANCE COMMITTEE – Meeting, April 29, 2020

A scheduled remote meeting convened at 6:32 p.m.

Present: Mr. Creighton, Ms. Harrison, Mr. Pratt, Ms. Mellish, Mr. Weld and Mr. Oldeman

Absent:

Board of Selectmen: Mr. Boling and Ms. Driscoll

Staff Present: Town Administrator, Mr. Federspiel, Finance Committee Clerk, Ms. Hunter

Guest: Mr. Kehoe, Ms. Furlong, Mr. Burke, and Ms. Thorne

Mr. Creighton called the Finance Committee meeting to order at 6:32 p.m.

Minutes – There were no minutes to approve this evening.

Update on Town's Covid-19 Response

Mr. Federspiel stated things are stable in the Town:

- ✓ Staff is healthy no one is out.
- ✓ Police and DPW are working shifts one week on and one week off.
- ✓ Fire Department added a position to cover ambulance service.
- ✓ Residents are social distancing.
- ✓ Infections in Town are low with 13 confirmed cases.
- ✓ Governor extended stay at home order to May 18, 2020.
- ✓ Salaries will be higher due to the addition of a Fire Fighter and Police Department working 12-hour shifts during the pandemic.
- ✓ The Town is maintaining an accurate record of Covid-19 related expenses for FEMA reimbursement. An initial reimbursement check in the amount of \$7K has been received.
- ✓ Town Hall is closed. Employees are working from home with some employees coming into Town Hall to work. All essential services are being maintained.
- ✓ Fourth Quarter taxes are due on June 1, 2020, however several residents have paid their taxes on the original due date.

Mr. Creighton asked if Mr. Federspiel anticipated a reserve fund transfer prior to the end of the fiscal year. Mr. Federspiel indicated there may be a need for a reserve fund transfer to cover salaries if FEMA reimbursement funds are not received in a timely manner.

Mr. Pratt asked if property tax receipts were comparable to last year. Mr. Federspiel confirmed property tax receipts are comparable to last year.

Review of Proposed Town FY21 Operating Budget

Mr. Creighton asked if there had been any changes in Operating Budget from the last Finance Committee meeting. Mr. Federspiel indicated there was one minor change regarding hazardous waste funding in the amount of \$5K. State Law does not allow for the balance to be forwarded to the next fiscal year the funds will need to be appropriated for FY21.

Mr. Weld asked if Mr. Federspiel had heard from the District regarding the request for a decrease in their budget. Mr. Federspiel stated he has heard nothing specific the District is working on areas of their budget that could be trimmed.

Additionally, the District is concerned about the level of funding they will receive from the State. The District receives close to \$3.5M from the State to cover Special Education, transportation, and Chapter 70 expenses, a projected 10% reduction would leave the District budget short \$400K.

Mr. Creighton stated the Town and District may not hear from the State until late summer or early fall. Mr. Federspiel agreed and indicated there may be additional support for states and municipalities from the Federal Government and that aid may come prior to the end of the fiscal year.

Mr. Creighton asked if excise tax and local receipts were on track for FY20. Mr. Federspiel indicated that due to conservative estimates local receipts were on track. However, in the revised FY21 budget local receipts have been reduced by 6%.

Review of Proposed Town FY21 Capital Budget

Mr. Creighton asked if there were changes to the Capital Budget. Mr. Federspiel stated there were no changes from the last Finance Committee meeting. Mr. Federspiel stated the BOS has tentatively approved Operating and Capital budgets with the understanding appropriation to the District is not finalized.

Ms. Harrison stated she is concerned the District may suffer a significant loss of revenue from the State and the Town may need a back up plan to support the District to maintain the quality of education. Mr. Federspiel indicated in 2008 the State level funded schools while reducing aid to towns and cities.

Ms. Mellish indicated if additional funding for the District was required there was an opportunity in the fall at the Special Town Meeting to assess an additional allocation for the District and make an adjustment. Mr. Federspiel stated it may be necessary to hold the Fall Town Meeting earlier if the District requires additional support.

Review of Proposed Town FY21 CPA Budget

Mr. Weld, Finance Committee representative to CPC stated he would defer to Ms. Thorne and Mr. Burke for specifics related to the CPA Budget. However, Mr. Weld noted CPC asked approved recipients of FY21 grants if in the light of Covid-19 they were interested in modifying their requests, none of the recipients were interested.

Ms. Thorne agreed with Mr. Weld that the applicants had not pulled back their requests and the FY21 warrant stands. Ms. Thorne indicated if there was opposition to the CPC grants, they could be made on Town Meeting Floor.

Mr. Burke stated the major grants were \$150K for the Affordable Housing Trust and \$50 for Sweeney Park design and engineering. Mr. Burke indicated the funds for CPA grants were not part of the Town budget and were funded through the tax surcharge and State match. Mr. Burke stated the FY21 projected contribution to CPA is \$393K from property surcharge and \$98K from State match.

Mr. Burke pointed out In order to change the Town's participation in the CPA and eliminate the 1.5% property tax surcharge a vote would be required at a separate Town Meeting and at the ballot.

Mr. Weld stated the merits of the projects have all been approved by CPC, Finance Committee and Board of Selectmen.

Mr. Creighton asked about dropping the Sweeney Park project if the District numbers do not work. Mr. Federspiel stated he supports the Sweeney Park project believing it is a good project for Federal stimulus funding. Ms. Thorne asked what kind of money the Town could anticipate? Mr. Federspiel stated the Town could possibly realize \$1M to \$5M in stimulus funds with the majority of possible funding directed to the Central St. culvert.

Mr. Burke indicated the Town could fund the Sweeney Park project with a bond supported by CPA funds. Mr. Creighton confirmed if the Town bonded the Sweeney Park project with CPA funding for a 10-year period the Town would need continue as part of the CPA for the that period of time. Mr. Burke stated that was correct.

Mr. Burke also proposed CPC could be asked to fund the entire Sweeney Park project freeing up \$55K from the Town budget to support the proposed Plan B cuts.

Consideration of "Mini-Grants" for Town Small Businesses

Mr. Federspiel stated the topic of "mini-grants" for small businesses had been discussed at a previous meeting and the reason for the grants was a desire to demonstrate support for small businesses on Main Street, Beach Street, Union Street and Summer Street. Some larger communities like Boston, Worcester and Gloucester are using their Community Development Block Grants (CDBG) to support businesses and owners. There are also State and Federal programs for small businesses with many local businesses having applied but waiting to hear.

Mr. Federspiel indicated there were 30 businesses in Town who would benefit from support. He has spoken with several small business owners and in addition to the grants business owners have asked the Town for marketing support.

Mr. Federspiel is proposing grants in the amount of \$1K to \$1.5K anticipating a total of \$45K from Town reserve funds. Mr. Federspiel is working with the State to understand the legal

parameters. He is interested in hearing from the Finance Committee members their interest in grants and marketing support for small businesses.

Mr. Creighton asked what the annual revenue was for the small businesses under consideration. Mr. Federspiel indicated he did not have good data at this time.

Mr. Oldeman asked how landlords were responding? Mr. Federspiel stated landlords were trying to give businesses breathing room, but some landlords are struggling like the small businesses. The Town had looked into ways to provide abatements for landlords but there is no legal mechanism or authority to grant abatements.

Ms. Mellish stated she supported spending \$45K to maintaining businesses in Town. Mr. Oldeman asked if the grants would be based on a level of need and how that would be determined. Mr. Creighton thought it was important to support the smaller businesses and not franchise businesses.

Ms. Harrison stated the Town Warrant was closed how would this go before the voters? Mr. Federspiel stated the Town was allowed to make budget amendments to the Town Warrant like the Plan B budget recommendations. The grant program could be included with budget recommendations.

Mr. Federspiel stated it would be difficult for the Town to establish business needs but could possibly partner with the Cape Ann Chamber for help. Mr. Weld suggested that it might be easy to review what businesses paid in sales taxes or meals taxes to guide how big the business is.

Mr. Creighton recommended asking small businesses to apply for grants and Mr. Federspiel to confirm the Town can use reserve funds to support the grants. Mr. Creighton believes this is a moment of severe need and it is important for the Town to help address the significant needs of small businesses. Mr. Creighton stated streets are dark and empty and small businesses need the support sooner rather than later.

Mrs. Furlong stated the devil is in the details and asked if the program was to help businesses or show good will? Additionally, she asked:

- Would the grants be available only for Manchester residents?
- Would the grants be available to businesses who had access to other programs?
- Would the grants be available to home-based businesses?
- Would the grants be available to internet business?
- And would the Committee provide transparency for taxpayers?

Mr. Creighton stated the need is current and agreed details are important, businesses are closing.

Mr. Federspiel asked for a sense of the Committee prior to developing further recommendations and will review the potential program with additional detail in 2 weeks at the next Finance Committee meeting.

Mr. Creighton moved the Finance Committee recommend the Town Administrator pursue a process for small businesses in Town to be supported with grants in the amount of \$30K to \$45K; the application process and distribution process to be determined. Ms. Mellish seconded the motion. The motion passed unanimously.

Other Business, as may not have been reasonably anticipated by the chair (discussion only).

Mr. Creighton asked about the Finance Committee supplemental report and how it should be developed for Town Meeting. Mr. Federspiel stated a two-page summary of proposed Plan B changes is all that is needed for the supplemental report.

Ms. Harrison asked is it possible to complete the report without hearing from the District. Mr. Federspiel stated he hopes to hear from the District by mid-May.

Mr. Creighton scheduled the next meeting for May 13, 2020 at 6:30 p.m. with possible participation of the Finance Committee with the Board of Selectmen on May 18, 2020 for a joint meeting.

Ms. Mellish moved to adjourn the meeting; Mr. Oldeman seconded the motion. The motion passed unanimously.

The meeting adjourned at 9:00 p.m.