

Norwell Board of Selectmen
4/22/20
Open Session – Remote meeting

TOWN OF NORWELL
TOWN CLERK
2020 MAY 29 AM 10:52

Present: Ellen Allen, Alison Demong, Jason Brown, Joe Rull, Bruce Graham, Peter Morin

RECEIVED

Open Session

The meeting was called to order by Chair Ellen Allen at 7:32pm. She announced that all votes will be roll call votes as the meeting participants are using remote access software. The meeting was recorded and the audio file will be available on the Town website. Ms. Allen noted that this meeting will be conducted pursuant to the Executive Order dated March 12, 2020 suspending certain provisions of the Open Meeting Law, Gen. L. c. 30A §20 et seq. and 940 CMR 29.01 et seq.

Approval of Agenda

Motion; made by Bruce Graham, seconded by Alison Demong, to approve the agenda as presented. Unanimously voted by roll call vote

BOS Reports - None

Town Administrator Report

Mr. Morin received 6 responses to the RFP for an architect to work on the consolidation of the Tree and Ground/Highway barn project. 10% of the construction costs were identified for contingencies and architecture/design. The board voted to adopt the state mandated designer selection procedures when choosing an architect for this project. Part of the procedures include the creation of a selection committee (which the board will do at their 4/28 meeting) to identify and choose an architect. Given the current economic climate, the committee could identify an architect to do the work, but hold off on spending the money at this time. Mr. Morin considers it a good reflection that 6 bidders are interested, adding that the bids will probably be way under the original estimate for design services.

Fiscal Year 21 Budget, Capital and outside Articles – review and update

Ms. Allen turned this discussion topic over to Mr. Morin. The recap here is taken from Mr. Morin's memo to the Board of Selectmen, which is attached to these minutes. He reported that his hope was to have some guidance and direction from the state for the upcoming fiscal year budget, but nothing is anticipated in the near future. For the preparation of his memo, Mr. Morin noted that he relied on a report by the Center for State Policy Analysis (CSPA) at Tufts University for a forecast of the state's revenues, a 4% reduction. Subsequent forecasts from the MA Taxpayer Foundation gave a more pessimistic prediction of a \$4-6 billion shortfall for FY21, anticipating a more prolonged downturn.

The state currently has a stabilization fund of approximately \$3.48 billion, but it is unlikely that they would simply resort to reserves in response to this downturn. Many elements of state revenue have been hard hit by this pandemic. Demands on MassHealth, public health and public safety have grown dramatically.

Mr. Morin's memo focuses on the economic downturn's impact on FY21 and the response required by the Town.

Local Aid Impact

The impact of this downturn and forecasts at the state level make a 5% reduction in state revenue, or about \$2.24 billion, a reasonable starting point for an impact assessment. A 5% reduction to the \$5.3M Norwell Cherry Sheet number would yield a reduction of \$268.5K.

Local Revenue Impact

Mr. Morin also assumed a 5% reduction to local revenue. The two primary sources of local revenue are the tax levy and local receipts. A review of the Dept. of Revenue Division of Local Services (DLS) data shows that a reduction in property tax revenue would be unprecedented in recent history. However, there is a strong potential for high unemployment to ensue at least through the summer, which could impair residents' ability to pay taxes. The Treasurer's office is working with residents experiencing a shortfall to pay their tax bills. The FY21 levy will raise \$44.7M, so each percentage of levy reduction would cost \$447K. A 5% reduction would be \$2.2M.

A similar impact is likely on local receipts; projected FY21 revenue from various sources was \$4.2M. A 5% reduction would be \$208K.

Potential Responses

Mr. Morin reported that the Town has 3 resources to offset the impact of this economic downturn:

1. Reserves and surpluses
2. Discretionary spending reductions
3. Negotiable spending reductions

He proposed that any reduction in revenue due to this pandemic draw from all 3 categories.

The Town's relevant Reserves and Surplus account amounts are:

- Stabilization - \$2.1M
- SPED Stabilization - \$102K
- Capital Stabilization - \$1.7M
- Overlay Surplus - \$750K

A portion of the above amounts are subject to proposed Town Meeting appropriations that may be reprioritized to make more money available. While there are sufficient reserves to address the projected shortfall, it would be poor practice to deplete them and leave no recourse for a prolonged economic downturn. Mr. Morin would recommend using Reserves to address no more than half of any revenue gap, which is high, but appropriate because of the projected size of the deficit. Applying this formula would reduce the projected deficit from \$2.7M to \$1.4M.

Town government and school budgets comprise roughly equal shares of the Town's budget. It would therefore be fair to divide the remaining deficit between the Town and School budgets. Most of the ensuing proposal will address the Town's share, \$678K, of the remaining deficit. Mr. Morin suggested various options to reduce Town spending, with no hard numbers yet for estimated savings. Various options and next steps will be discussed in the upcoming meetings.

The board discussed options to address these budget issues at length. All considered the topic of layoffs, highlighting strategies to reduce expenses, such as not filling positions currently vacant or proposed, identifying nonessential workers and those who would like to retire. An additional step would be work force reduction. All discussed negotiating payroll cuts with both union and nonunion employees. Mr. Morin noted that the Town can freeze nonunion wages immediately. Any contract negotiations could include pay reductions. Each collective bargaining agreement must be negotiated. The unions see what is going on in private industry and also other communities and therefore must address their priorities; retain their jobs vs. an increase in pay and layoffs. Currently Mr. Morin and the finance staff have only looked at a COLA freeze. If other areas are negotiated, it could double the savings.

All discussed the printing deadline for the Town Meeting Warrant (5/4/20). Mr. Morin is hoping to get a better idea of the state's direction, and will come back next week with recommendations.

He added that whatever version of the budget goes to the printer will have a lot of caveats, and Article 2 will be the best estimate available at that time. There may be further reductions to Warrant Articles in the near future. If necessary, the Town could hold a Special Town Meeting in September to address further budget issues.

The board endorsed an immediate pay freeze for as many employees as possible and would like to begin negotiations with all unions immediately. Hopefully they will negotiate, so that layoffs would be a last resort. Mr. Morin noted that other towns aren't looking at the extent of the cut that he is projecting.

Mr. Graham and Mr. Brown both support the idea of layoffs and would like to do that first, even though it would be an unpopular step. They would also like to push Town Meeting out as far as possible into the near future.

Further discussion ensued about union negotiations. Per Mr. Morin, each union would require a separate negotiation meeting, but information meetings could be held jointly. This will be tough stretch of discussions; the majority of the union employees are first responders, who will now be getting no pay increase after all the extra work and health risks dealing with COVID 19.

Ms. Allen invited meeting participants to ask questions or comment.

Advisory Board member Kate Steele stated her concern about Town Meeting with the current recommendation for social distancing. Mr. Morin responded that the attendance will probably be smaller and the Town will work to maintain social distancing guidelines at the meeting.

Schools Supt. Matt Keegan stated that he appreciated the invitation to the meeting, adding that facing these budget reductions is important to hear. In response to Supt. Keegan's questions about Capital Spending Articles, Mr. Morin noted that the decision will probably be made to push the appropriated amounts into a Reserve fund of one form or another. All discussed the current policy of spending not more than 20% of the Stabilization fund in one fiscal year. Mr. Morin does not want to use Free Cash for operating funds when the Town has reserves that can be used. Ms. Allen opined that the 20% policy could be changed. The board will discuss this topic at next week's meeting.

Mr. Morin and Supt. Keegan have an excellent working relationship. They will ID budget line items affecting both the schools and Town Hall when discussing budget cuts.

Kiersten Warendorf, School Committee Chair, announced that the School Committee is meeting next Monday night to begin these discussions and invited Mr. Morin to attend. She supports partnering with Town Hall to get through this crisis. Mr. Morin accepted the invitation.

Articles 3 and Other Spending Articles

The board discussed the proposed capital spending Articles, adding that if the negative outlook continues, then borrowing for the Highway Barn project makes no sense. If the economic outlook improves, then the actual cost of these Articles may be significantly less than anticipated.

The board agreed that it is most important to preserve Free Cash, and suggestions were made for where to "store" the unfunded capital item amounts, perhaps the capital stabilization fund.

Mr. Morin is considering reducing Article money to anticipate levy shortfalls of about \$450K. The current total Articles spending is about \$2M+, plus the planned CPC Articles. Nothing is currently happening with any additional Chapter 90 money, and there is no state transportation bond bill being considered by the legislature.

Mr. Morin will discuss the capital spending with department heads to postpone several planned acquisitions. He plans to keep the top two requests, the Highway dump truck and the Fire Department ambulance, but those two items represent 2/3 of the planned spending amount. Mr. Graham and Mr. Brown suggested not funding the dump truck as well as other items that could be cut from the list of discretionary spending. Mr. Brown would like to push back as much as possible. Mr. Morin is meeting with the Advisory Board (AB) next Thursday to discuss Article 3 as well as other spending Articles. Many will be largely reduced along the discussion lines at recent meetings.

The board endorsed Mr. Morin's idea to include the Capital Budget Committee in the AB meeting discussion.

AB member Mark Cleveland suggested that it might be worthwhile to push Town Meeting back a month in order to clarify some of these decisions, adding his support for Mr. Morin to be as conservative as possible and push off as much spending as possible.

All discussed offering early retirement, noting that the state has helped out in the past with guidelines and some incentives.

The FY21 revised budget will be on the BOS agenda again next week.

Town Election – 6/27/20, Polling Hours discussion and vote

Ms. Allen recapped the status of the election ballot – there are no contested races or ballot questions. Town Clerk Pat Anderson has proposed polling hours of 10am to 2pm and gave her recommendations for poll workers and voting activities. In response to board member concern about social distancing, Ms. Anderson noted that early voting will help reduce the number of actual voters at the polls. Application for early voting is available now, and the voters can mail their ballots through the USPS or put them in the drop box at Town Hall.

Motion; made by Jason Brown, seconded by Bruce Graham, to open the polls for the Town election from 10am to 2pm on 6/27/20. Unanimously voted by roll call vote.

Reopen and close the Annual Town Meeting Warrant

Ms. Allen reported that resident Don Mauch has submitted a citizens petition to abolish the CPA surtax. He has filed this same petition over the past several years. He stated that he believes now might be a good time to give taxpayers a lesser tax burden. A full repeal would provide a benefit to taxpayers of about \$275 per family per year.

Ms. Allen noted that trying to provide help to people is a good thing, but this wouldn't provide relief to anyone for 15 months, and then would amount to only \$69 per quarter. This is longer term relief for a small amount of benefit. Undoing the CPA surtax would be a lengthy process, and there is already tax relief for residents with lower income levels in the form of abatements and the senior tax program.

The board discussed the pros and cons of this petition at length, adding that the board could let residents decide by opening the Warrant and adding an Article for this petition. They will draft an additional Article to let residents decide if they want to reduce the surtax by a percentage (3%, 2% or 1%) to be determined at a future meeting. All discussed the wording of the Article. This topic will be added to next week's AB meeting for review and discussion.

Motion; made by Jason Brown, seconded by Bruce Graham, to open the Annual Town Meeting Warrant to include these two Articles. Unanimously voted by roll call vote.

Motion; made by Jason Brown, seconded by Bruce Graham, to add the citizens petition Article to repeal the CPA surtax. Unanimously voted by roll call vote.

Motion; made by Jason Brown, seconded by Bruce Graham, to insert a placeholder Article to reduce the CPA surtax by a percentage amount to be determined by the BOS. Unanimously voted by roll call vote.

Motion; made by Jason Brown, seconded by Bruce Graham, to close the Warrant for the Annual Town Meeting. Unanimously voted by roll call vote.

Approval of BOS meeting minutes

Motion; made by Jason Brown, seconded by Bruce Graham, to approve the following Open Meeting minutes of the board; 4/8/20, 4/9/20, 4/14/20. Unanimously voted by roll call vote.

Future meetings:

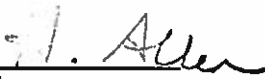
Architect selection/committee decision and vote
Stabilization policy re: 20% limit

House bill 4598 – postponing tax bill liability for one month
FY21 Budget discussion, continued

Meeting date: Tuesday, 7pm, 4/28

Adjournment

*Motion; made by Jason Brown, seconded by Bruce Graham, to adjourn at 9:23pm. Unanimously
voted by roll call vote.*



Ellen Allen, Chair

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