

Minutes of Finance Subcommittee on Forecasting

Meeting started April 9, 2020 at 7:00pm via Zoom

Present: Steve Maio, Kevin Gill, Dan Sherman, Joanne Reilly, Gerard Leeman, Doug Butler, Ed Dombrowski from TC and Mark Sardella from the Item

There was general concern on how our revenue would be impacted by the corona virus for FYE20 and FYE21. Significant time was spent looking at different alternatives using Dan's spreadsheet. There were varying opinions on how quickly and how much of a market rebound would occur. Dan agreed to put something together that would be more digestible for the public when it came time for Town Meeting preparations. The material will include worst, best and highly probably cases.

The summary of thoughts and conclusions:

1. We are not very concerned about FYE20 revenue.
2. We are deeply concerned about FYE21. We may be seeing a reduction from 10% - 15% in State Aid and from Local Receipts. State Aid for FYE20 is \$10.75 million. Local Receipts for FYE19 were \$8.23 million. FYE20 should come in at about \$8 million.
3. Some of us are more concerned about FY22 and beyond, then others. How big will the rebound be?
4. We have and will continue to do modelling and "What if" scenarios.
5. We are identifying budget items that can be cut, or at least delayed until Fall Town Meeting when more will be known. These include Capital, Other Postemployment Benefits, new positions, not filling new vacancies.
6. We are asking all departments to consider purchases that can be delayed until we have a better picture of our financial condition.
7. We are not going to put \$100,000 into the stabilization fund this year. Will resume later.
8. No layoffs are contemplated at this time.
9. The other area of angst is New Growth. We have done great with new growth and we are counting on getting the big Power line boost in FY2021 and/or FY2022. But if construction dries up in the outlying years we have a lot of reassessing to do.

Steve's ideas included: We cut operation budgets by \$700,000 at the June Town meeting. We can do this by not hiring for new positions mainly. We expect that the Schools account for \$400K of that reduction. I would also suggest that we split Capital by approving 1/2 or \$1 million in June and then wait until November for the other 1/2. These two cuts solve our local receipts problem but do not resolve any cuts in state aid. We would suggest that in November we cut the funding of the OPEB fund from \$1.6 Million to \$600K. That would resolve the 10% state aid cut. At this point we are not looking at reducing services either. These cuts are from unfilled positions and means that the FY2021 increase in budgets over FY2020 is still at 3% as oppose to 4%.

The meeting adjourned at 8:30pm.