

Town of Longmeadow
Minutes of the Finance Committee
August 12, 2020 - Teleconference

Finance Committee Members present: Maury Garrett Jr.-Chair, Andrew Lam-Vice-Chair, Eileen Morin-Clerk, Tom Dignazio and Armand Wray

Finance Committee Members absent: Donald E. Griffith, William Welch

Visitors: Paul Pasterczyk-Finance Director

The meeting was called to order at 7:00 pm.

A motion was made and seconded to accept the minutes of June 18, 2020 as presented (3-0-1 in favor, Armand Wray abstained)

Being the beginning of a new Finance Committee (FC) term, the Chair, Mr. Garrett, opened the floor for nominations for the positions Chairperson, Vice-Chairperson and Secretary.

A motion was made and seconded to elect Andrew Lam as Chairperson. The motion passed 4-0.

A motion was made to elect Eileen Morin as Vice Chairperson. Ms. Morin declined the nomination stating she would prefer to remain as Secretary to the FC. A motion was made and seconded to elect Maury Garrett as Vice Chair. The motion passed 5-0.

A motion was made and seconded to elect Ms. Morin as Secretary. The motion passed 5-0.

The Chair welcomed new Committee member Armand Wray.

Discussions:

Mr. Pasterczyk provided a brief overview of where he felt FY 20 was going to end up and his projection for FY 21. Mr. Pasterczyk stated the FY 20 local receipts took a slightly harder hit than expected but overall would be favorable because of the interest revenue on investments and bond proceeds (+\$74K and + \$240K respectively). Property taxes did not meet budget projections mainly because of the delay in the due date and the Town delaying sending out demand notices (both delays due to the COVID-19 pandemic). Overall the revenues would be down close to \$300K. Mr. Pasterczyk projected a large amount of unexpended appropriations (\$1.9 million) which would more than make up for the deficit in revenues. As a result of the revenue shortfall and other deficits Mr. Pasterczyk felt that the FY 21 Free Cash amount would be around \$1.4 to \$1.5 million.

Having seen the early FY 21 receipts through mid-August Mr. Pasterczyk felt that the FY 21 local receipt estimates would have to be further lowered. Day Care reimbursements would need to be dropped as a result of the closing of the Day Care facility for the coming year. The Day Care Salaries appropriation would be reduced at the fall Town Meeting to offset the revenue reduction. School Department costs may increase due to additional teachers for larger classrooms, more PPE, etc. or decrease due to fewer janitorial staffing, crossing guards, etc. Interest rates dropped drastically reducing the monthly stream of interest revenues. Building permits have also stalled a bit. On a positive note, the State committed temporarily to level fund the Unrestricted Local Aid and provide some additional Ch. 70 money above the FY 20 levels. While these amounts were below the original State Aid estimates used in the March budgeting process they were greater than the revised May budget brought to the Annual Town Meeting. Overall, Mr. Pasterczyk projected that the Town was still \$400K below the levy limit which also meant it was \$100K more than the \$311K target that was set for excess levy

capacity. On another positive note some large federal grants related to the pandemic will help to cover certain expenditures such as police and fire department overtime and plexiglass.

Mr. Lam wanted to discuss the housing market. Mr. Pasterczyk stated that the last he knew prices were currently about 3% greater than the assessments (due to low supply of properties) but also noted that sales data used to develop the Town's FY 21 taxable valuation would be from calendar 2019 (pre Covid-19 impacts). Mr. Lam reported that he had heard similar information that Longmeadow's real estate market was not suffering a downturn in values despite the pandemic.

Mr. Lam recommended that the worksheet for tax levy limit projections worksheet be updated so the Committee could discuss potential impacts and future strategies.

Mr. Dignazio discussed potential impacts of changing the format of town government from town meeting (scheduled for discussion by the Select Board at their next meeting).

The Committee set its next meeting for September 9th at 7:00 pm

The Committee voted to adjourn at 7:55 pm (5-0 in favor)

Respectfully submitted,

Eileen Morin, Clerk