

MINUTES FROM THE 6-1-2020 FINANCE COMMITTEE MEETING

The Finance Committee met on June 1, 2020 at 5 PM via Zoom.

Meeting was called to order at 5:02 PM with

Attendance: Finance Committee members Councilors Sullivan and Chair Figy

Mayor Humason. Auditor Caputi, and Treasure Barns

Superintendent Czaporowski, Business Manager Rix, Shannon Berry, Pam Katowski and School Committee Vice Chair Tim 'O'Connor

Councilors, Bean, Burns, Flaherty, Morganelli, Mello, Mathews-Kane and Onyski.

This meeting was being broadcast live over Channel 15 audio only and was being run by Pete Cowles from the IT Department.

The main agenda item was a round table discussion of the 2021 city budget.

Councilor Figy began by reviewing the revenue numbers used to create the 2021 budget. The Mayor reviewed the Cherry Sheets, property taxes, meals and hotel tax. Property taxes was feared to be \$1-\$2 million short but looks to be only \$150,000.00 short. The Mayor and the auditor then discussed using a 10% reduction in all state aid which leaves an \$8 million dollar gap between revenues and expenses. These numbers on revenue were recommended by the State Auditors and the MMA. The fear is that the reduction may be eventually a 14% reduction.

Meals and Hotel taxes are estimated at \$50,000 instead of the \$500,000 budgeted last year. We were reminded that these revenues are on a quarter delay, with the realization that quarters 3 and 4 are the weakest quarter collection wise.

A reminder was also stated that mid-year cuts would be more devastating as we would need to cut more as a half year expenses had been spent.

The discussion was then held on new or additional revenues. Chairman Figy began asking about several other possibilities for additional revenues.

A discussion was led with the possibility of using Free Cash to add revenue. Currently we have \$3.5 million in Free Cash Will need approximately \$1 million for snow and Ice and Health Insurance which leave a balance of approximately \$2.5 million. The auditor also estimated closing out the 2020 budget with a \$1 million dollar surplus as a freeze on spending was implemented earlier. Councilor Sullivan went on to say that in his opinion the administration was using worse case numbers and he felt that these number could be increase to hold off the budget gap. Councilor Sullivan also stated that he is hearing rumblings that Chapter 70 monies

RECEIVED

JUN 16 2020

9:00 AM

WESTFIELD CITY CLERK

may not be cut at the State level which would really be beneficial to the school department. Councilor Sullivan stated that he does not argue with the Mayor's numbers but feels that they are lower than required.

The auditor responded saying he would rather be conservative and then add money via supplemental budgets as more funds become available in stead of needing to make mid-year cuts. Councilor Sullivan said he would not argue that point.

Mayor Humason then stated that he was able to have discussion with former Mayors Sullivan, Knapik, and Sullivan had has gained some insight into the budget process. He also remarked that if Chapter 70 numbers remained the same our problems would be reduced.

Discussion of the CARE;s Act followed. Westfield is schedule to receive \$3.6 million dollars for COVID related expenses with some serious strings attached. This money can not be used to replace lost revenues due to COVID. It can not be used for previously budgeted expenses and only for COVID related expenses. It is estimated that Westfield will use only a fraction of the grant. This was all explained by the auditor. Expenses allowed do include unbudgeted overtime, supplies, etc. This is only if FEMA does not reimburse first. Basically, this will be of no help with the 2021 budget. The Superintendent then stated that he is planning to use the CARE'S money awarded to the schools all this year which is about \$1million.

Discussion was also held on the potential of new revenues and how they can not be budgeted for at least a year to see the dependability of the revenue. Basically, the Pot money will go into free cash for 2021. This is by DOR regulations.

Chairman Figy then asked about borrowing money from either OPED or Stabilization. Fund. the Treasure stated that the OPED money can only be used for OPED. And cannot be borrowed to be replayed later.

Councilor Sullivan then started the discussion on using money from the stabilization account. He stated that it would take 9 council votes to do this and it is not the best idea. It was asked what would happen if the council did authorize the use of stabilization for the 2021 budget? The treasurer stated that a call was held earlier today with the bonding company and they stated that it would adversely affect the city's bond rating costing the city a higher interest rate when the city would float a new bond. Mr. Rix added that the bond for the new school would need to be in place after the feasibility study was completed in 18-24 months. Councilor Figy then asked if borrowing money from stabilization with a repayment plan would have the same effect? Treasurer Barnes thought it would but feared what would happen if the loan could not be repaid in a timely manner. The Mayor did not see this as an option due to the negative effects.

Councilor Sullivan again stated that he felt the revenue numbers were too conservative and acknowledged that the revenue estimates are up to the Mayor. Councilor Sullivan then asked

the Auditor and the Treasurer what they project to be left after closing out 2020 budget. It was their rough estimate that would be around \$1 million.

The Chair then asked if there were any negotiations with the unions to see if they were willing to help out. Only Unit B of the Teachers Union had voted to postpone their raise for 2021 in exchange for 2 personnel days. No information regarding other union actions was available.

Councilor Sullivan asked about negotiating the Health insurance split from the current 77%-23% to a 75%-25%. Westfield's insurance split is one of the best in the valley benefiting the employees. Again, it was stated that this would have to be negotiated. If this could happen it would be between a \$1 million- and \$1.5 million-dollar savings for the city. Councilor Figy asked about a Insurance Holiday. This would have to be recommended by the Health Advisory Board and would need to occur in November. The Health stabilization fund is at a very healthy \$15 million dollars and it is recommended that the balance be kept at \$10 million. The trustees did vote a holiday and this will infuse the revenue side by approximately \$1.25 million.

The Superintendent added that there will be an increase of \$160,000 for tuition for out of district students at the Academy. This is additional revenue as the DESE has just raised the tuition amount. He also pointed out the health insurance savings on the city side for any staff laid off by the school. Conservative estimates from Mr. Rix put that amount at \$484,000.00 dollars.

To summarize, the Finance Committee recommended that the Mayor use \$2,000,000.00 of Free Cash, \$1 million in School Cares act, and \$1.25 million for a health holiday and add that to the revenue side of the budget with the school getting the free cash. This would reduce the need for drastic measures in budget reductions. Some reductions would still need to occur leaving a deficit of \$3plus million dollars..

Mr. Rix asked the Mayor if the School Committee could postpone there scheduled budget vote tonight pending some new numbers to work with. The mayor said yes to this request. There have been 113 emails submitted to the School Committee for public participation for tonight's meeting.

The mayor, Superintendent and the Finance Committee thanked everyone for attending and for brainstorming possible solutions to a very bleak Budget.

At 5:58PM, Councilor Sullivan made a motion to adjourn and the motion was seconded by the Chair. Meeting adjourned by a 2-0 vote.

Respectfully submitted

.Ralph Figy, Chair

