

Town of Lunenburg

Finance Committee:
Terri Burchfield, Chair
Michelle Walton, Vice-Chair
Peter Beardmore, Secretary
John Henshaw
Jay Simeone
David Passios



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Lunenburg Finance Committee
May 28, 2020 Meeting

Location: Zoom Virtual Meeting
Present: Terri Burchfield, Peter Beardmore, Dave Passios, John Henshaw, Jay Simeone
Absent: Michelle Walton,

1. Call to Order

- Terri Burchfield, Chair, called the meeting to order at 7:00 PM and read the COVID-19 / Zoom meeting advisory statement.
- This meeting was recorded and is viewable on YouTube:
<https://www.youtube.com/watch?v=2Ue2BrWiSPo>

2. Announcements:

- Terri Burchfield thanked Karen Brochu for quickly providing the committee her Debt service spreadsheet to the committee.
- Dave Passios gave an update on the Board of Health meeting to discuss and present protocols governing openings of outdoor activities.
- Terri B. polled committee regarding each member's willingness to attend the Annual Town Meeting at the Middle-High School Auditorium in June. Jay Simeone asked whether remotely attendance was an option. Heather Lemieux said Open Meeting law precluded remote attendance at Annual Town Meeting. Of the members in attendance at is meeting, Jay S. was undecided about attending in person, Peter B, Dave P, John H, and Terri B. plan to attend.

3. Town Manager Report

- Town Manager Heather Lemieux reported that a group that included the Town Moderator, the Police & Fire Chiefs, Jim Graffie and the Town

Manager has met to discuss the protocols on opening up Town spaces and buildings.

- Terri B. brought up associated costs of unemployment--50% of salary, health insurance costs? Heather has not heard about that.
- (12:00) PB: Another thing to nail down is if there are alternate scenarios of returning to work -- especially regarding schools.
- (13:45) Uncalculated costs with respect to pandemic. E.g. Town employees who don't feel safe returning to work when the Town opens up. Heather L. said the Town is not obligated to save their position for employment if they choose not to return when offered the opportunity.
- (14:00) Heather L. said under the CAREs act, the Town qualifies for a reimbursement of up to \$1,028,000 for expenses the Town incurs as a result of COVID19.
- (16:00) Terri suggested that given the uncertainty of future revenues and expenses the Town should consider postponing capital expenditures until Town meeting in November.
- (18:00) Dave Passios, posed for consideration, "...and I know this is totally against policy, but free cash is money available to the Town... at what point might we decide to throw that policy out the window and preserve jobs by using free cash? I mean these could be very tough times. Hopefully not. But that is a cash source that right now is currently not preserving jobs."
- (19:00) Terri stated that right now if we don't know how many people are concerned about coming back, that could be a problem. Terri also said that one of the things the schools are considering for the fall is a re-do of remote learning for a semester or two.
- (20:00) Peter said that the remote learning scenario is more predictable in terms of costs than the other alternatives--"... that other stuff, we don't know." (20:35)
- (22:00) John H. said that, given this atypical situation, if using free cash mitigates costs in the longer term, it seems to him like a good use of free cash. However, how long this situation will last is not known.
- (23:00) Dave P. said potential risk of uncertainty over when the schools will reopen is that if the Town invests in making the schools safer for students to return to fall the schools do not open and/or open under different protocols, it's money is not available to the Town other purposes.
- (26:00) Peter's take is that the Town does not know what the revenue situation is going to be, and does not know what cost really are going to be. Succinctly put, he said, "We don't know more than we do know." Because of this uncertainty, he feels less comfortable about funding capital projects--except in the case of emergency circumstances--e.g. replacing the Flat Hill culvert.
- (28:00) Peter stated that roughly one-third of the Town's savings comes from the school department's salary reserve fund. The teacher's contract

expires in about a month. In his opinion, Peter until we have more information than we currently have.

- Heather L. stated that this is the first year the Town had a salary reserve fund.
- (33:00) Terri B. suggested we might find out how comparable towns are handling this. The question is what the most conservative approach 105 stabilization account is about \$3 million.

4. Review of Warrant Articles:

- Dave P. strongly hopes that the Town can find its way to purchase the streetlights. The LED streetlights would reduce operating costs the Town

5. Minutes

- March 5th minutes: John H. moved to approve the minutes, Jay seconded the motion. The committee approved the minutes by a roll-call vote of 5 - 0.
- March 12 John H. moved to approve the March 12 minutes as amended and Dave seconded the motion. The committee approved the minutes by a roll-call vote of 5 - 0.

6. COVID-19 expenditures:

- Heather L. stated that FEMA reimburses the Town 75% of the cost incurred related to COVID 19 and that the CARES Act will reimburse the Town the remaining 25%.
- Karen B. is working on a request for this re-imburement.

7. Debt group:

- After reviewing Karen Brochu's spreadsheet, Peter B's observation is how relatively small the retirement of debt between 2020 and 2024 is. A risk is that may affect citizen support for taking on more debt.
- Dave P. would like to learn from the debt review process is what effect a decline in the Town's credit rating would cost the Town in increased debt costs.
- Peter B. Observed that the Town is now operating at a time when interest rates are effectively zero.
- Terri suggests establishing a debt sub-committee to look at the issue.
- Peter B. said the Finance Committee should give the debt sub-committee a formal charge.
- Terri mentioned that Michelle may have sources from the Assoc of Town Finance Committees, which she serves on to give us guidance on these issues.

8. Committee Reports

- Dave P. said the TC Passios committee meeting scheduled for Monday, June 1, was postponed pending the details of the formal contract. The meeting has been rescheduled to Monday June 8.

9. Public Comment:

- Peter B. praised the great effort Town employees have made during these trying times. He cited the work the Town did before Memorial Day.

10. 8. Next Meeting:

- The next Finance Committee meeting is on Thursday, June 11 at 7:00.
- Dave P. requested that all issues that were discussed at this meeting remain on the agenda for the next Finance Committee meeting, on June 11 at 7:00.

9. Adjournment

- Peter B. moved to adjourn the meeting. John H. seconded his motion. By roll call the committee voted five in favor, none opposed. The meeting adjourned at 8:20 PM