Finance Committee MEETING MINUTES

June 18, 2020 – Town Meeting Workshop

Virtual Meeting

Paul Flaherty, Rick McGuire, Jonathan Calianos, Shawn Craig

Residents and Committee Members were present

The meeting was opened at 7:00 pm.

Brett Simas read the disclosure for the virtual meeting.

Approval of minutes were tabled.

Paul Flaherty discussed purpose of meeting is to ask questions and emphasized the FY21 budget was established before COVID

Derek Brindisi, this budget gives us the best option to meet any cuts in state aid due to COVID

Kenny Costa agrees with this budget and would prefer to have it pass at Town Meeting so not deal with 1/12th budget. Town may not know State aid until the fall and we can make adjustments in November. Kenny commented there was good work on conservative budgeting with Derek and we are well position to weather the economic storm for the next couple of years.

Derek Brindisi discussed how Upton is in a stronger position fiscally since we are not struggling with loss revenue of taxes such as hotel/motel taxes. Towns that rely on those additional revenues are laying off employees.

Residents asked the following questions:

Question: What are the estimated projections in reductions in State Aid that are anticipated with regard to the Town and the Schools combined? Derek and Kenny run actual numbers from 2007/2008 recession and believe the budget can absorb cuts from State Aid.

Questions: What percent of our budget comes from state aid? – 4% our Town's budget is State Aid. FY20 was 565,000 in state aid. A 5 or 10% cut is equal to 56k or 100k

Question: Do we have any numbers for our revenue coming in estimated and real and personal taxes? Revenue is 8% local receipt, 4% for personal property, rest is property taxes. It was noted many quarterly tax payments were made on time even though there was an extension of the due date. It was also noted there is a hiring freeze and spending freeze that will continue until we have a better outlook.

Question: Is there a wage freeze or raises on hold? Town is currently not holding on wages or raises since most employees are subject to union contracts and the nonunion members follow suit. Some towns are laying off and furloughs and all towns are looking at it differently depending on the revenue sources. Northbridge and other nearby communities are not doing layoffs or furloughs

Question: Is the town expecting to lay off or furlough people during COVID, and if that's considered likely in the future is there a projection for how that will change payroll as well as payroll tax obligations? Derek Brindisi is not expecting any furloughs or layoffs in Upton. Looking to provide the same level of service residents expect and we need the workforce to do that. Upton is in a good financial situation for this year and we will take each budget every year. Derek commented there will be a freeze in hiring the Planning Director has a freeze and those on funds that can be used based on revenues reductions.

Question: Can we request a contingency plan due in the July/August time frame where we build the worst-case scenario to determine where we actually may be in late summer? It will still be difficult to know what it will look like in July/August. Critical to set tax rate in November so tax bills go out on time for quarterly billing. TM and Accountant ran numbers from 2008/9 the cuts were $65k and we are in a strong position to maintain and absorb that cut.

Various questions were asked and answered about some details of the budget

Maureen Dwinnell commented the budged presented is within the 2 ½ levy limit – Maureen

Our Pensions and OPEB numbers across the Board are 10% to 11% increases in the lines? What do actuarial forecasts recommend for the community for these liabilities in the next decade? Do the actuarial forecasts recommend these double digit increases year over year? Kenny Costa commented retirement is increase due to our liabilities and mandated to be funded. OPEB is not mandated at this point however could be in the future. $6.6M is our currently liability with $670,000 in the OPEB trust fund currently. Worcester pension is $10M as of 6/20/19 per last year financial statement. New actuaries will be happening in the next year.

Derek Brindisi commented all new employees are contributing 2% of their base salaries to the trust fund so more monies are being added each year. It was noted only a couple of communities that are fully funded and this is an issue across the country and not just Massachusetts.

Dennis Westgate, DPW Director commented he is grateful for the road funding to continue the pavement plan. Discussion on roads by Dennis Westgate.

Discussion on how Town Meeting is expected to be coordinated with COVID. Social distancing and wiping of microphones would be done to ensure voters were safe.

Meeting adjourned at 8:22 pm.

Respectfully submitted,
Kelly A. McElreath