

TOWN OF LAKEVILLE
Finance Committee Meeting Minutes
March 11, 2024 – 5:30 PM

Lakeville Police Station Meeting Room
323 Bedford Street, Lakeville, MA

On March 11, 2024 the Finance Committee held a meeting with the Select Board at 5:45 PM at the Lakeville Police Station Meeting Room. The meeting was called to order at 5:45 PM by Chairman Plonka. Present for the meeting from the Finance Committee were Maureen Candito; Lawrence Kostant; Katie Desrosiers and Christopher Plonka, Chairman. Darren Beals was attending remotely. LakeCAM was recording the meeting for broadcast. Members present were Select Board Chairman Day, Select Board Member Fabian and Select Board Member Carboni.

Meet with Select Board for FY25 Budget Presentation

Select Board Members present were Brian Day, Chairman, Evagelia Fabian and Lorraine Carboni. Also present were Interim Town Administrator Robert Nunes and Tracie Craig-McGee, Executive Assistant to the Select Board and Town Administrator.

Chairman Plonka said the Committee has the minutes of February 7, 2024 for approval.

Upon a motion made by Ms. Desrosiers and seconded by Mr. Kostant, it was:

VOTED: To approve the Finance Committee minutes of February 7, 2024.
Roll call vote: Ms. Candito – aye; Mr. Beals – aye; Ms. Desrosiers – aye; Mr. Kostant – aye and Chairman Plonka – aye.

Chairman Plonka said the next item is to nominate a Finance Committee Member to represent the Finance Committee on the Town Administrator Search Committee. After learning of the time commitment, he would be able to represent the Finance Committee.

Upon a motion made by Ms. Candito and seconded by Ms. Desrosiers, it was:

VOTED: To designate Chairman Plonka as the Finance Committee representative on the Town Administrator Search Committee.
Roll call vote: Ms. Desrosiers – aye; Mr. Kostant – aye; Ms. Candito – aye; Mr. Beals – aye; and Chairman Plonka – aye.

Mr. Nunes said the presentation tonight will go through the budget process. We will have Department Head meetings in April when the new Select Board Members are in place. This is a level service budget with no employee layoffs; funds contractual and non-union personnel obligations; no enhancement requests were funded; employee upgrade requests were not funded and it is based on conservative revenue. The total tax levy accounts for 83% of the revenue, local receipts are 12% and State Aid is 5% for total revenue of \$36,434,781. The total operating revenue is tax levy is \$30,004,026, broken down as the tax levy of \$28,125,641; 2.5% increase at \$703,141; new growth is estimated at \$129,960; debt exclusions are \$890,963 and F/L Regional School District

exclusions total \$154,321. Projected revenue is: State Aid is \$2,002,654; local receipts of \$4,250,000; free cash of \$120,000 to balance the budget; and the septic loan program of \$58,101 for a total other revenue of \$6,430,755. Combining the levy revenue and projected revenue equals a total of \$36,434,781. He explained what the property tax levy is and what a debt exclusion is. There is debt exclusion revenue of \$1,045,284 for Route 79, the Police Station and removal and reconstruction of the George R. Austin School. New Growth is estimated at \$129,960 for FY25; it was \$341,078 for FY24; \$522,531 for FY23 and \$625,186 for FY22. The Town may not see much new growth in FY25 and hopefully it will be more and we can then adjust the budget in the fall. The Town will have significant growth most likely in FY27 with the hospital redevelopment, which will be built in phases. State Aid: the two (2) largest sources are unrestricted general aid and Smart Growth School Reimbursement. FY25 State Aid is \$2,002,654 and Smart Growth Reimbursement is \$267,750, so there is a net increase of State Aid of \$296,043 from FY24. The Cherry Sheet for FY25 State Assessment is \$220,417. Local Receipts: Motor vehicle excise tax for FY25 is projected at \$2,260,000; projected in FY24 was \$2,000,000; FY23 actual was \$2,257,192 and FY22 actual was \$2,155,242. Ambulance/EMS fees FY25 is projected at \$1,025,000; FY24 was \$1,000,000; FY23 was \$1,102,128 and FY22 was \$1,010,955. Cannabis revenue is not projected in the budget; there are five (5) host community agreements in Town. Legislative changes to the cannabis law has an impact on the host community and development agreements and legal issues are ongoing. Free Cash for FY24 certified as of 7/1/23 is \$3,911,500; the balance as of March 4, 2024 is \$1,587,375; FY23 was \$4,480,687.71 and FY22 actual is \$4,680,88.69. Free Cash will be used to fund capital projects and fund enterprise funds for the Transfer Station and Park Department. The Transfer Station offset will be \$102,500 and Parks Department offset is \$17,500. The Stabilization Fund's current balance is \$2,062,191.

Mr. Nunes said the FY25 General Fund appropriation is \$35,872,184 and is broken down as 57% Education; 14% Public Safety; 7% General Government; 12% Fixed Costs; Debt Service 4%, Culture & Recreation – 1%; Human Services – 1% and Public Works – 4%. He summarized the total operating expenditures. There is an increase of 4.5% over FY24. Fixed costs include unemployment; group insurance and risk management. We are a member of Gateway Health Group and it is self-insured. The trust is facing a \$1.7 million deficit in claims. In order to reduce the 17% premium increase, the Town will pay \$109,182 for the December premium holiday in December of 2023. Employees will not be required to pay back the premium holiday. We are optimistic that claims for the remainder of FY24 will move in a positive direction. Gateway will bid and procure Administrative Service Offices and we will initiate Chapter 32B Sections 21-23 and reconvene the Insurance Advisory Committee (IAC) and the Public Employee Committee (PE C). Department Heads will be met with tomorrow and we will speak about the health insurance. We will be meeting with representatives from the unions serving on IAC and PEC. The health insurance appropriation is \$2,208,003, an 8.5% increase over FY24. Our goal is to get below the 8.5% increase. There are 56 active employees, 14 retirees and 111 retirees on the Medicare supplemental plan. It is his recommendation that we procure the services of a Health Care consultant to review claims and see other health care options for FY26 and beyond. There are other joint purchasing groups out there for health insurance. We should explore those. It will be a discussion that the Town needs to have moving forward. He likes the premium base as it is easier to budget and explain to employees.

Mr. Nunes said Lakeville is a member of Plymouth County Retirement Association. The appropriation for FY25 is \$1,631,268, which is an increase of 8.5% over FY24 and a 27.5% increase since FY22. The goal of the county is to have the fund fully funded by June 30, 2028. Other Post-Employment Benefits Trust Account has a current balance of \$2,872,700 and it is his understanding that there will be an Annual Town Meeting Article for \$310,000. Projects reflected in the Debt Appropriation of \$1,341,823 are the State revolving fund sewer projects; septic program; police station; Route 79 project; new ambulance and Assawompset window and door project. Under Public Safety the budget maintains current staffing for Police and Fire. It does not fund the four (4) firefighters hired with ARPA funding. He recommends funding the four (4) firefighters with ARPA funding in FY25. The Chief is looking for a grant to continue funding these positions. Under Education, he is recommending an appropriation for the F/L Regional School District of \$17,144,035 for FY25, which is a reduction of \$387,582 from their original request of \$17,531,617. There will not be a Proposition 2 ½% override or cuts to services needed if this proposal stands. Lakeville has 1,506 students in the Region. He had a meeting with the Freetown Town Administrator and Superintendent Strauss and the Business Manager and we spoke of the challenges to both communities. We are optimistic that if the School Committee goes along, we will get the reduction. Lakeville is a member of Old Colony Regional Vocational Technical High School and their FY25 appropriation request is \$2,735,738 for 152 Lakeville students. They are in a planning phase for future renovation of the high school or new construction. Select Board Chairman Day is a member of the Building Committee for Old Colony and there are three (3) members on the Old Colony School Committee from Lakeville. They are going through their budget process and he is not sure if it will be adjusted downward. We also send 13 students to Bristol County Agricultural School and their appropriation is \$449,980 for 13 students including transport. We have 1 student that attends Norfolk County Agricultural School and that appropriation is \$110,000 including transportation.

Mr. Nunes said the Park Enterprise Fund has a balance of retained earnings of \$28,434 and the Transfer Station is at \$172,633. Because the Town is subsidizing the funds, they technically are not Enterprise Funds, but MGL allows for the subsidizing.

Mr. Nunes said under Capital Planning, we are in the process of scheduling a meeting. The Capital Stabilization Fund balance is \$3,539,251. It is his understanding that this fund was established for the potential funding for partial costs of funding of design, engineering costs, etc. for a new Fire Station. He reviewed the items that are in the capital plan for the various Departments.

Mr. Nunes said the Town received two (2) allocations of ARPA funds: one from Plymouth County and one from the Federal Government. Plymouth County was \$2,077,295. The monies used so far is the water project - \$332,800; new ambulance - \$572,403; old Town Hall restroom - \$183,700; and Gamache playground - \$170,000. There is an available balance of \$818,391. There was a revenue replacement of \$353,700. The Town received \$1,210,073 of ARPA Federal monies. These monies were used for the water feasibility study; COVID 19 testing; outdoor stage cover; Ted Williams Camp tennis courts, new fields project and a new fields supplement, firefighter staffing and investment earnings. There is an available balance of \$745,112. The balance will be higher because some of the funds were not completely expended. We should move forward to spend the balance. We need to commit the funding by June 30th and have the projects completed by June 30, 2025. We should meet with the Finance Committee and Department Heads to come up with a plan to spend the remaining balance.

Mr. Nunes said the presentation will be posted on the Town's website.

Select Board Member Fabian asked how much of the Federal allocation do we need to keep on standby for firefighters. Mr. Nunes said it will get us through June of 2025. Select Board Chairman Day said if we are awarded a SAFER grant it would kick in on September of 2024. Mr. Nunes said he was not sure as the guidelines and application have not come out yet. It is a three (3) year program with no match. Select Board Member Fabian asked about the money from the cell tower lease. Select Board Chairman Day said it was moved into the Reserve Fund. Select Board Member Fabian said we were a bit concerned about losing the \$40,000 annual payment and we could use it this year. How do we access it at Town Meeting if we need it? Select Board Member Carboni said it is in the Capital Stabilization Fund. Select Board Chairman Day said the former Town Administrator had his eye on potentially using some of that for the Fire Station design. Select Board Member Fabian said we got the lump sum payment for 20 years in lieu of a \$40,000 annual payment. Ms. Candito said when we structured that article we put it into a Capital Stabilization Fund and the interest stays with that. Is there another fund we can use to put it in there and put the interest into the operational budget? Mr. Nunes said the investment income would have to stay in the fund. Select Board Member Carboni said she will ask the Accountant what the interest was before we transferred the \$2,000,000 in there. Select Board Chairman Day said if we pulled out the interest we would be giving up compound interest. Ms. Candito asked if the Cherry Sheet smart growth number is predicated on the 1/1 when calculating what the bonus money is. Mr. Nunes said he was not sure. The Town Accountant said that number has changed in the past; this is based on the Governor's budget.

Select Board Chairman Day said when we started on the budget there was a \$750,000 to a \$1,000,000 gap. Mr. Nunes said there was a \$1,154,130 gap to start. They used budget cuts, free cash, and a reduction in the school budget to close the gap. There is not much to cut without impacting services. A few things have come up since we finished the budget and it may need to be tweaked. Select Board Member Fabian said looking back at new growth numbers in 2022 and 2023, we are only hovering at \$130,000 now. Even when we at \$625,000 like in 2022, we would still have had to make cuts. Mr. Nunes said regarding the Capital Plan, we are going to spend Free Cash down, which he is a bit concerned about. Select Board Chairman Day said the last few years have been level service budgets. It shows how razor thin we are and fixed costs are outpacing what we can raise in our levy. We may not be far away from an override going forward as fixed costs increase. 57% of our budget goes to the schools. Select Board Member Fabian said she wants a great education system, but we still have to pay for everything else. She agrees with what Select Board Chairman Day is saying that an override may not be far off. Health insurance costs is a big reason why.

Upon a motion made by Ms. Desrosiers and seconded by Ms. Candito, it was:

VOTED: To adjourn the Finance Committee Meeting at 6:32 PM.

Roll call vote: Ms. Desrosiers – aye; Mr. Kostant – aye; Ms. Candito – aye; Mr. Beals – aye; and Chairman Plonka – aye.