

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**Meeting February 20, 2019**

### **MINUTES**

**Board Members Present:** Ben Tafoya (Office of the State Auditor), Craig Stepno (Office of the State Treasurer), Mary Jane Handy (Department of Revenue)

**Non-Board Members Present:** Sophia Apostola (Office of the State Auditor), Michael Ruane (Office of the State Auditor), Michael Leung-Tat (Office of the State Auditor), William Arrigal (Department of Revenue), Lori Lombard (UniBank), Tanya Gaylord (Pioneer Valley Regional School District), Jonathan Scagel (Pioneer Valley Regional School District), Richard Kingsley (Pioneer Valley Regional School District), George Anzuoni (Revere), Robert Button (Revere/CDM Smith), Timothy Plante (Springfield), Stephen Lonergan (Springfield), Lindsay Hackett (Springfield), Cinder McNerney (Hilltop Securities), Abby Jeffers (Hilltop Securities), Phillip Duarte (Rep. Angelo Pupppolo's Office)

The meeting was called to order at 11:01 a.m.

#### **Minute from January 17, 2019**

The approval of the minutes was tabled to the next meeting because several members were not in attendance at that January 17, 2019 meeting.

#### **Pioneer Valley Regional School District**

Tanya Gaylord provided a brief overview of the Pioneer Valley Regional School District's request. Ms. Gaylord stated that several factors caused financial issues for the District, including over-estimating transportation reimbursements, declining enrollment, loss of students from Vernon, VT due to the closure of a nuclear power plant, and increases in special education out-of-district placement costs. Additionally, the District had a growing school lunch fund deficit. The member communities paid part of the school lunch fund deficit and other expenditure lines were frozen to reduce the FY 2017 deficit from \$639,777 to \$543,273.

Craig Stepno asked what the District's outlook for FY 2020 was.

Ms. Gaylord stated that the outlook is constrained. Ms. Gaylord noted that the District is in the process of building its FY 2020 budget. The District is hoping to attract students from Vernon, VT. The District is developing some special education programs which will hopefully attract additional students from out of district. As part of the deficit financing legislation the District will consider school consolidation once it issues the deficit bond. The District is considering moving the grade 6 classes to middle/high school and considering consolidating some elementary schools.

Mary Jane Handy asked if the District's collective bargaining agreements have expired.

Richard Kingsley, the District's fiscal overseer, stated that the collective bargaining agreements have expired and the District is in the process of negotiating new contracts. Ms. Gaylord noted that the District has budgeted for its maximum exposure in the FY 2020 budget.

Mr. Stepno asked what the District's expects to save from the school consolidations.

Ms. Gaylord stated the estimated the District will save approximately \$400,000 per year.

Ms. Handy asked whether there were other challenges the District faced.

Mr. Kingsley stated that student enrollment is declining area wide and the District is struggling to maintain its market share and attract new children. The District is looking to update special education programs to attract special education students from other districts. Superintendent Scagel noted that Vernon, VT, Hampshire County, and Franklin County are interested in the District's special education programs. Mr. Scagel also noted the District is considering installing solar panels on its high school, which would save \$40,000. Mr. Scagel noted that the District is exploring a tuition agreement with Gill-Montague. Finally, the District also has developed a partnerships with Greenfield Community College, where students will be able to have enough credits to earn an associate's degree while they complete their high school education.

Mary Jane Handy made a motion to approve the request from Pioneer Valley Regional School District.

Craig Stepno seconded the motion.

The motion was unanimous approved by the members present.

#### **City of Revere**

George Anzuoni, Revere's Director of Finance, provided a brief overview of the City's request. In FY 2018, Revere had \$6,200,000 in free cash. Revere's budget is balanced and Revere is at its levy limit.

Mr. Stepno asked Revere to provide an update on the audit of the parking meters.

Mr. Anzuoni stated that Revere installed new parking meters; 71 out of the 73 meters were broken. Mr. Anzuoni noted the new meters count the coins as the coins are placed into the meters which will help Revere assess any discrepancies. Additionally, the director of finance will now oversee the parking meter program. Revere expects that the new meters will increase revenue by 40-50%.

Mr. Tafoya asked for a description of the illicit connection project.

Robert Button stated that Revere is under a consent decree with the Environmental Protection Agency to address issues with its sewer system, including identifying sources of water that should not be in the stormwater system. Revere has inspected 10,500 properties and has identified thousands of problematic properties. Revere reviews approximately 200-300 properties per year.

Mr. Tafoya asked if Revere has taken out any loans from the Massachusetts Water Resources Authority (MWRA).

Mr. Button stated that this is an SRS project so it does not qualify, but Revere has taken advantage of some MWRA and DEP programs.

Ms. Handy asked for more specifics on the fire station feasibility study.

Mr. Anzuoni stated that the fire station is old and outdated, the study is to examine the footprint of the current station and determine if there is sufficient land to service the area.

Ms. Handy asked what Revere's plans are for the land they are purchasing.

Mr. Anzuoni stated that Revere intends to develop the purchased land, including gauging development interest in building multi-unit housing on the property.

Mary Jane Handy made a motion to approve the request from Revere.

Craig Stepno seconded the motion.

The motion was unanimous approved by the members present.

### **City of Springfield**

Timothy Plante provided an overview of Springfield's request. Springfield would like to borrow for several items, including downtown revitalization, the creation of a new police unit for the MGM facility, a flood control system required by the Army Corp of Engineers, park revitalizations, a school lunch program, and DPW equipment.

Mr. Tafoya asked about the necessity to borrow for equipment purchases like the Chevy Equinox.

Mr. Plante stated that this was on a list of vehicles Springfield intended to purchase, but noted that Springfield is making a concerted effort to budget smaller items into a capital budget rather than borrowing for these items.

Ms. Handy stated she discussed with Springfield creating a capital fund to pay for equipment and other capital costs that are relatively inexpensive and should be budgeted rather than borrowed for.

Ms. Handy asked whether the school projects are in the Massachusetts School Building Authority (MSBA) accelerated programs.

Mr. Plante stated that the school projects are part of the accelerated repair program, the projects have an 80-20 split with the MSBA. Springfield will replace 4 elementary schools over the next several years.

Mary Jane Handy made a motion to approve the request from Springfield.

Craig Stepno seconded the motion.

The motion was unanimous approved by all members present.

### **Long-Range Municipal Fiscal Stability**

Ms. Handy provided a brief overview of some ongoing issues. In general Ms. Handy stated that some Massachusetts' schools are experiencing financial issues with their school lunch programs. DOR has had conversations with DESE about policy changes to help schools better manage their school lunch programs. Ms. Handy also reported that some smaller communities have not yet set their budgets for FY 2019. Finally, Ms. Hand reported that Millville is having issues budgeting for their regional school assessments.

### **Topics for Next Meeting**

Sophia Apostola stated that the board has an upcoming meeting on March 20, 2019 and Lawrence, Lowell, and New Bedford are expected to be in attendance.

The meeting was adjourned at 11:52 a.m.