

Town of Canton Revenue Forecasting Committee

Meeting Minutes

Thursday, January 26, 2017

Members Present:

Charlie Aspinwall, Town Administrator
Rob Barker, Vice Chair, Finance Committee
Kathy Butters, Town Accountant
Emilio Mauro (representing Economic Development Committee)
Jennifer Fischer-Mueller, School Superintendent
Jim Murgia, Finance Director
Barry Nectow, School Business Administrator
Barbara Saint André, Chair, Finance Committee
Ed Walsh, Building Commissioner

Members Absent:

Gene Manning, Chair, Economic Development Committee
Karen Zukauskas, Assessing Director

Guests Present:

John Bonnanzio, School Committee
Mark Porter, Vice Chair, Board of Selectmen
Ellen Jones, Recording Secretary

Opening:

A meeting of the Revenue Forecasting Committee was called to order at 9:05 a.m. on Thursday, January 26, 2017 in the Salah Meeting Room of Town Hall.

The purpose of the Revenue Forecasting Committee meeting was to discuss and vote the FY18 revenue estimates for the Town of Canton.

Mr. Murgia welcomed Charlie Aspinwall and Jennifer Fischer-Mueller to the Committee.

Revenue Forecasting Policy – Mr. Murgia reviewed for the members the Revenue Forecasting Policy as follows:

“Revenue surpluses are more desirable than revenue deficits. Therefore, the process of estimating revenues is not designed to reach a number which has an equal probability of being exceeded or producing a shortfall. Rather, the objective is to develop an estimate based on historical actuals and current available information, which has a substantial chance of being met and a small chance of falling short.”

A motion made by Ms. Saint André to accept the Revenue Forecasting Policy as written was seconded by Mr. Barker. Vote: 9-0-0.

New Growth (Real Estate & Personal Property) – The Committee reviewed the new growth for FY18. Mr. Murgia referred to a memorandum from Ed Walsh, the Building Commissioner, in which Mr. Walsh identified the construction status of 40B projects, subdivisions and commercial projects. The Brightview 160-bed assisted living facility, Ice House Rink and The Preserve have been completed. Mr. Walsh commented that while residential building has been strong it is not growing at a rapid pace to be counted as revenue by July 1. He further stated that there are no new commercial buildings under construction. Construction at 869 Washington Street (formerly Emerson & Cumming) and 2239 Washington Street (Connors Wayside) has slowed due to financial issues.

Mr. Murgia referred to a summary of new growth with regard to permits and personal property information. (This summary was provided by Ms. Zukauskas prior to the meeting. Unfortunately, Ms. Zukauskas was unable to attend the meeting due to illness.) Mr. Murgia stated that Ms. Zukauskas was comfortable with real estate new growth at \$600,000 and personal property new growth at \$200,000. FY18 new growth is based on new construction that has been completed by the end FY17.

Mr. Nectow spoke against the \$200,000 personal property new growth and stated that it was too conservative an estimate based on historical actuals. Mr. Murgia cautioned that some of the spikes in personal property actuals were due to those years being revaluation years. During reval years the Assessing Department focuses on personal property valuations.

A motion made by Ms. Saint André to establish the FY18 real estate new growth at \$600,000 was seconded by Mr. Barker. Discussion continued.

In response to Mr. Nectow's inquiry that if a delta were to occur between the estimated new growth and the actual new growth if it would be considered as free cash, Mr. Murgia stated that it would create excess unused levy capacity.

Vote: 9-0-0.

A motion made by Ms. Saint André to establish the FY18 personal property new growth at \$200,000 was seconded by Mr. Barker. Mr. Nectow amended the motion to establish the FY18 personal property new growth at \$300,000 was seconded by Ms. Fischer-Mueller. Vote: 2-7-0. This amendment failed.

Discussion continued. Mr. Nectow stated his concerns at the Town "missing" its revenue targets by under estimating for the last three years and that there were double digit percentage differences between the estimated revenues and the actual revenues. Mr. Barker argued for continuing to estimate revenues conservatively. Mr. Aspinwall reminded the members that last year the state had to use reserves in order to balance the budget and that it was prudent to keep reserves healthy. Mr. Murgia stated that the Department of Revenue favorably views revenue estimates to be 2-3% below actual revenues.

A motion made by Mr. Barker to establish the FY18 personal property new growth at \$250,000 was seconded by Mr. Nectow. Vote: 7-2-0. Ms. Saint André and Mr. Aspinwall voted against this motion.

Local Receipts – The FY18 permit receipts were being budgeted for \$650,000. Mr. Walsh stated that commercial construction was flat and that he was in agreement with this estimate. He explained to the Committee that permit revenue is recognized at the time the Building Department collects the fees, in other words, as a permit is applied for, the Town collects the fee as per the fee structure. Thru December 31, 2016 the Town has collected \$423,000 in permit fees.

A motion made by Ms. Saint André to establish the FY18 permits revenue at \$650,000 was seconded by Ms. Butters. Vote: 9-0-0.

Mr. Walsh left the meeting at 10:05 a.m.

Abatements – The revenue offset of abatements not only includes abatements but also uncollected property tax bills. Ms. Zukauskas had indicated prior to the meeting to Mr. Murgia that she was in agreement with the FY17 estimate of \$1,000,000 for abatements.

A motion made by Mr. Barker to establish the FY18 abatements at \$1,000,000 was seconded by Mr. Murgia. Vote: 8-0-0.

Unused Levy Capacity – **A motion made by Ms. Saint André to establish the FY18 unused levy capacity at \$535,955 was seconded by Mr. Barker. Vote: 7-1-0.**

Mr. Aspinwall preferred that the unused levy capacity were estimated at zero and that revenues were shown. Mr. Murgia stated that last year the Revenue Committee had recommended an unused levy capacity of zero which triggered a 6% budget increase which the Finance Committee had not supported. The Finance Committee last year was in support of giving a tax relief or tax break to the tax payers.

Local Aid Estimates – Mr. Murgia referred the Committee to the Governor's FY18 Cherry Sheet budget.

A motion made by Mr. Barker to accept the FY18 Governor's budget proposal estimate for State Aid at \$8,411,775 (\$8,439,652 less \$27,877 for public libraries) was seconded by Ms. Saint André. Vote: 8-0-0. Public Libraries is not considered part of general revenue.

(The estimate of \$8,439,652 represents a \$644,484 increase over the FY17 Cherry Sheet estimate for State Aid of \$7,795,168. The Governor has proposed a \$583,184 increase to Canton's Ch. 70 aid.)

Local Aid Assessments/State and County Charges – Mr. Nectow explained that Charter School Spending Tuition (\$140,320 is an assessment that the state charges a town for sending students to a charter school and that the Town does receive some of this tuition back under local aid (charter tuition reimbursement \$25,768).

A motion made by Ms. Saint André to accept the FY18 Governor's budget proposal estimate for State and County Charges at \$1,034,849 was seconded by Ms. Butters. 8-0-0.

(The estimate of \$1,034,849 represents a \$32,490 increase over the FY17 Cherry Sheet estimate for State & County Charges of \$1,002,359.)

Local Receipts – Mr. Aspinwall stated that the 5-year average for local receipts was approximately \$6.9 million as compared to \$6.2 million being budgeted for FY18. Mr. Murgia cautioned against using the 5-year average because of unique permits that may have been issued for particular years. Mr. Murgia further stated that for the first half of FY17 \$460,000 had been collected for motor vehicle excise taxes as compared to \$670,000 collected at this time a year ago and that it was unlikely the Town would collect \$4.5 million in excise taxes for FY 17 as it had collected in FY16.

A motion made by Mr. Aspinwall to establish the FY18 Excise Taxes (Motor Vehicle) at \$3,850,000 was seconded by Mr. Nectow. Vote: 8-0-0. Ms. Saint André spoke in favor of budgeting \$3,800,000.

A motion made by Ms. Saint André to establish the FY18 estimate for Other Excise Taxes (Hotels & Meals) at \$550,000 was seconded by Mr. Aspinwall. Vote: 8-0-0. (This is a \$50,000 decrease from the FY17 budgeted amount of \$600,000.)

The Committee was in agreement to leave the FY18 estimate for Reimbursements (Medicare and Medicaid) at \$100,000. The reason for the significant decrease in the actuals for this budget was due to the Town no longer receiving a Medicare Part D Subsidy.

The Committee discussed the Payments in Lieu of Taxes estimate of \$236,816. Mr. Murgia stated that this represents a voluntary payment made by Orchard Cove to the Town. Because Orchard Cove is a non-profit entity they agreed to pay the Town in lieu of taxes.

With regard to the interest income estimate of \$80,000 the Town is obligated to invest its operating cash conservatively.

Transfers from Other Funds – Mr. Murgia spoke in support of the School Food Service fund paying for insurance costs and OPEB (other post employment benefit) costs associated with Food Service employees. The Water Enterprise Fund and Sewer Enterprise Fund also account for health insurance and OPEB costs.

The \$650,000 transfer from the Ambulance Service Operating Fund and \$160,500 transfer from the School Food Service Fund will be allocated 1/3 to the Municipal and 2/3 to the Schools. The \$100,000 Ambulance Service Total will be allocated 100% to the Town to help fund the \$225,000 annual dispatch fee to Holbrook for a regional dispatch being implemented July 1, 2017.

The Committee was in agreement with the FY18 estimate of \$2,340,524 for Transfers From Other Funds. The Committee was also in agreement with the FY18 estimate of \$331,144 for the Solar Facility transfer. The Southern Sky lease payments for the solar facility increase yearly by 2.5%. The Town has received

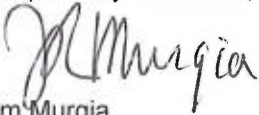
in excess of \$2 million in cash from Eversource which reduced a receivable from surplus net metering credits.

Next Meeting Date – There was no discussion of a date for the next meeting. The Finance Committee would be meeting on February 8th to discuss revenue estimates.

Adjournment:

A motion made by Ms. Saint André to adjourn the meeting at 11:00 a.m. was seconded by Mr. Nectow. Vote: 8-0-0.

Respectfully submitted,



Jim Murgia
Revenue Forecasting Committee

Date:

2/17/17

Town of Canton Revenue Forecasting Committee

Meeting Minutes

Thursday, January 26, 2017

List of Meeting Materials:

Revenue Forecasting Policy (1 page).

Memorandum from Ed Walsh, Building Commissioner, to Revenue Committee, regarding Potential New Growth FY17, dated 1/26/17 (2 pages).

New Growth – Residential, Commercial, Industrial and Personal Property Summary, provided by Karen Zukauskas, Assessing Director (1 page).

Summary of Revenue and Expenditures, dated 1/17/17.

Property Tax Revenue, dated 1/17/17.

Additional Property Taxes from Debt Exclusions – Net of Reimbursements, dated 1/17/17.

State Aid Comparison, dated 1/17/17.

Local Receipts, dated 1/17/17.

Transfers from Other Funds, dated 1/17/17.

Fixed Costs and State and County Charges, dated 1/17/17.

Cherry Sheet Estimates (2 pages).



Town of Canton, Massachusetts
DEPARTMENT OF FINANCE

JAMES R. MURGIA
FINANCE DIRECTOR
jmurgia@town.canton.ma.us
(781) 575-6612

MEMORIAL HALL
801 WASHINGTON STREET
CANTON, MA 02021
PHONE: 781-575-6610
FAX: 781-575-6608
town.canton.ma.us

KATHLEEN D. BUTTERS
TOWN ACCOUNTANT
kbutters@town.canton.ma.us
(781) 575-6605

SUSAN E. DESJARDINS
ASST. TREASURER/COLLECTOR
sdesjardins@town.canton.ma.us
(781) 821-5006

LOUIS M. JUTRAS
INFORMATION
SYSTEMS MANAGER
ljutras@town.canton.ma.us
(781) 821-5069

Revenue Forecasting Committee Meeting

Revenue Forecasting Committee Members:

Charlie Aspinwall, Town Administrator
Rob Barker, Vice Chair, Finance Committee
Kathy Butters, Town Accountant
Gene Manning, Chair, Economic Development Committee
Jennifer Fischer-Mueller, School Superintendent
Jim Murgia, Finance Director
Barry Nectow, School Business Administrator
Barbara Saint André, Chair, Finance Committee
Ed Walsh, Building Commissioner
Karen Zukauskas, Assessing Director

The Revenue Forecasting Committee will be meeting on
Thursday, January 26, 2017 beginning at 9:00 a.m. in the
Salah Meeting Room of Town Hall at 801 Washington Street
in Canton, MA to discuss revenue estimates for Fiscal Year 2018.

Topics will include:

- New Growth
- Unused Levy Capacity
- Abatements
- State Aid
- Local Receipts
- Transfers from Other Funds
- Other miscellaneous items

REVENUE FORECASTING POLICY

Revenue surpluses are more desirable than revenue deficits. Therefore, the process of estimating revenues is not designed to reach a number which has an equal probability of being exceeded or producing a shortfall. Rather, the objective is to develop an estimate, based on historical averages and current available information, which has a substantial chance of being met and a small chance of falling short.



Town of Canton, Massachusetts

BUILDING DEPARTMENT

LOWER LEVEL MEMORIAL HALL
801 WASHINGTON STREET
CANTON, MA 02021

BUILDING DIVISION
ELECTRICAL DIVISION
PLUMBING/GAS DIVISION

BUILDING COMMISSIONER
EDWARD T. WALSH

TEL: (781) 821-5003 FAX: (781) 575-6574

MEMORANDUM

TO: Revenue Committee

FROM: Ed Walsh, Building Commissioner

DATE: January 26, 2017

SUBJECT: **POTENTIAL NEW GROWTH '18**

40B PROJECTS

The Pequit View 40B subdivision located on Spotted Turtle Path and Turtle Brook Rd is complete. All dwellings have been constructed while approximately eight await Certificates of Occupancy.

The last phase of the Canton Property Holdings/Roseland (Acorn Estates) project has started. Building permits have been issued to construct seven of the twenty eight dwelling units. Approximately 15 structures remain to be constructed with a building construction cost of \$4,275,000. Two Certificates of Occupancy have been issued. I anticipate two dwelling units to start construction early spring of 2017.

SUBDIVISIONS

“The Preserve” located on Pulpit Rd, Balancing Rock Rd and Saw Mill Pond Rd is a 28 lot single family subdivision. Building permits for all 28 dwelling units have been issued. The last 8 dwellings should be ready for Certificates of Occupancy by early summer 2017. This 28 lot subdivision had a building cost of \$8,611,322 with an average building cost per dwelling of \$307,547.

“Beaver Meadows”, Herman Paul Rd is a 9 lot subdivision. Three dwellings remain to be constructed, with an estimated construction cost of \$750,000. I do not anticipate construction of the remaining lots until mid to late summer, 2017.

COMMERCIAL PROJECTS

At this time no new commercial buildings are under construction.

The Reiser Corporation is currently adding a 46,000 square foot addition. The construction cost for this project is \$5,134,000. The project should be complete in Fall 2017.

Grimes Crossing, 20, 30 & 40 Ames Avenue, has constructed one three unit townhouse and one six unit townhouse. They anticipate beginning construction for an 18 unit apartment Spring 2017, with an approximate construction cost of \$2,726,000.

“The Paul Revere Heritage” site (Plymouth Rubber) plan to begin construction on two 36 unit apartment buildings by late spring 2017. An approximate construction cost for the two buildings is \$5,400,000. The buildings should be completed by late summer 2018.

I do not anticipate any of the following projects to be completed by the end of June 2017. These projects include; the Royall St hotel, 869 Washington St mixed use project, 2239 Washington St and the Cardinal’s Crossing subdivision.

The total valuation of building permits issued in 2016 was \$61,956,390.

<u>New Growth</u>			
42 new homes		265,574	
24 new condos		86,630	
Saddleback subdivision		57,936	*
125 Turnpike St.		245,947	*
		656,087	
over 1000 permits		242,880	
<u>Total Residential</u>			<u>898,967</u>
65 North St.		125,977	
building permits		7,439	
<u>Total Commercial</u>			<u>133,416</u> *
<u>Total Industrial</u>			<u>75,255</u> *
Personal Property		497,845	
<u>Total Personal Property</u>			<u>497,845</u> ~
			.
			<u>1,605,483</u>

Residential 600,000
P.P. 200,000
800,000