



Canton Finance Committee
801 Washington Street
Canton, MA 02021

Minutes Voted on: 2/3/21
Vote: 8-0-1

Meeting Minutes
January 27, 2021

Finance Committee Members Present: David Clough, Dan Cole, Emilio Mauro, Tim McKenna, Reuki Schutt, Tom Theodore, Cindy Thomas and Wai Wong.

Finance Committee Members Absent: Rob Barker.

Guests Present:

Kathy Butters, Town Accountant
Ellen Jones, Finance Committee Secretary
Louis Jutras, Information Systems Manager
Randy Scollins, Finance Director

Opening: Chair McKenna called the virtual meeting via Zoom to order at 7:00 p.m.

Approval of Agenda: Chair McKenna reviewed the agenda.

New Business

Town Accountant (#135) FY22 Budget – Discussion with Kathy Butters

Ms. Butters is seeking \$13,743.60 for a part-time, benefits-eligible, Accounts Payable position for the Accounting Office, which would bring the staff to a total count of four employees. This salary would begin on January 1, 2022 through June 30, 2022 and represents only six months of salary. Ms. Butters provided examples of responsibilities in her office that are causing her and her staff to fall behind in their work.

- Many FEMA reports.
- COVID reports as well as grants for the CARES Act.
- Year-end processes, closing of the books (only closed through November 2020), reconciling all the accounts, having the internal audit completed.
- Keeping up with IRS deadlines such as W2s and 1099s.
- Webinars for updates.
- Trying to keep up with new regulations and new criteria on how everything has changed.
- Pleased that the Finance Committee and ATM approved the new position of Assistant Town Accountant filled by Allyson Podgurski transferred from the School Department back to the Accounting Department during the height of the pandemic. This transition was seamless as she had worked originally for the Town in the Accounting Office. Employees of the Town never missed a payroll and vendors were paid on a regular basis due to Allyson's hard work and dedication, but in Ms. Butters' opinion, at what cost. It is so hard for them to take vacations because they have weekly deadlines. Very hard for them when they are understaffed and under resourced.
- The Accounting Office has not been able to utilize a senior, who works through the Senior Tax Program, but the hours were limited due to the pandemic.
- The Accounting Department struggles to maintain the current workload and hence the request for additional staffing.
- The Town Accountant is still working on getting the Town's free cash certified.

In response to a Finance Committee member's question as to whether there was enough staff at the present time, Ms. Butter's response was no, that there is a back log. So that employees and vendors were paid (especially vendors for PPE equipment) the Assistant Town Accountant was able to do the work of both payroll and accounts payable when the pandemic started in March of 2020. Ms. Butters stated that personally she is not caught up. She received a delinquent notice from the DOR regarding Schedule A. The state will stop sending Cherry Sheet aid until the report is completed.

Ms. Butters stated that she was not aware that the Town had downsized the Accounts Payable position when she accepted the Town Accountant position. Ms. Butters has been with the Town of Canton for 11 years. Her next contract will be her last contract prior to her retirement. Ms. Butters stated that it is not healthy to breathe on a daily basis not being able to complete work. When she is asked to do FEMA reports she is not able to complete other

work. A FEMA specialist contacted Ms. Butters to review thousands of invoices that she had submitted to FEMA to explain purchases. Ms. Butters is hoping to “pass the baton” of W2 preparation on to the payroll clerk next year.

A Finance Committee member asked specific questions about the \$1126,325 actual expenses for the Principal Account Clerk position in FY21 which was now only being \$58,449 for FY22. Previous to FY22, that line item was held by two full-time positions (an AP position and a Payroll Position). There was no budget previous to FY22 for the Assistant Town Accountant position, which is now \$72,193.

Because the AFSCME union agreed to remove the Accounts Payable position from the union to create a non-union Assistant Town Accountant position, the union also agreed to a part-time 20-hour accounts payable position. It was also agreed to by the Town Accountant, Human Resource Director and Finance Director that this 20-hour position would be certainly sufficient to complete the weekly AP warrant and voucher processing. Once the Town decentralizes accounts payable processing, this position would still need to double check and proof the warrants.

Ms. Butters stated that she will be retiring in the next few years and would be able to train Ms. Podgurski to step in as the Town Accountant and perhaps the Payroll employee would want to step into the Assistant Town Accountant position.

Information Systems (#155) FY22 Budget – Discussion with Louis Jutras

Mr. Jutras is requesting \$12,345, which is only a 2% increase. Most of the increase is a request to add additional networks, network assessments, scanning and functionality. The other difference between the \$8,200 and the \$12,345 is for increases for various software products the Town currently utilizes. The MUNIS package could be a 5% increase as well as a few other various software packages such as permitting which are in the same 3-5% increase. This comprises the other \$4,000 to \$5,000 increase being sought.

Mr. Jutras reported that last year approximately \$65,000 in changes was approved. His department rolled out a variety of different monitoring services as well as deploying approximately 35 laptops to various departments since the pandemic hit in March of last year. The Town continues to have breeches in the environment and, therefore, would like to have an increase of \$30,000 to allow his department to do more consistent scanning and monitoring. They have been testing various products but Mr. Jutras is aware of budget increase limitations, especially given Mr. Scollins' recent report of only a \$2,000 increase from the state.

The \$8,000 number will provide his department with a yearly scan including a yearly assessment. There was an assessment done a few years ago which went beyond what this assessment being requested would do. The cost of that prior assessment was at a \$15,000 cost. Mr. Jutras stated that he could certainly use a higher increase but that his budget request was more realistic to the funds that would be available.

Chair McKenna inquired about the number of laptops his department rolled out. Mr. Jutras stated that they had originally put the management package together at 65 devices. They are aware that there are some devices that they need to swap out (in public safety). Currently the Town has 86 devices (Town side only) in the management platform. Every device that is put on the Town's plan has an \$80 impact. He stated that his department is definitely spending the \$65,000 amount and utilizing it. The remote connectivity for the product has been used for the Board of Health, various Board members and other staff that have been working remotely. His department will still need the platform even for the devices that are not used remotely on a daily basis but would need to be patched and monitored for connectivity.

In response to Chair McKenna's inquiry about the FY22 base budgets including contractual raises, Mr. Scollins stated that only one contract has been settled (AFSCME) for which the increases are included in the FY22 base budgets. There are no other union or personal contracts that are included in the salaries for the FY22 base budget worksheets. Personal contracts and all other unions still need to be negotiated. Mr. Scollins further stated that once the available revenue is determined, he will move forward with estimated figures to cover unsettled contracts in budget #910.

In response to a Finance Committee member's comment about Canton's vulnerability, while the Town does not have a lot of resources to go around, she would like to make sure that the Town is protected, Mr. Jutras stated that his department could spend the entire budget increase available and still not be any better. The Solar Winds breach was an example he gave of high level agencies using a product but then meticulously, made such small, incremental changes, that it took months to go through. Mr. Jutras stated that the process of protecting the Town's vulnerability is endless as there are constant issues that arise.

Mr. Jutras stated that if the Town did not have the current management package that it has now, “he would never get any sleep”. Every device that is issued to an employee has protections placed on the device. Some of the problem

is getting the user to do what they are supposed to do, such as restarting machines (which helps with essential automatic updates).

Mr. Jutras would like to have \$35,000 added to his budget. The current management platform looks at switching and firewalls. Any type of change within that platform his department will receive a notification, which is helpful, but it requires constant monitoring.

In response to a Committee member's question as to whether or not the training budget is adequate enough, Mr. Jutras stated that what is included in his budget versus other department budgets carrying a budget for training, there is enough to cover phishing, training, email processes, video processes, etc. He used to do quarterly training sessions but with all of the other responsibilities that have come up with the pandemic as indicated by Ms. Butters they have fallen behind. He stated their training budget is in line with budgets for other Towns similar in size to Canton. The state has recently rolled out security training which his department can look into to see if that might be an alternative. Louis remains hopeful that the Town will have a 95-97% return to normal.

Trash Collection (#433) FY22 Budget – Discussion with Randy Scollins

Mr. Scollins offered the following information regarding the trash collection budget:

- The current trash collection contract expires the end of June 2021.
- An RFP will go out for trash services, even though the Town is exempt from Chapter 30B and does not have to go out to bid for a trash contract, but it is in the Town's best interest to do so. With the market being competitive he would be shocked if the Town does not receive at least a half dozen bidders for this contract.
- The recycling costs have changed dramatically. The current hauler was attempting to get the Town to pay more under the current contract, but this did not happen. The Town was informed that the next contract would result in an increase of roughly \$200,000 just for recycling costs. The current market now costs to recycle versus being paid to recycle. Environmental impacts and issues with what China will accept as recycled products could be driving recycling costs.
- Built into the trash and recycling contract is \$30,000 for fuel surcharge costs and \$51,000 for Pine Street Dumpsters. He is also carrying a \$72,850 for unknown costs which brings the total new FY 22 budget request for trash and recycling costs to rounded up number of \$1.5 million.
- \$200,000 for recycling has been added into the trash collection budget request for FY22.
- Mr. Scollins is proposing an increase from \$2,090,000 to \$2,447,500 for the trash collection budget for FY22 consisting of \$357,000 various increases, \$200,000 recycling cost increases and \$72,850 for unknown costs.
- Mr. Scollins stated that there is not a lot of cushion in the budget request, perhaps \$100,000 to \$150,000 at the most.

In response to a Committee member's question about contract length, Mr. Scollins stated that in his prior experience the town would have a 10-year contract. In this marketplace he is assuming a 3-year contract. There are usually provisions within the contract for multi-year extensions, at the Town's option. The contract rate is determined within the contract as to what percentage increases for different components of the contract, usually tied to inflationary costs that are tied to the CPI-U Boston, Brockton, Nashua. There are a variety of different components considered in a trash contract – cost per ton (which varies on the tonnage picked up) tipping fees, disposal costs for recycling and ancillary services (such as the contract that handles the Pine Street dumpsters).

A Finance Committee member inquired about innovation such as private composting services. Mr. Scollins was contacted by a member of the Canton Sustainability Committee that they are working with the Town Administrator to incorporate some of their ideas into the contract as options, such as a curbside compost pickup option. The Town Administrator is working on the RFP and may be splitting out the recycle from the trash component see if the Town might receive more competitive bids. Mr. Scollins did comment from past experience that having two separate vendors as haulers in a community, one trash hauler and one recycling hauler, can be more dangerous to a community with safety concerns. Currently, the Town of Canton has two separate trucks – one for trash and one for recycling, however, they are with the same vendor.

The \$125,000 budget line item for composting costs is strictly for the cost of composting at the Pine Street center, not for home composters for residents. A member gave an example of the Town of Longmeadow that provides composters to residents at cost. He suggested that use of these composters could reduce the amount of tonnage picked up thereby reducing the overall cost of tonnage going forward.

Paul Revere Heritage DIF (#990) – Discussion with Randy Scollins

Mr. Scollins presented the following information regarding the Paul Revere Heritage DIF:

- The Town has an agreement with the developer whereby, at certain points in time, once the developer notifies the Town that they have completed certain requirements, the Town is required to purchase the areas and buildings as well as infrastructure improvements. The total amount is \$8.8 million. Town Meeting has already authorized the borrowing for the \$8.8 million, however, the developer has to hit certain trigger points before the developer can require the Town to make that purchase.
- The Town has a fund, known as a “sinking fund” for which the Town is required to annually put funds aside that would ultimately be used to pay the debt service on the \$8.8 million purchase, all formula based. For FY22 the net increased tax revenue to be transferred to the DIF fund is \$96,106.
- Mr. Scollins referred to a Plymouth DIF spreadsheet (see meeting handout) that outlined contributions thus far for FY18 through FY21. Next year as units are sold there will be an expected increase to the revenue for new real estate taxes collected. Taxes collected less the Town and School operating costs results in net tax revenues. The delta between the fiscal years for the net tax revenues results in the amount the Town needs to put away for that year.
- One of the requirements for the Town to ultimately make the purchases outlined in the Development Agreement and conduct the bond sale, the Town has to have enough in the DIF fund where the first year’s debt service would not consume more than 30% of the DIF fund. If the developer were to approach the Town in the fall of 2021 Mr. Scollins does not believe they could go forward to purchase the entirety, but the developer may parcel out certain requirements of the agreement and cause the Town to purchase some components in piecemeal. This has yet to happen. If the Town were to borrow for multiple piecemeal purchases, Mr. Scollins stated that in his opinion it is not desirable to borrow in pieces, although the Town does go to market every year and has been leveraging low interest rates and has as great debt service capacity. The longer this borrowing goes on, the risk for obtaining low interests for borrowing is greater.
- In response to a member’s question about being locked into the \$8.8 million amount, Mr. Scollins stated that there are fixed prices in the contract. He did not see anything in the agreement that allows the costs to escalate. There is an itemized list tied to defined costs.

Other Post-Employment Benefits (OPEB) (#993) – Discussion with Randy Scollins

Mr. Scollins explained that OPEB is an obligation of the Town to pay for retiree health benefits. The Town can set aside an amount annually towards a “sinking fund” for its OPEB obligation. The latest actuarial study estimates the Town’s OPEB liability to be at \$80 million, which is in line with other communities the size of Canton. The only difference is how fast communities are contributing towards this liability and the insurance plan design. Currently, Canton contributes the same amount (75%) to the health premiums for retirees as it does for active employees. In Mr. Scollins’ prior experience in Foxborough they were able to move the Select Board to approve a 50/50 cost sharing percentage which is allowed by state law. Their OPEB liability dropped by \$40 million. Mr. Scollins stated that Canton could continue to set aside funds for OPEB and shift its cost sharing for health insurance premiums.

In an effort to reduce/absorb revenues the budget request for FY21 was reduced from \$1,050,000 to \$914,000. For FY22 Mr. Scollins is recommending a \$1,050,000 transfer to the OPEB fund and for each year going forward recommending an increase in the transfer by approximately \$100,000. The Town currently has an approximately \$6.5 million balance in its OPEB fund.

With regard to pension fund liability, the Norfolk County Retirement System pension fund is projected to be fully funded by 2031. In response to a member’s question if the pension liability was guaranteed through PGBC (Pension Benefit Guaranty Corporation), Mr. Scollins stated no, the Town is obligated to fund this liability and is not protected by the PGBC.

Approval of Minutes

The Chair agreed with going back to the original process of having one member review the minutes prior to distributing to the other members of the Committee.

A motion made by Ms. Schutt that the December 21, 2020 minutes be approved as written was seconded by Ms. Thomas.

Roll Call Vote:

Mr. Wong	Abstain	Mr. Cole	Aye
Mr. Theodore	Aye	Ms. Cough	Aye
Ms. Schutt	Aye	Mr. McKenna	Aye
Mr. Mauro	Aye	Ms. Thomas	Aye

The motion passed 7-0-1.

Next Meeting Date – The next Finance Committee meeting will take place on February 3, 2021.

Adjournment - A motion made by Ms. Thomas to adjourn the meeting at 8:33 p.m. was seconded by Ms. Schutt.

Roll Call Vote:

Mr. Wong	Aye	Mr. Cole	Aye
Mr. Theodore	Aye	Mr. Clough	Aye
Ms. Schutt	Aye	Ms. Thomas	Aye
Mr. Mauro	Aye	Mr. McKenna	Aye

The motion to adjourn at 8:33 p.m. passed 8-0-0.

Minutes reviewed by: Tim McKenna

Respectfully submitted,



Timothy McKenna
Chair, Canton Finance Committee

**Canton Finance Committee Meeting
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Please note: Some meeting documents may be found on the Town's website under the Posted Minutes section (Laser Fiche).

Agenda for January 27, 2021 (1 page).

See the below link for FY22 Budget Requests detailed information regarding the budgets discussed in this meeting.

<https://www.town.canton.ma.us/DocumentCenter/View/7526/FY22-Municipal-Budget---Dept-Requests---Jan-2021>