

Town of Canton - Revenue Forecasting Committee

Meeting Minutes

Wednesday, February 6, 2019

Members Present:

Charlie Aspinwall, Town Administrator
Rob Barker, Chair, Finance Committee
Kathy Butters, Town Accountant
Tim McKenna, Vice Chair, Finance Committee
Jennifer Fischer-Mueller, School Superintendent
Jim Murgia, Finance Director
Barry Nectow, School Business Administrator
Ed Walsh, Building Commissioner
Karen Zukauskas, Assessing Director

Members Absent: All members were present.

Non-Voting Guests Present:

Dan Cole, Finance Committee
Ellen Jones, Recording Secretary
Jen Kemalian, Executive Assistant, Board of Selectmen
Reuki Schutt, School Committee

Opening:

A meeting of the Revenue Forecasting Committee was called to order at 2:00 p.m. on Wednesday, February 6, 2019 in the Salah Meeting Room of Town Hall.

The purpose of the Revenue Forecasting Committee meeting was to discuss and vote the FY2020 revenue estimates for the Town of Canton.

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 averages and currently available information, which has a substantial chance of being met and a small chance of falling short."

(Note: The policy from the prior year stated "based on historical actuals". The policy this year stated "based on historical averages".)

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

New Growth (Real Estate & Personal Property) – Mr. Walsh reviewed for the Revenue Forecasting Committee the potential new growth for 2020.

Mr. Walsh reported that only one 40B unit remains to be built at Acorn Estates. With regard to permit applications being submitted prior to July 1, 2019 for subdivisions, Mr. Walsh anticipates approximately two permits for Larkin Court, two permits for Yorkshire Estates and one permit for a lot on Indian Lane. He further stated that the number of houses being built is down by approximately 4-5 houses as compared to last year and there are not a lot of buildable lots or land left in Canton.

With regard to commercial projects, Mr. Walsh does not anticipate any substantial building projects being completed by the end of June 2019 so there would be no effect on new growth for FY20.

Thorndike Development has submitted one incomplete building permit application for the location at the Paul Revere Heritage site with a construction cost of approximately \$8.2 million. He does not anticipate permit applications being submitted prior to July 1, 2019 for 869 Washington Street or 2239 Washington Street (former Connor's Wayside Furniture).

With regard to the new hotel at 110 Royall Street, construction has begun but the permitting revenues for the hotel were considered in last year's permit revenues (FY19). Top Golf has received permitting approvals from both Zoning and the Planning Board but the Town of Westwood has appealed the decision based on inadequate notification to them regarding the project. Top Golf has also received approval of a site in a town located within 30 miles of Canton.

In conclusion Mr. Walsh stated that he did not anticipate a lot of new growth for FY20.

FY20 new growth is based on new construction that has been completed by the end of FY19. Ms. Zukauskas stated that there was nothing substantial for FY20 and she agreed with Mr. Murgia's FY20 budget estimate of \$600,000 for real estate new growth and \$200,000 of personal property new growth.

A motion made by Ms. Zukauskas to establish the FY20 real estate new growth at \$600,000 and the FY20 personal property new growth at \$200,000 for a total of \$800,000 of new growth for FY20 was seconded by Ms. Butters. Vote: 9-0-0.

Local Receipts - Permits – Mr. Murgia explained that the 5-year average for permits was high because there had been approximately \$300,000 of new revenue in FY18 for a permit issued for the construction of a new hotel and \$117,000 of new revenue in FY18 for a permit issued for the renovations to the Meditech facility. FY15's permit revenue of \$1.1 million was also high because of permit revenue related to the Brightview assisted living facility.

A motion made by Mr. Barker to establish the FY20 permits revenue at \$750,000 was seconded by Mr. McKenna. Vote: 9-0-0.

Mr. Walsh left the meeting at approximately 2:30 p.m.

Local Aid Estimates/State Aid – Mr. Murgia referred the Committee to the Governor's FY20 Cherry Sheet budget. Gov. Baker is proposing increasing Canton's educational items by \$228,453 from \$6,188,998 to \$6,342,938. Mr. Nectow explained that there was a change in the Ch. 70 formula which resulted in more aid for municipalities. The Foundation Review Committee looked at four areas in the Ch. 70 formula: special education, ELL (English learning language), low income and benefits.

A motion made by Mr. McKenna to accept the FY20 Governor's budget proposal estimate for State Aid at \$8,911,908 was seconded by Mr. Barker. Vote: 8-0-0.

Of the \$294,970 increase in total estimated receipts from the FY19 final version (\$8,695,302) and the Governor's FY20 proposal (\$8,911,908), the School portion would be \$228,453 and the municipal portion would be \$66,517.

Local Aid Assessments/State and County Charges

A motion made by Mr. McKenna to accept the FY20 Governor's budget proposal estimate for State and County Charges at \$1,233,217 was seconded by Mr. Barker. Vote: 8-0-0.

Local Receipts – Excise Taxes (Motor Vehicles) – Mr. Murgia explained that the five-year average for motor vehicle excise taxes was \$4.3 million and that the budgeted amount for FY19 is \$4 million. To date \$500,000 has been collected for excise taxes. The bulk of the excise taxes (an approximately \$3.7 million commitment) is due by March 6. There are two batches of commitments to be billed for March and May but that revenue is unknown at this time. The Town of Canton has an approximately 95% collection rate for excise taxes.

A motion made by Mr. Barker to establish the FY20 Excise Tax revenue at \$4,300,000 was seconded by Mr. McKenna. Vote: 8-0-0. (This represented a \$300,000 increase from the \$4,000,000 estimate from Mr. Murgia.)

Local Receipts – Other Excise (Hotel & Meals) – The Committee agreed on leaving the FY20 estimate for hotels and meals excise at \$550,000. An inquiry was made about the payments in lieu of taxes (PILOT) receipts. The FY20 estimate for PILOT is \$248,804 which is paid by Orchard Cove. Ms. Zukauskas explained that Hellenic has been attempting to negotiate a PILOT with the Town. Currently they are paying \$15,000 to the Town which is based on their assessment.

There was no formal vote taken on the hotel and meals excise receipts.

Local Receipts – Interest Income – Mr. Murgia spoke in support of increasing the interest income local receipts estimate for FY20 from \$80,000 to \$280,000. He believes the Town is benefitting from the interest rates being raised by the Federal Reserve.

A motion made by Mr. Nectow to establish the FY20 interest income at \$280,000 was seconded by Mr. McKenna. Vote: 8-0-0.

Local Receipts – Other Miscellaneous Revenue – The Committee was in agreement to leave the FY20 estimate for other miscellaneous revenue at \$50,000. The FY19 estimated other miscellaneous revenue of \$221,565 was high because of revenue received from a School Department CHARMS collaborative payment made to the town and \$45,000 of revenue the Town received from the sale of an affordable housing unit at Turtlebrook.

Local Receipts – Reimbursements - The Committee agreed on increasing the reimbursements local receipts for FY20 from \$100,000 to \$200,000.

A motion made by Mr. McKenna to establish the FY20 reimbursements at \$200,000 was seconded by Mr. Aspinwall. Vote: 8-0-0. Reimbursements are typically revenue the School Department receives from Medicaid. The Town no longer receives a retiree drug subsidy for Medicare.

A motion made by Mr. Aspinwall to establish the FY20 other local receipts as follows:

Other Excise (Hotel & Meals)	\$550,000
Penalties & Interest	\$300,000
Payments in Lieu of Taxes	\$248,804
Fees	\$150,000
Rentals	\$200,000
Other Department Revenue	\$100,000
Alcoholic Beverages Licenses	\$70,000
Other Licenses	\$80,000
Permits	\$750,000
Other Federal Revenue	0
Other State Revenue	0
Fines & Forfeitures	\$100,000
Other Miscellaneous Revenue	\$50,000

Was seconded by Mr. Barker: Vote: 8-0-0.

Transfers From Other Funds – The transfer for Fund #170 Ambulance Service – Operating (separate from the regional dispatch) will increase from \$650,000 in FY19 to a recommended amount of \$750,000 for FY20.

Fixed Costs and State and County Charges – Mr. Murgia explained that the FY20 estimate of \$1,441,826 for Dept. #840 Blue Hills Regional will increase to approximately \$1,448,000 for FY20.

Transfers From Other Funds – Mr. Nectow questioned transfers from Fund #801 Stabilization Fund. Mr. Murgia explained those transfers pertained to the prior SPED Stabilization Fund before being changed to the Special Education Reserve Account.

Next Meeting Date – There was no discussion of a date for the next Revenue Forecasting Committee meeting. The Finance Committee would be meeting on Monday, February 11th to discuss revenue estimates and consider target numbers for the school and municipal operating budgets.

Adjournment:

A motion made by Mr. McKenna to adjourn the meeting at 3:07 p.m. was seconded by Mr. Nectow. Vote: 8-0-0.

Respectfully submitted,



Jim Murgia
Revenue Forecasting Committee

Date: February 7, 2019

List of Meeting Documents:

Memorandum from Ed Walsh to Revenue Committee dated 2/6/19 regarding Potential New Growth 2020 (2 pages).

Information from Karen Zukauskas, Assessing Director regarding Real Estate and Personal Property New Growth for FY19, dated 2/7/19 (2 pages).

Revenue Forecasting Policy (1 page).

Summary of General Revenues and Expenditures, dated 1/22/19.

Property Tax Revenue, dated 1/22/19.

Additional Property Taxes from Debt Exclusions – Net of Reimbursements, dated 1/22/19.

State Aid Comparison, dated 1/22/19.

Local Receipts, dated 1/22/19.

Transfers from Other Funds, dated 1/22/19.

Fixed Costs and State and County Charges, dated 1/22/19.

FY2019 Local Aid Estimates (Cherry Sheet Information), FY20 Governor's Budget Proposal (1 page).