



**Canton Finance Committee
801 Washington Street
Canton, MA 02021**

Minutes Voted on: 2/24/21
Vote: 7-0-0

**Meeting Minutes
February 10, 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:

Ken Berkowitz, Police Chief
Charlie Doody, Fire Chief
Ellen Jones, Finance Committee Secretary
Helena Rafferty, Deputy Police Chief
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

Police Department (#210) and Animal Control (#292) FY22 Budget Requests – Discussion with Police Chief Ken Berkowitz and Deputy Police Chief Helena Rafferty

Chief Berkowitz addressed the recently passed Police Reform containing 25 Action Items that the Town must complete by July 1, 2021. The Lieutenants will be writing new policies on what the Town has to legally, morally and ethically do and what will be best for the community. Chief Berkowitz has divided the 25 actions items among his four Lieutenants for completion by July 1.

- Chief Berkowitz is requesting a Police Department budget increase of \$117,162 for FY22.
- The Chief is requesting \$111,836 in the Lieutenant's Salary budget line item (#12101-51171) to increase the number of lieutenants in the department from three to four. This position would likely be filled by a present employee with 20 years of experience in the Department. The base salary for this fourth position is \$111,836.
- \$5,326 requested for the FY22 budget will be for the increase to the salary of Lt. Rae for earning his 20 years of service.
- Chief Berkowitz is also requesting \$80,000 for Police Reform-related training (overtime). The Chief estimates that 20-24 hours of training per officer will be needed regarding the new policies and changes.

In response to Mr. Mauro's inquiry if there would be any state funding for implementing these new policies, Chief Berkowitz stated that these are all unfunded state mandates and that the Massachusetts Municipal Association (MMA) and the Massachusetts Police Association have been lobbying for funding but that he doubts any funding will come through. Chief Berkowitz stated that the required implementation date of July 1, 2021 could be delayed as the state infrastructure as not been set up, nor has the state established a Commission that will oversee the police reforms. At the present time Canton has been certified and accredited for 30 years and is 34 in the state. The new police reform does not require body cameras. Chief Berkowitz stated that he had requested body cameras six years ago but officers are not required to use them. Any city or town could require the use of body cameras if they have an adopted policy. He further stated that there are cameras in the police station including intake and booking areas. The cameras in the police cruisers record traffic stops. Most everything is videotaped except when officers are required to enter in a house but with today's environment there is usually someone with a phone videotaping.

- There is no budget increase requested for FY22 for the Animal Control budget (#292) even though Animal Control is in need of a new van. They will be using the donations fund for this purchase. The COVID

pandemic has created a risk for the animal control officers when responding to house calls. There has also been an increase in dog adoptions.

Fire Department (#220, 215, 221, 231, 232, 291) – Discussion with Fire Chief Charlie Doody

Chief Doody is aware of the current fiscal situation and is, therefore, requesting a modest increase of approximately \$66,643 for all of the Fire departments combined for FY22. He provided the following specific information regarding his FY22 budget requests:

- **911 Dispatchers (#215)** – This budget pays for the Town regional dispatch center. The Town is in the 3rd year of the contract. The \$7,743 increase represents a 3% contractual increase to the budget from \$258,113 to \$265,856. The 3% increase is a standard increase that gets built into the budget every year. The regional dispatch allows a firefighter to be removed from the dispatch desk to the firefighting staff.
- **Fire Department (#220)** – The Chief is requesting a \$30,000 increase from \$45,000 to \$75,000 to cover **overtime costs** associated with sending four firefighters to a 10-week training program at the academy. Other firefighters are called back in to cover shifts causing overtime expenses while the four firefighters are in training. This budget will revert back to \$45,000 in FY23.
- **Purchase of Services** – Increase of \$1,055 for the third year of a 5-year lease agreement the Fire Department has for garage space on Draper Lane. This amount was moved out of the Repair/Maintenance Computer budget line item.
- **Heating Fuel** – Increase of \$9,000 based on usage for the prior three years.
- **Building Maintenance Supplies** – Increase of \$5,000 from \$20,000 to \$25,000 for FY22. This budget is to maintain both fire stations. Chief Doody praised Steve Choiniere, Buildings Supervisor, for his review of the maintenance schedule needs for both stations. This budget line item may be moved to Steve Choiniere's budget in the near future since building systems are usually managed by Mr. Choiniere.
- **Software Maintenance** – Decrease of \$4,000 from \$26,000 to \$22,000. The \$4,000 will be moved to the Professional Services Cancer Screening budget.
- **Professional Services Cancer Screening** - Increase of \$4,000 from \$26,000 to \$30,000. This is an annual program to fund the cost of extensive physicals for firefighters. To date the program has saved one of their 34-year old firefighters who was diagnosed with cancer during one of the screenings. The physicals include EKG testing and treadmill stress test for cardiac health, diabetes, chest X-rays and routine blood draws.
- **Radios for Personnel** – Decrease of \$5,000 which will be moved to the maintenance costs budget line item.
- **Uniforms & Equipment for Men** – Increase of \$20,000 from \$13,300 to \$33,300. This budget line item is for the replacement of firefighter's turnout gear. Typically the \$20,000 is an annual request in the capital request budget. Mr. Scollins and Mr. Aspinwall has suggested to Chief Doody to have this permanently in his budget going forward.
- Total budget request increase for the Fire Department (#220) budget for FY22 is \$58,900.

With regard to overtime, Chief Doody explained that this is the third or fourth year that he has not had to ask for a Reserve Fund transfer to cover being overspent on overtime costs. Chief Doody stated that he should not have to ask for a reserve fund transfer for FY21 as well.

Chief Doody reported good news. A group of young firefighters wrote and secured a \$103,000 federal government grant for the purchase of physical fitness equipment, training and wellness programs.

- **Fire Alarms, Boxes, etc. (#221)** - No budget increase requested for FY22. Physical maintenance of alarms has now transformed to technical costs.
- **Ambulance Service (#231)** – No budget increase requested for FY22. Through a Certified Public Expenditure (CPE) program the Town is able to recoup money that is not collected through Medicare. This is intended to makeup for any gap in coverage. This year the Town has been reimbursed \$98,000 through this state level grant. Canton is in the fourth year of seeking funds through the CPE complicated application process. Also the Chief has been able to secure through an emergency management grant program \$10,000 to purchase supplies.

- **Emergency Management (#291)** – No budget increase requested for FY22. \
- **Canton Alliance Against Substance Committee (#545)** – Chief Doody stated that he had more good news. The Committee has received a federal grant of \$125,000 per year for 10 years for a total of \$1.25 million. This grant will allow them to hire a full-time project coordinator. There is still a decision to be made whether this program will be run under the purview of the Board of Health. The program will be reevaluated after five years, and if it meets the standards of the federal government may be renewed for an additional five years. In response to Mr. Mauro's question about the uses of the grant, Chief Doody responded that the funds may be used at the discretion of the Committee but the plan needs to be presented on a yearly basis to the individuals that oversee the grant. The Chief explained that they present programs to be used by school-age children. They will also work closely with School Superintendent Dr. Fischer-Mueller to offer school programs, scholarship programs as well as for other populations programs for prevention, treatment, and people suffering from overdose and will connect with families for services that may be needed.

Mr. Theodore inquired about a new policy the Select Board recently approved for lifting fees. When a long term care facility makes a call to the Fire Station for help with a non-emergency lift of a patient that has fallen, the Town is allowed to charge the facility a \$500.00 lifting fee. Chief Doody explained that they had hoped this lifting policy would help deter the staff of long term care facilities from calling for assistance, however, it has not. The department has collected \$3,500 to \$4,000 in lifting fees thus far.

The Deputy Fire Chief oversees grants. In response to Mr. Mauro's questions about the \$1.25 million CAASA grant, Chief Doody stated that the money will be spent at the discretion of the CAASA Committee and that they would also work together with the School Superintendent for programs to include the younger population.

Pension/Retirement Benefits (#911) – Mr. Scollins is recommending a 7.1% budget increase to the Norfolk County Retirement Systems (NCRS) assessment for FY22 from \$6,031,916 to \$6,460,105. This assumes a lump-sum payment on July 1, 2021. The increase is based on the 1/1/20 Actuarial Report prepared by NCRS.

The NCRS retirement system is predicted to be fully funded by 2031. It was originally scheduled to be fully funded by 2026 but it was pushed out five years because of the loss of investments. When it becomes fully funded the Town's assessment will drop dramatically by at least 50%. Mr. Scollins suggested that the Town could redirect some or all of the savings from the assessment drop by using it towards the Town's Other Post-Employment Benefits liability. The NCRS assessment includes current year retirees as well as future retirees. Employees eligible for NCRS retirement benefits include town employees and non-educator school employees. Massachusetts Teachers Retirement System includes educators. Canton's contribution to the MTRS assessment is funded 100% by the state.

Employer Share Health Insurance (#914) – Mr. Scollins reported that the Town is not planning to increase the insurance premiums for FY22. The Town is able to do this because there has been a drop in utilization in part due to the COVID pandemic and subscribers foregoing appointments and procedures. The Town is self-insured to absorb any fluctuations. The Town can afford not to increase the premiums because the trust funds are presently at a healthy balance. Mr. Scollins is requesting a budget increase of \$47,000 from \$49,000 to \$96,000 for the Opt Out Stipend budget line item. This stipend is paid to employees who opt out of the Town's health insurance, thereby saving on the Town's premium as well as costs incurred beyond the premium. The budget is based on utilization and has increased due to the opt out stipend option being negotiated into additional union contracts.

With regard to the Medicare Employer Share budget line item Mr. Scollins is recommending a \$82,507 increase to this line item from \$805,488 to \$887,995. Mr. Scollins stated that he reviewed this budget over the past few years and that it has been historically behind on what the actual expenses have been. Because this is part of the bottom line budget under Employer Health Insurance, the other budgets have absorbed any overruns for the Medicare Employer Share budget.

Mr. Scollins shared with the members the spreadsheet that is used in determining some of the health insurance budgets. The spreadsheet is driven by subscriber memberships. The Town pays 75% of the monthly premiums for these insurances. Mr. Scollins is budgeting for any changes in enrollments since the premiums will not increase for FY22. The Dental Health Plan budget line item will increase slightly by \$8,846 but the dental insurance premium rates for FY22 will remain the same.

The Town's share of the health insurance budget is approximately \$11.6 million. Mr. Scollins explained that there are multiple funding streams: the Town's premium share as well as the employee's and retiree's contributions are placed into an internal service fund along with any revenues earned. All of the expenses paid out, which are administered by a third party (Blue Cross Blue Shield and Delta Dental) charge an administrative fee. The Town is also on a level-monthly fee with Blue Cross which is then trued up on a quarterly basis based on claims utilization. All of the expenses paid flow through this internal service fund which is where the trust balance resides. The trust funds do not

sit in the General Fund. They are in their own service fund. Other costs associated with managing the insurance programs includes Stop Loss insurance (a third party that pays any claims in excess of \$150,000).

With regard to the insurance policies and opt out stipend, Mr. Mauro inquired if there was any impact if there were a significant amount of opt outs to the pool size and rates or is it not a significant enough impact that it would matter. Mr. Scollins stated that it is not a big enough of an impact to rates as the opt out stipend for an individual plan is \$2,500 and \$3,250 for a family plan and that there is a short list on the number of participants (30 or so). With the number of subscribers in our health plans (approximately 1,112) is considered a credible risk pool, meaning that it is substantial enough given the Town's history an experience can be rated by an administrator like Blue Cross. The Town's historical experience is indicative of what the future claims would be. If 30 subscribers were not participating in the plan it would not be a significant factor.

Mr. Theodore inquired as to the balance in the Health Insurance Trust. The current balance is currently \$7.5 million, prior to some offsets that the Town has to keep reserves in for that, also known as IBNR (incurred but not reported). Some of the claims trail 3-5 months. The IBNR is a deduct on the trust balance, which number could range from \$500,000 to \$900,000. The balance, accounting for IBNR, is about \$6.6 million.

Revenue Forecast for FY22 – Update from Mr. Scollins

Mr. Scollins updated the Committee regarding the recent Revenue Forecasting Committee's (RFC) vote on the revenue estimates for FY22 general fund operating budgets as follows:

- RFC voted total revenue of \$106,687,064 for FY22 which is a 4.3% increase over the prior year.
- 2½% is added to the prior property tax levy added with estimates on new growth. The RFC estimated new growth to be \$1,100,000 (real estate and personal property combined). Total estimated property tax revenue is \$85,687,763 for FY22.
- There is a subtraction of \$1.6 million for the new PILOT (payment in lieu of taxes) agreement recently negotiated by the Board of Assessors with the TAHMO for the former Reebok site. Because they are a charitable organization they are not required to pay federal income taxes or real estate taxes. Because the property will no longer be taxable the town will be collecting the \$1.6 million PILOT under local receipts. The reason for reducing the \$1.6 million from the property taxes being budgeted, if it were left in the levy then the Town would be putting an extra \$1.6 million burden on the taxpayers, which would be unfair. Payment in lieu of taxes is usually budgeted at around \$250,000. With the increase of \$1.6 million the FY22 estimate for payments in lieu of taxes will be \$1,882,844.
- With regard to the Town's State Aid, the figure looks lower than the prior year but the State Aid includes MSBA payments and contributions towards debt service for school projects. At the end of FY21 the Luce School will be fully paid off so the Town will no longer be receiving the MSBA reimbursement. The State Aid is essentially flat. The State Aid increased a grand total of \$2,104 in the Governor's proposal. For FY21 the budgeted State Aid was \$8.7 million due to the Town reducing its expectations by about \$1 million because at the time of the budget setting process it was unclear what the state would be funding for cities and towns. When the state budget was set in December the state kept the Town whole. The \$1 million that the Town did not appropriate for the FY21 budget is now coming back for the FY22 budget.
- Local Receipts \$8.8 million – Because of the shift of \$1.6 million from property taxes to local receipts. Local receipts were substantially off last year. The FY21 estimate for local receipts was \$7.4 million. Mr. Scollins is predicting the increase at about \$1.5 million based on historical actuals. The Town did not achieve the \$1.5 million in overachieve last year. It was missed by approximately \$700,000. He predicts the trend is continuing for FY21. The budgeted amount for FY2021 local receipts is \$7.6 million as compared to the estimated receipts for FY21 of \$7.4 million. The Town may miss this target due to lower collection of Hotels & Meals taxes, interest income is off and other minor reductions in license fees to encourage businesses to continue operating during the pandemic.
- Mr. Scollins is estimating total local receipts for FY22 to be \$8,865,320 and will, therefore, budget \$8.8 million.
- Transfers from other funds is estimated at \$2.8 million, which is relatively flat. The FY21 estimated amount is \$2,714,918 as compared to \$2,864,328. One of the factors affecting this is School Food Service. Because of the COVID pandemic the School Food Service has not been collecting funds through meals sales. The only money coming into the School Food service accounts is federal and state grants.

- Solar Facility – funds are received in two ways 1) through a PILOT payment of \$365,000 with a 2½ % increase for next year to \$374,000 and 2) the incremental amount the Town makes on net metering credits which consists of a contract for which the Town pays to Captona a negotiated set rate per Kwh and then credit dollars the Town receives based on rates set by the Department of Public Utilities. Unfortunately, the rate paid to Captona is scheduled to increase 4% per year but the rate set by the Public Utilities has fallen below this. The Town is therefore paying 2.8 cents more than what the Town is collecting. Mr. Scollins is budgeting \$374,659 for FY22 as compared to \$465,521 budgeted for FY21 and \$320,521 estimated for FY21. The Department of Public Utilities does change the rates twice per year but things are in a down cycle.
- Greenlodge Street Parking – Because of the COVID pandemic the Town is collecting less fees due to less parking permits being sold. Instead of budgeting \$70,000 Mr. Scollins is recommending \$35,000 for FY22.
- Dental Insurance Trust transfer is being budgeted for FY22 at \$100,000. This was used in FY21 as a way for keeping total revenues intact so the Town would not have to go backwards on operating services. Mr. Scollins stated that the Dental Insurance Trust has a healthy balance and he is, therefore, recommending a transfer of \$100,000 for FY22 as well.
- In summary the RFC voted a revenue budget of \$106,687,064.

Mr. Scollins opened up the discussion for questions from the Finance Committee.

Chair McKenna inquired as to the status of cash reserves. Mr. Scollins stated that the Town is waiting for Free Cash to be certified and anticipates it should be soon. Based on his analysis and assumption of what the General Fund will come in at, the Stabilization number is set and the Assessors Overlay number is set, he estimates the Town's Free Cash to be certified at approximately the \$6.5-6.6 million range. This will get the Town to \$18.3 million total reserves which is 17.66% of General Fund expenses.

Mr. Scollins is aware of several projects being proposed as special appropriations for the upcoming warrant cycle at an approximate cost of \$2,969,833. If the Town were to vote to pull all of this from reserves towards the projects the Town would be back at 15%-16% of general revenues. Some appropriations from free cash include the Town's target \$500,000 for SPED reserve, replenishment of \$500,000 to the revolving fund which was tapped for extraordinary COVID-related expenses this year, the \$2.6 million Town Hall renovation project which CPA would support a share of \$282,000 with the rest being split between debt and free cash reserves. Another project for use of the reserves is for a Little League bathroom/snack facility. The project has been struggling to collect funds. A nuisance weed project at Shepard's pond may be a possible project for this year as it was delayed at a prior Town Meeting. All of the funding items that are not being considered through the cash capital process that are incremental to the \$106,687,064 revenue are considered as special appropriations to be funded through other sources.

Approval of Minutes

A motion made by Ms. Schutt that the February 3, 2021 minutes be approved as written was seconded by Mr. Wong.

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 passed 8-0-0.

Mr. Scollins will send out the formula used to set the budget targets. Ms. Thomas made a recommendation to include both the School Committee and the Select Board at the Finance Committee meeting when the budget targets are discussed. The Finance Committee secretary would reach out to Gene Manning from the Board of Assessors to invite him to a Finance Committee meeting to discuss Article 28 (Special Tax Agreement with Emergent BioSolutions).

Next Meeting Date – The next Finance Committee meeting via remote will take place on February 24, 2021.

Adjournment - A motion made by Ms. Thomas to adjourn the meeting at 8:40 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 passed 8-0-0.

Minutes reviewed by: Dave Clough

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Timothy McKenna', with a long horizontal flourish extending to the right.

Timothy McKenna
Chair, Canton Finance Committee

**Canton Finance Committee Meeting
February 10, 2021**

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

Agenda for February 3, 2021 (1 page).

See the below link for detailed information regarding the FY22 budget requests discussed during the meeting.

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

Police Reform Municipal Agency Action Items, Massachusetts Police Association, dated 2/1/21 (21 pages).

Revenue Estimate for FY22 General Fund Operating Budgets, Voted by the Revenue Forecasting Committee, dated February 9, 2021 (12 pages).