



Canton Finance Committee
801 Washington Street
Canton, MA 02021

Minutes Voted on: 3/9/22
Vote: 6-0-2

Meeting Minutes
February 23, 2022

Finance Committee Members Present: Dan Cole, Tom Emery, Karen Foley, Emilio Mauro, Tim McKenna, and Cindy Thomas.

Finance Committee Members Absent: Dave Clough and Reuki Schutt.

Guests Present:

Charlie Aspinwall, Town Administrator
Derek Folan, Superintendent of Schools, School District Administration
Ellen Jones, Finance Committee Recording Secretary
Stephen Marshall, Director of Finance and Operations, School District Administration
Michelle Resendes, Business Manager, Blue Hills Regional Technical School
Jill Rosetti, Superintendent-Director, Blue Hills Regional Technical School
Randy Scollins, Finance Director
Maureen Sullivan, Clerk, Canton School Committee

Call Meeting to Order: Chair McKenna called the virtual meeting to order at 7:04 p.m.

School and Municipal Budget Targets for FY23 – Discussion and Vote - Randy Scollins

Mr. Scollins reported that he had spoken to Mr. Arafat, the Veterans' Agent, and the Governor's proposed State Aid budget will be a reduction of \$5,577 to the General Government aid that the Town receives. Mr. Arafat, VSO, reported that the state will be issuing a correction of the Veteran's Benefits account that should result in an increase of approximately \$50,000 to \$80,000.

Mr. Scollins shared on the Zoom meeting screen a 2-page document entitled "Guideline Used to Establish Operating Budget Targets". (This document has been made a part of these minutes.) Page 1 showed the typical formula used for determining a guideline for the Municipal and School budget targets. Page 2 was a modified version indicating \$420,000 of FY23 State Aid School increase being shifted from the School Department to Municipal Budgets. The following are some of the highlights of the budget target discussion among town and school officials and the Finance Committee.

- \$112,697,097- The total FY23 general revenue estimate voted by the Revenue Committee.
- Under the typical guideline used to establish operating budget targets, the total FY23 general revenue estimate is reduced by various items such as FY23 State Aid, FY22 base budgets for the School and Municipal departments, and FY23 Fixed Costs, State and County Charges and FY23 School and Municipal cash capital allocations resulted in a total of \$109,793,776 reduction to FY23 revenue to determine incremental new funds, excluding State Aid increases, for School and Municipal Budgets for FY23. The New Funding for the FY23 budget excluding State Aid Change totaled \$2,903,321.
- The 66.93% School Department share of \$2,903,321 is \$1,943,091. Adding this to the FY22 school base budget and the FY23 State Aid School increase results in an FY23 School Budget Target of \$51,078,405.
- The 33.07% Municipal Departments share of \$2,903,321 is \$960,230. Adding this to the FY22 municipal base budget and the current decrease of the \$5,588 General Government state aid decrease results in an FY23 Municipal Budget Target of \$24,572,680.

Mr. Scollins reported that the State Aid came in weighted to the School Department side of aid. If this is lined up with the target numbers with the original requested budget, the School Department would have an approximately \$600,000 surplus. The \$24,572,680 Municipal budget target would have an approximately \$558,000 deficit to cover all of its FY23 budget requests.

Mr. Scollins stated that over a few weeks preceding the Finance Meeting, discussions took place among the Finance Director, municipal officials, the School Superintendent and the School Committee. At Mr. Scollins suggestion the

School Department endorsed a \$420,000 shift in the State Aid from the School Department to Municipal Departments. This was done to even out the State Aid between the School and Municipal Departments.

With a shift of \$420,000 of state aid from the School Department to the Municipal Departments would result in the school having a surplus of approximately \$233,000 for FY23 to accommodate other original budget requests that had been previously cut by the School Committee. The Municipal Departments would be able to fund all but approximately \$130,000 of its FY23 budget requests. The Town is pleased with the shift of \$420,000 and did not expect to be able to fully fund most of the FY23 budget requests.

Superintendent Folan thanked the Finance Committee for being part of the process. The School Department and School Committee assessed all of their needs in developing the budget with the greatest impact for student achievement. They worked closely with the School Finance Sub-Committee with input from Principals and School administrators. The Sub-Committee had three budget reviews all held in public sessions.

Ms. Moran, who headed the School Finance Sub-Committee, thanked the Town for their incredibly generous support for the Schools during the unprecedented pandemic costs they incurred. The School Committee is happy to pay back that generosity to the Town and it is the appropriate action to take.

Mr. Marshall, Director of Finance and Operations for the School Department, stated that the \$51,059,000 was \$20,000 apart from their original budget requests once reductions were made. Even with the \$20,000 difference their FY23 budget request would still mean a 6% increase for the School Department. He was appreciative of the support from Town officials over the past 18 months to two years. Mr. Marshall fully supports the modified FY23 School Budget Target of \$50,658,405 as recommended by Mr. Scollins.

Mr. Aspinwall echoed the sentiments of previous speakers in that it has been a great working relationship among all Town and School officials.

In response to Mr. Mauro's question if the shift of state aid from the School Department to the Municipal Departments carried with it any restrictions as to how it could be used and allocated among the Municipal Departments, Mr. Scollins stated the Cherry Sheet aid does not restrict the Town as to how the State Aid could be spent. Although the School Ch. 70 Aid is based on a formula to best help the schools, the amount is allowed to be used by a municipality in any legal manner they decide.

Ms. Thomas stated that this level of collaboration was not new and that all departments try work for the good of all of the Town. There were many collaborations behind the scenes by key peoples in Administration with the goal to make this possible.

In response to Mr. Cole's inquiry regarding American Rescue Plan Act (ARPA) funding, Mr. Scollins replied that the Town would be receiving just shy of \$7 million in ARPA funding and that so far only \$80,000 has been committed by the Select Board to the Board of Health. Within the \$7 million there are several school requests. ARPA funds is one-time funding.

Chair McKenna appreciated all the work done on the School side. Chair McKenna inquired about the addition of the \$420,000 in State Aid to the Municipal departments and what the new sharing ratio of funds for the schools and funds for the town departments would be after this shift of new funding for FY23. Mr. Scollins believes it is close to 31% for the Town and 69% for the School.

Mr. Marshall confirmed that the \$1,342,652 of FY23 School aid increase represented year 3 of a 5-year Ch. 70 formula and that there are safeguards in place with the formula to prevent a large drop in aid in future years. He expects the Ch. 70 state aid to be fairly level going forward and does not expect any drastic reductions.

A motion made by Ms. Thomas to approve that the School Budget Target for FY23 be set at \$50,658,405 and the Municipal Budget Target for FY23 be set at \$24,992,680 was seconded by Mr. Mauro.

Roll Call Vote:

Mr. Mauro	Aye	Mr. Cole	Aye
Ms. Foley	Aye	Ms. Thomas	Aye
Mr. Emery	Aye	Mr. McKenna	Aye

The motion to set the School and Municipal Budget Targets for FY23 passed 6-0-0.

Article 9 – Adjust Fiscal '22 Accounts – Discussion and Vote - Randy Scollins

Mr. Scollins is unaware of any fiscal 2022 accounts that need to be adjusted. He is recommending that the Finance Committee vote to indefinitely postpone Article 9.

A motion made by Ms. Thomas to recommend to Town Meeting that the subject matter of Article 9 be indefinitely postponed was seconded by Mr. Mauro.

Roll Call Vote:

Mr. Mauro	Aye	Mr. Cole	Aye
Ms. Foley	Aye	Ms. Thomas	Aye
Mr. Emery	Aye	Mr. McKenna	Aye

The motion for Article 9 passed 6-0-0.

Article 16 - Funding for the Annual 4th of July Community Celebration – Discussion and Vote - Randy Scollins

Mr. Scollins reported that historically Annual Town Meeting has approved \$35,000 from Free Cash for the 4th of July Community Celebration. Because of COVID the Town did not have a 4th of July Celebration the previous two years. The assumption this year is that with COVID restrictions lifting the Town will be able to hold this community event. Mr. Scollins believes the Recreation Director has recommended \$35,000 in the past and that the Town Administrator is in agreement with recommending the same amount.

A motion made by Ms. Thomas to recommend to Town Meeting that the sum of \$35,000 be transferred from Free Cash (Undesignated Fund Balance) to be expended by the Finance Director as Chief Procurement Officer, with the approval of the Select Board, for the 4th of July community celebration in 2022, with the intent that said funds shall be available in FY22 in anticipation of July 4, 2022 was seconded by Mr. Mauro.

Roll Call Vote:

Mr. Mauro	Aye	Mr. Cole	Aye
Ms. Foley	Aye	Ms. Thomas	Aye
Mr. Emery	Aye	Mr. McKenna	Aye

The motion for Article 16 passed 6-0-0.

Article 14 – Community Recognition Supplemental Funding – Discussion and Vote - Randy Scollins

Mr. Scollins explained that this fund was established in 2017 with the initial funding of \$5,000 from Free Cash. The purpose of the fund is to recognize present or former town employees. The fund has not been replenished since two years ago. The balance of the fund is approximately a few hundred dollars.

A motion made by Ms. Thomas to recommend to Town Meeting that \$5,000 be transferred from Free Cash (Undesignated Fund Balance) to Fund 100 to increase the appropriation voted in Article 32 of the 2017 Annual Town Meeting for the purposes named in said article for community recognition for present or former town employees and town officials, subject to all the terms and conditions set forth in that 2017 appropriation was seconded by Mr. Mauro.

Roll Call Vote:

Mr. Mauro	Aye	Mr. Cole	Aye
Ms. Foley	Aye	Ms. Thomas	Aye
Mr. Emery	Aye	Mr. McKenna	Aye

The motion for Article 14 passed 6-0-0.

Article 7 – Set Salaries of Elected Officers – Discussion and Vote - Randy Scollins

Article 7 Motion 1 – This motion would establish the salary for the Town Clerk for FY23

A motion made by Ms. Thomas to recommend to Town Meeting that the salary and compensation for the Town Clerk be fixed at \$101,069 for FY23 beginning July 1, 2022 through June 30, 2023 was seconded by Mr. Mauro.

Roll Call Vote:

Mr. Mauro	Aye	Mr. Cole	Aye
Ms. Foley	Aye	Ms. Thomas	Aye
Mr. Emery	Aye	Mr. McKenna	Aye

The motion for Article 7 Motion 1 passed 6-0-0.

Article 7 Motion 2 – The intent last year was to investigate the reason and the amounts paid to elected officers. Ms. Schutt volunteered to spear head this study. Unfortunately, there was no subcommittee formed to study these salaries. Ms. Thomas stated that when this discussion was brought up in the past at Annual Town Meetings voters did not want to change anything with these salaries. In response to Ms. Foley’s inquiry about how long these salaries have been in place, Chair McKenna explained that these salaries have been in place for as long as he has been on the Finance Committee which is 10 years.

Ms. Thomas reminded Committee members that a point of contention with these salaries is not necessarily the amount of the stipends but the fact that some elected officers were receiving stipends (Board of Assessors, Board of Health and Select Board) and other elected officers were not (Planning Board, School Committee and Library Trustees). The compensation/stipends also come along with the option for the election of health insurances. The Board of Assessors role has change over the years. The Assessing Department has full-time staff that conduct real estate and personal property assessments and valuations.

Chair McKenna suggested to the Committee that they hold off on taking a vote on Article 7 Motion 2 until the full Finance Committee is present for a meeting.

Article 30 – Establish a Capital Stabilization Fund – Discussion and Vote – Randy Scollins

Mr. Scollins explained that a 2/3 vote at Town Meeting would be required to put funds into a Capital Stabilization Fund and a 2/3 vote would be required to move funds out of a Stabilization Fund.

Mr. Scollins provided additional information regarding the ability for the Town to establish a Capital Stabilization Fund:

- After the economic meltdown in 2008 the Legislature allowed for cities and towns to establish multiple stabilization funds. This followed a series of tightening financial regulations by credit rating agencies. Disclosures were required to the Finance community and Bond Rating Agencies would be more rigid.
- Currently there is \$10 million in the Town’s Stabilization Fund. To the rating agencies if the Town voted funds be moved out of this core stabilization fund would be a disclosure event. This could be interpreted as a sign of weakness to the rating agencies,
- The State Legislature modified the General Laws under Chapter 40 section 5B to allow for cities and towns to fund other stabilization funds beyond the core stabilization fund in order to allow for other stabilization uses that would not trigger disclosure events.
- Funds may be moved in and out of the Capital Stabilization Fund for intended purposes.
- Credit Rating Agency’s look for a town’s core Stabilization Fund to be 5% or greater of the total budget. The Town of Canton’s \$10 million Stabilization Fund balance is well above the 5% that bond rating agencies look for.

Mr. Scollins showed an exhibit of the **Town’s Free Cash reserves above 15% reserve target level** and the potential uses for some of that Free Cash at the upcoming Annual Town Meeting:

Free Cash Available for Special Articles	\$5,531,018
Request for Galvin Middle School Feasibility Study (Article 24)	1,500,000
Request to Fund Capital Stabilization Fund (Article 30)	1,000,000
Request of Special Education Stabilization Fund (Article 25)	250,000
Request for July 4 th Community Celebration (Article 16)	35,000
Acquire Permanent Easement Over 145 Sherman Street (Article 23)	10,000
Request for Community Recognition Funding (Article 14)	5,000
Total Requests	<u>2,800,000</u>
Remaining Free Cash	<u>\$2,731,018</u>

Mr. Scollins recommended to the Finance Committee to start thinking about how the recommendation of \$1,000,000 of Free Cash to establish a Stabilization Fund could be used in the future to help pay for the Galvin Middle School

renovation project (a likely debt exclusion override request). The \$1,000,000 could be used to help lower the borrowing costs which could lessen the burden on the taxpayers.

Mr. Scollins shared on the screen a copy of the Massachusetts General Laws Chapter 40 Section 5B law which allows cities and towns to establish a Stabilization Fund. The Law specifically states that “the purpose of the fund, which may be for any lawful purpose, including without limitation, an approved school project pursuant to Chapter 70B or any other purpose for which the city, town or district may lawfully borrow money.” Mr. Scollins stated that he did not want to influence the Committee on how they recommend what projects the Stabilization Fund could or would be spent on in the future. If they so choose the Finance Committee and the Annual Town Meeting Voters could decide to use the Stabilization funds to purchase other capital items.

Mr. Scollins recommended that the best value the Town could have for the use of the Stabilization Funds would be to buy down debt. A debt exclusion recommendation at Town Meeting would also require a 2/3 vote.

A motion made by Mr. Mauro to recommend to Annual Town Meeting that the Town Establish a Capital Stabilization Fund in the Treasury of the Town pursuant to Chapter 40 section 5B of the general laws and to fund this Capital Stabilization Fund by transfer of \$1,000,000 from Free Cash (Undesignated Fund Balance) was seconded by Mr. Cole.

Roll Call Vote:

Mr. Mauro	Aye	Mr. Cole	Aye
Ms. Foley	Aye	Ms. Thomas	Aye
Mr. Emery	Aye	Mr. McKenna	Aye

The motion passed 6-0-0.

Blue Hills Regional Technical School (BHRTS) – Discussion with Michelle Resendes and Jill Rosetti

Jill Rosetti thanked the Finance Committee and turned the discussion over to Michelle Resendes, Business Manager for Blue Hills Regional Technical School. Both of the BHRTS budget documents provided to the Finance Committee are available on the BHRTS. (These budget documents are also available as part of the Finance Committee meeting documents posted to the Town’s Laser Fiche.) BHRTS has an intensive budget process, especially over the past two years. Ms. Resendes is cognizant that BHRTS is using its assets to the best of their abilities.

Ms. Resendes discussed the 2023 Blue Hills Operating Budget are as follows:

- How they created their budget.
- 2023 Budget Priorities.
- 2023 Budget Goals.
- Expense Drivers.
- 2023 Budget Request Breakdown. Overall, BHRTS is increasing their FY23 budget by 3.80% over 2022.
- BHRTS has negotiated four out of five union contracts. There is one remaining which should be finalized within the next week or so.
- 2023 Salary Accounts.
- 1000 Salary Account Major Changes. There is a 33.0% increase to the District School Committee salary line item. The School Committee Secretarial position was cut during COVID. The School Committee realized they needed a support staff for their Committee. A position was created to be paid on an hourly basis.
- 2000 Salary Account Major Changes. 6.5% increase due to anticipated contracts obligations, an additional paraprofessional position needed and new contract language require additional funds for professional development 75% increase.
- 3000 Salary Account Major Changes. An overall budget decrease of 8.1%. One security position moving to the Maintenance Department.
- 4000 Salary Account Major Changes. A 13.3% budget increase due to an FY23 position requests for Maintenance.
- FY23 Expense Accounts. A .82% increase mostly from increases in fixed costs and inflation on supplies and materials.
- COVID Grant Funding – BHRTS has received \$1,455,859 in COVID grant funding over the last two years.

Ms. Resendes reviewed the Municipal Assessment Calculations as follows:

- Canton’s student population increased by 3 students from 69 to 72 (2021 to 2022) or a 4.3%.
- The total requested assessment for FY23 is \$1,603,337 or 8.86% of the total 9-member town assessments.
- The \$1,603,337 is made up of the following components:
 - The FY23 Estimated Required Contribution per the Governor’s Budget \$1,254,512

- o Blue Hills Operating Budget Assessment 161,540
- o Renovation Assessment 159,316
- o School to Careers Assessment 27,970
- o TOTAL Requested FY23 Assessment: \$1,603,337

The \$1,603,337 is a \$130,431 or 8.86% increase over the \$1,472,906 FY22 Assessment.

BHRTS does seek out grants, however, the school does not have an employee designated specifically for seeking out these grants. Because BHRTS receives state funding for their budget they are not allowed to directly solicit funding from vendors, but they are allowed to accept donations. Recently the school received a grant for \$200,000 which they used to purchase engineering supplies and equipment to keep up with the engineering field. They also received a grant for security cameras and walkie talkies.

Mr. Cole inquired as to why Canton's assessment will increase 8.86%, the second highest increase of the 9-member towns while many of the Town's assessments decreased ranging from a 3.81% decrease for Randolph to as high a decrease of 19.4% for Avon. Ms. Resendes stated that the Estimated Required Contribution from the Governor's Budget can affect a Town's assessment contribution.

Ms. Resendes quoted from the Low-Income exhibit on the Required Local Contributions sections as follows: *"The aggregate wealth model that has been used to determine local contribution requirements since FY07 and that is now codified in the Act remains in place. For municipalities with required contributions above their targets, the equity component of the formula sets their contributions at target."* Because Canton is one of the wealthier communities among the 9-member towns their required local contribution is affected.

When BHRTS' ESSR funding runs out there could be a reduction of 2 positions.

Approval of Minutes:

A motion made by Mr. Mauro to approve the February 16, 2022 minutes as written was seconded by Ms. Thomas.

Roll Call Vote:

Ms. Foley	Aye	Mr. Emery	Abstain
Mr. Mauro	Aye	Mr. Cole	Aye
Ms. Thomas	Aye	Mr. McKenna	Aye

The motion to approve the February 16, 2022 minutes passed 5-0-1.

Next Meeting Date: The Finance Committee will meet on Wednesday, March 2, 2022.

A motion made by Mr. Mauro to adjourn the meeting at 8:52 p.m. was seconded by Ms. Thomas.

Roll Call Vote:

Mr. McKenna	Aye	Mr. Mauro	Aye
Ms. Thomas	Aye	Mr. Emery	Aye
Ms. Foley	Aye	Mr. Cole	Aye

The motion to adjourn the meeting at 8:52 p.m. passed 6-0-0.

Minutes reviewed by: Dan Cole

Respectfully submitted,

Timothy McKenna
Chair, Canton Finance Committee

**Canton Finance Committee Meeting
Meeting Documents
February 23, 2022**

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

Information regarding the FY23 Municipal Budget may be found at the following link:

<https://www.town.canton.ma.us/407/Municipal-Budget-Capital-Information>

Agenda for February 23, 2022 (1 page).

Guideline Used to Establish Operating Budget Targets FY 2023 and a Modified Guideline, provided by Randy Scollins, Finance Director (2 pages).

Draft Motions for Annual Town Meeting Article 9, Article 16, Article 14, Article 7 and Article 30.
Massachusetts General Law Chapter 40 Section 5B (2 pages)

2023 Blue Hills Operating Budget, presented by Michelle Resendes, Business Manager, Blue Hills Regional Technical School (BHRTS) (24 pages).

2023 Blue Hills Operating Budget – Assessment Calculations, presented by Michelle Resendes (BHRTS) (14 pages).