



Meeting Minutes
March 8, 2023

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

Finance Committee Members Absent: Dave Clough and Reuki Schutt.

Guests Present:

Charlie Doody, Town Administrator
Derek Folan, School Superintendent
Ellen Jones, Finance Committee Recording Secretary
Lisa Lopez, Vice Chair, Select Board
Steve Marshall, School Director of Finance and Operations
John McSweeney, Co-Chair, Canton Community Preservation Committee (CCPC)
Allison Neff, Administrator, Canton Community Preservation Committee (CCPC)
Randy Scollins, Finance Director

Call Meeting to Order: Ms. Thomas called the virtual meeting to order at 7:03p.m.

Ms. Thomas took a few minutes to review the Finance Committee's agenda for the meeting stating that the Committee will be hearing the recommendations from the Community Preservation Committee regarding Article 17.

FY24 Article/Budget Discussions

Article 17 – Recommendations of the Community Preservation Committee

Mr. McSweeney presented a PowerPoint presentation. Some of those highlights include the following:

- Surcharge revenue increased from \$480,000 in FY14 to \$711,659 in FY22. The surcharge revenue for FY23 is estimated to be \$733,000 and FY24 is estimated to be \$755,000.
- All revenue sources include CPA Tax, state match, interest and liens/penalties.
- The Total estimated revenue for FY24 is estimated to be \$903,925.
- The estimated revenue through the state match has fluctuated over a few years varying from a high of \$299,178 in FY22 to a low of \$94,671 in FY18. This amount depends on how much the Registry of Deeds collects and how much the state matches. In FY23 there was an original state match distribution in November 2022 of \$216,480 or a 30.4% match. In January 2023 a second state distribution of \$58,526 bringing the total match to 38.6%
- The rollover funds from FY23 include funds not appropriated to projects and surplus funds from completed projects and any unused administrative budget. Mr. McSweeney gave as an example of a Select Board project for a pickle ball court that was not built. Those funds were returned back into the CPA fund.
- For FY24 the revenue of \$903,925, plus rollover funds of \$604,809, brings the total CPA funds available for FY24 to \$1,508,734.
- The debt service obligation for FY24 is \$232,990 for the Paul Revere Heritage Site acquisition and improvements. This is the fifth payment of the 10 year loan.
- There are three motions for the CCPC article: Motion 1) \$45,196 (5% of budget) for administrative expenses, 2) \$90,393 (10% of budget) for each of the "buckets" of Open Space/Recreation, Historical Resources and Community Housing and 3) \$232,990 for the debt service payment.
- The CCPC "paused" accepting applications in the summer of 2022 because they were without an administrator.
- The CCPC is accepting pre-applications until August 18, 2023.
- Full applications are due October 27, 2023, after which time the CCPC will be meeting with applicants in November and December of 2023.

In response to Mr. Mauro's question, if projects approved in past years have been able to go forward or were they affected by the pandemic or inflation, Mr. McSweeney stated that most of the projects have gone forward. One unknown project is the Kennedy baseball field snack bar/restroom facilities. The Buildings Renovations Committee is

working through the process for this project. The CCPC met with the proponents in January and thought they had adequate funding.

The School Department has a project at the Hansen for which they are looking for a transfer from another project. The Hansen Playground received \$287,000 for the project but more recent quotes are approximately \$300,000. The School Department would seek approval of a \$20,000 transfer to the Hansen Elementary School addition project.

Ms. Foley inquired if the \$604,809 rollover was a higher rollover amount or the norm as compared to other years. Mr. McSweeney stated that the \$604,809 was a bit higher than normal but that some of the projects came in under budget and did not spend the full amount approved for the project. The rollover figure depends on the number of projects the CCPC receives.

Mr. McSweeney confirmed for Ms. Thomas that the \$1,508,734 included restricted funds. Applicants must submit pre-applications by the pre-application deadline to be considered for funding. The CCPC has always had a pre-application deadline in place.

The CCPC has received a few pre-applications from the School Department, the Housing Trust, the Canton Housing Authority and for field projects. Ms. Neff stated that the reason for starting the process early is the expectation that there could be more projects seeking funding given that the CCPC did not accept projects in the fall of 2022 and there will be two years of funding available. At their March 20th meeting the CCPC will be assigning liaisons to the applications they have received so far.

Vote - Article 17 – Recommendations of the Community Preservation Community

Vote - Article 17 Motion 1

A motion made by Mr. Mauro that \$45,196 be appropriated from the FY24 Community Preservation Fund revenues for the administrative expenses of the Community Preservation Committee in FY24 provided, however, that any amounts not used during the year for administrative expenses shall revert back to the CPA Undesignated Fund Balance at the end of FY24 was seconded by Mr. McKenna.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for Article 17 Motion 1 passed 6-0-0.

Vote - Article 17 Motion 2

A motion made by Mr. Mauro that \$90,393 be transferred from FY24 receipts of the Community Preservation Fund into the Fund Balance Reserved for Open Space/Recreation and that \$90,393 be transferred from FY24 receipts of the Community Preservation Fund into the Fund Balance Reserved for Historic Resources; and that \$90,393 be transferred from FY24 receipts of the Community Preservation Fund into the Fund Balance Reserved for Community Housing was seconded by Ms. Foley.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for Article 17 Motion 2 passed 6-0-0.

Vote - Article 17 Motion 3

A motion made by Mr. Mauro that \$232,990 be appropriated from the Community Preservation Fund revenues to be spent for Open Space purposes by the Chief Procurement Officer with the approval of the Select Board for debt service and expenses associated with the Open Space land acquisition of the Paul Revere Heritage Site for the FY24 was seconded by Ms. Foley.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for Article 17 Motion 3 passed 6-0-0.

Discussion – FY24 Revenues and Targets for Municipal and School Operating Budgets

Mr. Scollins presented an update regarding the revenue forecast for FY24:

- The Revenue Forecasting Committee as well as the Finance Committee voted a total revenue for FY24 of \$118,270,827. These are the funds agreed upon and available for FY24 budgets. This process would have been completed a month ago but the Governor was allowed to release the budget five weeks later than normal.
- Mr. Scollins explained in detail the Guideline used to establish operating budget targets (see meeting documents).
- To determine the incremental new funds available for the School and Municipal budgets, various items are “backed off” from the total revenue of \$118,270,827. Those various items include: state aid, FY23 school and municipal budgets, FY24 fixed costs, FY24 state & county charges, FY24 school and municipal cash capital allocated and a dedicated transfer for change in funding ambulance operating. The total reduction for these various items “backed off” is \$114,854,300. This leaves a total of \$3,416,527 of new funding for FY24 budgets, excluding state aid change and dedicated ambulance receipts.
- Using the \$3,416,527 as the new funding multiplied by the 66.93% School share and 33.07% Municipal share, the result is \$2,286,838 for the FY24 school share and \$1,129,689 for the FY24 municipal share of new revenue (excluding State Aid Change).
- Added to the FY24 school new share is the FY24 State Aid School Increase and the FY23 School Budget for a **FY24 School Budget Target number of \$53,690,543**. Added to the FY24 municipal new share is FY24 State Aid General Government Increase, FY23 Municipal Budget and FY24 dedicated transfer for a change in funding for ambulance operating for a **FY24 Municipal Budget Target number of \$26,421,741**.

Mr. Scollins stated that this year again there is a disproportionate amount of school aid vs. general government state aid that the Town will receive. The Town Administrator and the Finance Director had multiple conversations with the School Superintendent and the School Director of Finance and Operations **in an effort to be proactive in the best way to handle this disproportionate division of state aid**. The School Committee will be meeting on March 9 to discuss and consider a proposal of a **modified guideline** to establish the budget targets. **The same formula will be used to propose a shift of \$200,000 of the State Aid school increase to the municipal budget will be considered. If the \$200,000 shift is approved, the FY24 School Budget Target number will be \$53,490,543 and the FY24 Municipal Budget Target number will be \$26,621,741.**

Town Administrator Doody added to the conversation that there had been multiple discussions with School Administration to come up with this fair split and that the School Committee has not had the opportunity to consider this shift yet but will at their next meeting. He did speak with both Superintendent Folan and the Chair of the School Committee and his opinion was positive. The School Committee Chair had inquired to him what the \$200,000 would be used for and his response was that the \$200,000 would be used for a variety of additions that departments had been requesting for multiple years, such as a young adult position at the Library and an assistant for the Veterans' Agent. The School Committee Chair was supportive but could not speak for the rest of the School Committee.

Mr. Scollins stated that the percentage shares for the school department and municipal departments over the last 10 years has been within a 40 basis point range, including the \$420,000 shift for FY23 from School to Municipal. The leadership of the Town has had a very consistent allocation of new revenues for school and Town for the past 10 years. The school state aid for the past two years has been disproportionately higher than general government state aid.

Mr. Scollins also stated that he recently attended a zoom informational meeting by the Massachusetts Taxpayers Foundation (MTF) in which he learned that up through FY20 the legislature had indexed the Unrestricted General Government Aid to the rate of revenue growth in the state and that in FY21 the state decoupled that for reasons unknown which led to “anemic” increases in general government aid. The analysis shared by MTF, in essence, showed that Unrestricted General Government Aid would be about one-third higher than it is today if they had continued following the indexing that they had committed to. On the municipal side, that would be approximately \$700,000 to \$800,000 in additional aid in this year alone. The \$200,000 shift is an attempt to keep the allocations balanced.

Superintendent Folan expressed appreciation for the support of the Finance Committee and thankful for the Town of Canton to be in such a good financial situation, given that not all towns are in the same situation.

Vote – Municipal and School Targets for FY24 Budgets

A motion made by Mr. Mauro to support an FY24 budget target of \$53,490,543 for the School Department and a budget target of \$26,621,741 for the Municipal Departments for a combined FY24 School and Municipal budget target total of \$80,112,284 contingent upon the vote of the School Committee at their meeting scheduled for March 9, 2023 was seconded by Ms. Foley. If the School Committee does not support the \$200,000 shift, then the Finance Committee vote would be null and void and the Finance Committee would have to reconsider their vote.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for setting the FY24 School and Municipal budget targets passed 6-0-0.

In response to Mr. McKenna’s inquiry regarding the allocation of the School and General Government Aid, Mr. Scollins stated that the Cherry Sheet and State Aid can be allocated to the Town by the legislative body as it sees fits with the caveat that the School funding needs to be at least at the required net school spending amount. In FY23 the Town is at about 150% of the net school spending amount.

Reserves and Uses – FY 2103 thru FY 2023 - Town of Canton

At a prior Finance Committee meeting, Ms. Foley inquired about the Town of Canton’s historical uses of reserves. In response to her inquiry Mr. Scollins prepared and screen shared (see meeting documents) a very detailed spreadsheet for 11 years of history of reserves and the utilization of those reserves. Mr. Scollins split out All uses of Reserves to three categories: 1) Additions to Reserves, 2) Next Year’s Capital and 3) Extraordinary Expenses.

In general, over 11 years the Town has added over \$9 million in reserves, \$8.1 million towards various capital projects and \$2.259 million dollars for extraordinary expenses. For items being proposed for FY24 for the various uses of reserves, the Town would end the current fiscal year at 15.9% reserves of budgeted general fund expenses which is above the 15% threshold the Town likes to maintain every year. Ms. Foley thanked Mr. Scollins for this information.

Ms. Foley did express a bit of concern and wondered how other Committee members felt about the high amount of \$4,721,000 allocation being proposed for FY24 and if the Town needs to be cautious even though the Town is maintaining the 15.9% threshold.

Ms. Thomas is comfortable with the 15.9 % threshold. She stated that the Town “walks a fine line” with maintaining good reserves and staying in good standing with the bond rating agencies and ensuring the Town is providing services and investments taxpayers are looking for with their tax bills, such as road repairs or maintenance of buildings such as the Library roof. Ms. Thomas believes that the citizens are looking for reinvestments of their tax dollars. She spoke in favor of the \$250,000 Capital Budget Contingency reserves fund being proposed for ATM.

Mr. McKenna noted that of the \$4.7 million grand total being allocated at ATM, \$1 million is going to the SPED Reserve Fund and \$1 million is being proposed for the Capital Stabilization Fund. He personally does not have a concern with the 15.9% threshold.

Mr. Cole had similar concerns as Ms. Foley. He inquired about the use of the Capital Stabilization Fund if the Town were to have a significant capital problem in the near future. The \$1 million currently in the Capital Stabilization Fund and the \$1 million being proposed for this fund have been isolated from the core stabilization funds which is well over \$10 million. After the 2008 economic crisis the rating agencies mandated that if Towns utilized their core stabilization funds, even for a small amount with the intent to pay back the funds, this was a disclosure event and potential indicator of weakness for a Town. Funds in the Capital Stabilization Fund, are not subject to this reporting disclosure, and can be used, by a vote of Town Meeting, for any purpose. Mr. Scollins stated the purpose of putting funds into this fund now is the anticipation of paying down debt for the anticipated Galvin Middle School project, but it could be used for another purpose. By paying down the debt, the burden to the taxpayer for the Galvin Middle School project would be less.

Mr. Mauro agrees with the 15.9% threshold and is in support of one-time uses for these reserves instead of recurring costs.

Article 20 – 27 Neponset Street Land Acquisition

Mr. Doody reported that he met with the owner of 27 Neponset Street and the agreed upon price is \$320,000 which is less than the appraised value of \$359,000. Mr. Doody is waiting for the property owner to get back to him by the end of the week.

Vote – Article 13 –Appropriation to Supplement the Commonwealth’s Chapter 90 Program

A motion made by Mr. Mauro that \$740,000 be appropriated to be spent by the Board of Selectmen acting as the Department of Public Works to supplement the amount received from the Chapter 90 Roads Program with improvements done in accordance with improvement specifications as determined by and subject to the approval of the Department of Public Works and consistent with locations identified in the Town’s Pavement Management System and to meet said appropriation \$740,000 be transferred from Free Cash (Undesignated Fund Balance) in the Treasury of the Town with the intent that said funds shall be available in FY23 was seconded by Ms. Foley.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for recommending a \$740,000 appropriation to supplement the Ch. 90 Program passed 6-0-0.

Vote - Article 7 Motion 1 – Setting the FY24 Salary of the Town Clerk

A motion made by Mr. Mauro that the salary and compensation for the Town Clerk be fixed at \$104,101 for the 2024 Fiscal Year beginning July 1, 2023 through June 30, 2024 was seconded by Mr. McKenna.

Mr. Scollins explained that the salary for the Town Clerk is consistent with the increases received by other Town employees and is not redundantly funded and is included in the FY24 budget.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for recommending an FY24 salary of \$104,202 for the Town Clerk passed 6-0-0.

Vote – Article 6 – Personal Service Contracts under the Select Board

Vote – Article 11 – Insurance Proceeds

Vote – Article 12 – Accept General or Session Laws Enacted by the General Court

Vote – Article 14 Community Recognition Supplemental Funding

A motion made by Mr. Mauro to recommend that Articles 6, 11, 12 and 14 be indefinitely postponed was seconded by Mr. Foley.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for recommending Articles 6, 11, 12 and 14 be indefinitely postponed passed 6-0-0.

Vote – Article 21 – Acquire Permanent and Temporary Easements Over 72 Pleasant Circle and 64 Oak Road for Drainage Infrastructure and Improvements

Mr. Doody had sent an email to the Finance Committee which contained a response from the Engineering Department that it would not be known if easements were needed until the plans are finalized. The easement for 64 Oak Road may not even be needed.

Mr. Mauro stated that the purpose of this article was to give the Select Board the authorization to have the ability to negotiate with the property owners if permanent or temporary easements were necessary to complete drainage infrastructure and improvements. The Town Administrator stated that he had been in communication with the owner of 72 Pleasant Circle and that he would reach out to the owner of 64 Oak Road by the end of the week. Mr. McKenna stated that he was ready to vote the article.

A motion made by Mr. Mauro that the Finance Committee recommend allowing the Select Board of have the authorization to negotiate as stated in Article 21 regarding easements for drainage infrastructure and improvements at 72 Pleasant Circle and 64 Oak Road as written in the warrant was seconded by Mr. McKenna.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion for recommending Article 21 passed 6-0-0.

Article 7 Motion 2 – Set Salaries of Elected Officials

Discussion – Sub-Committee Report and Recommendations – Elected Officials Compensation

Ms. Thomas reported that she had met with Town Counsel Paul DeRensis. The consensus of the Finance Committee that while the Committee believes in trying to create equity for compensation for Elected Officials, one of the issues is health insurance. By expanding who would receive compensation with the benefit of insurance would create a significant liability to the Town. The Committee could not move forward with the recommendation of compensation to all elected officials unless the Committee could be assured that there would be no insurance liability.

Ms. Thomas stated that the following is an update as a result of information received from Town Counsel:

- 1) **Is the Town required to provide health insurance to elected officials working less than 20 hours per week?** No, the Town is not required to provide insurance benefits to elected officials. The Select Board has discretion to determine whether an elected official who works less than 20 hours per week is considered an “employee”. If the Select Board determines that elected officials are not employees, no insurance coverage is required. Elected officials, who are Municipal Employees and who have a Regular Work Week of less than 18.7 hours, are eligible for coverage only at a local option.
- 2) **Is the Town obligated to provide insurance benefits to retired elected officials?** If the Select Board has determined that elected officials are not employees, then such elected officials cannot be retired employees and as such no obligation to provide insurance benefits for retired employees.
- 3) **May the Town provide insurance benefits to retired elected officials?** Maybe. Because the Town is self-insured and the only applicable statute G.L. c. 32B contains no definitions of “retired employee” (or “retiree”) there is no prohibition on providing the Town’s retired elected officials (who are considered employees) with retirement health insurance benefits through the Town’s self-insured plan.
- 4) **Pension Benefits.** An elected official who receives less than \$5,000 in compensation annually is not able to establish any creditable service, and therefore is not entitled to pension benefits.

If the Committee is committed to creating a model with some compensation for elected officials, the Committee would need to work with the Select Board to ensure that there is a policy in place that determines our elected officials are 1) not employees and if not employees, all of the benefit piece goes away and 2) if it is determined that elected officials are employees then a policy would have to be in place that they would not receive benefits.

Ms. Thomas stated that she would be on the March 14 agenda for the Select Board’s meeting to present information regarding the Elected Officials Compensation Review.

Assuming that the Finance Committee would like to move forward with the compensation approach, it must be contingent upon the Select Board taking action that would eliminate any liability for benefits for elected officials. The cost of the liability to the Town for an elected official enrolled in benefits would be \$8,000 per official per year. If all elected officials were to receive a stipend the Town would be adding 19 additional elected officials (School Committee, Library Board of Trustees and Planning Board) to the already list of 11 elected officials (Select Board, Board of Assessors and Board of Health). Consideration would have to be taken as to the financial impact to the various boards if stipends are added or increased to budgets. Mr. Scollins stated that the stipends for the current elected officials receiving a stipend come out of their Board's budgets.

Next Steps: 1) solicit input from current elected officials at an upcoming Finance Committee meeting 2) finalize the tiers and stipend levels 3) assess financial impact and budget responsibility and 4) prepare a Finance Committee motion for Annual Town Meeting.

Mr. Mauro stated that he supports the recommendations and the importance for all elected officials having a tiered stipend while making sure the Select Board removes access to insurance benefits.

A motion made by Mr. Mauro that the Finance Committee express support for revisiting how Elected Officials are compensated in the spirit of equity and fiscal prudence was seconded by Mr. McKenna.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The motion passed 6-0-0.

Next Meeting Date: The next Finance Committee meeting will be held virtually on Wednesday, March 15, 2023 at 7:00 p.m.

Mr. Scollins stated that the Finance Committee is scheduled to meet on April 5 and that the meeting may have to be moved to another date due to the Passover holiday. The Committee agreed to moving the virtual meeting to Monday, April 3. Blue Hills Regional Technical School is scheduled to meet with the Finance Committee on March 15. Mr. Scollins would check with Mr. Emhardt, Chair of the Capital Planning Committee, to see if they were ready to present their recommendations at the meeting on March 15.

Mr. Scollins reminded the Finance Committee that draft motions are scheduled to be sent to Town Counsel on Friday, March 17.

Approval of Minutes – The Committee did not approve any minutes at the meeting.

A motion made by Mr. McKenna to adjourn the meeting at 8:42 p.m. was seconded by Mr. Mauro.

Roll Call Vote:

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

Roll Call Vote: 6-0-0.

The meeting adjourned at 8:42 p.m.

Minutes reviewed by: Maureen Menconi

Respectfully submitted,

DocuSigned by:

Cindy Thomas

Cindy Thomas

Chair, Canton Finance Committee

Sub-Committee to Review Compensation of Elected Officials

**Finance Committee
Meeting Documents
March 8, 2023**

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

Agenda for March 8, 2023.

Community Preservation Committee – FY24 Funding Report, PowerPoint Prepared by Allison Neff, Administrator for the Community Preservation Committee (7 pages).

Guideline Used to Establish Operating Budget Targets FY 2024, prepared by Randy Scollins, Finance Director (1 page).

Modified Guideline Used to Establish Operating Budget Targets FY 2024, prepared by Randy Scollins, Finance Director (1 page).

Reserves and Uses – FY 2013 – FY2023, prepared by Randy Scollins, Finance Director, dated 3/7/23 (1 page).