



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

Minutes Voted on:
Vote:

**Meeting Minutes
March 17, 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:

Dave Emhardt, Chair, Capital Planning Committee
Nicholas Fitzgerald, Member, Capital Planning Committee
Ellen Jones, Finance Committee Secretary
Aidan Maguire, Canton Representative to the Blue Hills Regional High School Committee
Stephen O'Halloran, Member, Capital Planning Committee
Michelle Resendes, Business Manager, Blue Hills Regional High School
Jill Rosetti, Superintendent-Director, Blue Hills Regional High School
Randy Scollins, Finance Director
Andrew Staiti, Member, Capital Planning Committee
Shaun Chu, Vice Chair, Capital Planning Committee

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

Blue Hills Regional High School FY22 Budget – Aidan Maguire introduced Superintendent Jill Rosetti and Business Manager Michelle Resendes.

Ms. Resendes presented detailed information regarding the budget. Some of the highlights of Ms. Resendes' presentation included the following (see meeting documents):

- Blue Hills FY22 Budget Increases: 1.2% for Salary Accounts, 5.6% for Expense Accounts and a 3.1% total budget increase over 2021.
- The Salary Accounts were determined without the full knowledge of contractual salary increases because they were in negotiations when the COVID pandemic occurred. A one-year contract was negotiated with four unions. Negotiations will start again with the largest union in April 2021.

Ms. Resendes reviewed the assessment calculations as follows:

- At Blue Hills per the regional agreement they are the statutory method of assessment. There are two different ways in which you can assess the member districts which is set in the regional agreement.
- ESSER II Funding – As a regional district the school is given a sum of money and the school has to offer back to the member districts 75% of that grant in an effort if the Town chooses to keep those funds to reduce the Town's assessment costs. BHRS does not have a say in the matter. Canton can choose to keep it or give it to BHRS. This is one-time funding. Ms. Resendes has heard that there could be in ESSER III Funding but has not received any further information.
- Of the total \$11,279,014 regional required minimum contribution, Canton's required contribution to Blue Hills increased from \$1,008,427 for FY21 to \$1,062,277 for FY22 or an increase of \$53,850 or 9% of the total \$11,279,04 regional required minimum contribution.
- The total ESSER II allocation to Blue Hills is \$377,477. 75% of \$377,477 is \$280,108. The \$280,108 is the amount that has to be offered back to its school districts. Canton's share is \$26,381.
- Factors that can change Canton's assessment include MSBA Renovation Project Debt Service, Enrollment changes, changes in the School's operating budget, excess and deficiency fund and allocation and foundation budget and minimum contribution calculations. Enrollment is the number one driver.

- Canton had an increase of two students. Canton can choose to use the \$27,087 (ESSER II Funds Allocation) to reduce the Town's assessment. Canton's assessment would, therefore, be \$1,472,906. Canton's assessment decreased by 0.30% from last year's assessment.
- If Canton chooses not take the \$27,087 ESSER II funds, then the total assessment requested would increase by \$27,087. BHRS has to offer this to the Town. The decision has to be made among the Select Board and the Town Administrator, and what the Finance Committee recommends to them. Ms. Resendes stated that, of course, the \$27,087 would help out BHRS but the decision is up to the Town to make.

In response to a Finance Committee Member's inquiry if the Town decided not to use the ESSR II Funds to reduce the annual assessment, Ms. Resendes stated the money would go the BHRS to be used towards COVID expenses. Because it is a one-time payment, it will not reduce a districts assessment for the following year. So far BHRS has received ESSR II funding and the Corona Relieve Fund based off of Title 1 figures.

Ms. Resendes stated that they did not freeze the BHRS budget but instead decided to forego many things that had been planned for FY21. The school took \$150,000 out of their general fund budget not including the funds that they have spent out of the ESSR Fund (not ESSR II Fund). She estimates that they are up to \$400,000 on COVID-19 expenditures. Out of their grant for equipment/replacement cycle \$90,000 was spent on computers and additional software since many of the programs were not able to run on Chromebooks. Mr. Scollins has spoken with School Business Administrator Barry Nectow who is also trying to get a handle on all the rules of this component of ESSR Ms. Resendes has been referring to. Mr. Scollins is looking for the School Department's intention.

Mr. Scollins stated that the latest assessment number he received does include the ESSR amount. Because this is a Fixed Costs, by adding in the \$27,087 it will further reduce the budget targets between Town and School. If the Town were to decide not to take the \$27,087 the assessment would be \$1.5 million instead of \$1,472,000.

Article 11 – “Omnibus” Capital Outlay Program – Mr. Emhardt stated that since there was a quorum of the Capital Planning Committee (CPC) that he had to make it official that it was a meeting of the CPC (the meeting was posted as a joint meeting of the Finance Committee and CPC). Andrew Staiti, Nick Fitzgerald, Shaun Chu (Vice Chair) and Stephen O'Halloran introduced themselves.

The totals that were voted by the Capital Planning Committee are as follows:

Municipal Cash Capital:	\$836,509
Debt Capital:	\$1,294,415
Free Cash Reserve:	\$1,200,494

(See meeting documents for a listing of Municipal Capital Requests for Fiscal 2022.)

Mr. Emhardt addressed the following items specifically:

- The Conservation Commission is funding \$30,000 for a vehicle from the Wetlands Protection Fund.
- The emergency generator request of \$59,990 for the Council on Aging was approved for \$61,000 to include a contingency because the quote was slightly outdated.
- The \$27,501 request for the Council on Aging Ford Escape SUV will be purchased through a gift to the Town.
- For the MIS Department in Finance, the CPC voted everything except the \$34,000 for Chart of Accounts Upgrade.
- The Fire Department request of \$152,000 for two Air Filling Stations was reduced to only one for Station 2. The \$20,000 request for Structural Firefighting Gear will be moved to the operating budget as a recurring expense. The \$18,000 radio repeater was approved
- Police – The Record Management System is the system that everything is reported in to. It is no longer being supported by the current vendor. The funding for this \$200,000 request is being split between \$97,585 cash capital and \$102,415 debt capital. The \$40,000 request to replace the Animal Control Van will be funded out of the Animal Control Revolving Fund and not from cash capital.

Memorial Hall Exterior Renovations – Mr. Emhardt stated that there was a lot of discussion regarding the \$2,600,000 request. The request is based on an architectural study that was funded previously. Based on that study the current estimate is \$2,600,000. The Community Preservation Committee is funding \$283,506. The rest of the \$2,600,000 is being split between \$1,116,000 of debt capital and \$1,200,494 from Free Cash or cash reserves. The CPC questioned if the design work could be done this year so that the Committee would receive a better estimate on what the total cost will be. The information that Mr. Emhardt received was that this project is needed with safety hazards with timbers holding up parts of the building. There may be a 6-12 month life expectancy without this work being completed.

The CPC would have preferred to have the design work done in one year and the construction in the following year. They agreed with the assessment of having it all done in one year. The CPC also has a concern that there is only a 20% contingency in this project. It is restoration work that has to be done in a certain manner because it is a historical building. The CPC was assured that the estimate by the architectural firm was accurate. CPC discussed it and agreed to vote it with the 20% contingency. The only caveat is the \$1,200,494 from Free Cash. Because the CPC is unaware of all of the Free Cash requests the CPC defers to the Finance Committee on this. The CPC vote is supporting the use of Free Cash as long as the Finance Committee is comfortable with this amount from Free Cash.

Mr. Emhardt continued with his discussion of capital requests as follows:

- Property Maintenance – A request of \$123,000 for reroofing and redecking part of the roof at the Police Station, the former Elliott School is being recommended from Free cash. The Capital Committee is confident that the proposed method that they will be using to replace the flat roof will be a good method.
- Department of Public Works – This department is looking for \$11,000 to replace an engineering scanner/plotter which will be funded through Free Cash. The DPW is also seeking the replacement of two grass mowers for the Canton Corner Cemetery at a cost of \$19,000. This will be funded from the Cemetery Expendable Trust.
- The DPW has also requested \$58,000 for flashing crosswalks at seven locations. The CPC was originally informed that this request would cover seven locations but then the CPC was given three locations. The Committee was then told there were two more locations. Then the CPC was provided a list of six locations and the seventh location was to be determined. The CPC felt that because it is a public safety issue they approved seven cross walk systems. There was a grant application for two systems but the application was denied. The systems are solar-powered systems, similar to the one on Chapman Street. There is no external wiring required for these systems. They are activated through a push button.
- Revere & Son Heritage Trust – The CPC is in support of the \$18,424 cash capital request from Revere & Sons Heritage Trust for furniture for the preview room. The Trust will be making capital requests on an on-going basis. The \$23,397 request for display cases and cabinets was not need as Kramers Jewlers donated display cases and cabinets to the museum.

The \$34,000 request for an upgrade to the Town's Finance Chart of Accounts was not requested by the CPC. Mr. Scollins brought this request forward but because of all of the other competing requests it was decided to reserve this request for next year's capital plan.

In response to Mr. Cole's inquiry, Mr. Scollins will distribute to the Finance Committee the historical cash capital that the Town is spending each year. Mr. Scollins' understanding is that when the Town finds itself in a position overachieved its reserve target of 15% the amount over 15% are looked at to fund special appropriations or extraordinary capital needs. There was a project from last year's Town Meeting that had a significant requirement of approximately \$1.2 million.

Use of Cash Reserves Discussion – Mr. Scollins referred to a meeting document entitled, "Recommended Funding for FY'22 Special Appropriations, Snow & Ice Deficit and Memorial Hall Exterior Renovations". He gave a summary of the following items and how it all balanced out under the current funding proposals

\$11,924	TNC Ride Assessment funded TNC Receipts (Article 20).
\$15,000	Appropriation for Land Taking off of Pleasant Street (Article 23).
\$25,000	American Legion Post 24 Operating Expenses, Municipal Operating Budget (Article 26).
\$500,000	School Revolving Fund Replenishment related to COVID (\$360,000 Free Cash and \$140,000 Unappropriated Receipts – Article 17).
\$600,000	John F. Kennedy Elementary School – Bathroom, Storage & Snack Shack from Free Cash (Article 31) .
\$660,000	SPED Stabilization Reserve Fund, Unappropriated Local Receipts (Article 16).
\$200,000	Snow and Ice Deficit from Unappropriated Receipts.
\$1,116,000	Memorial Hall Exterior Renovation Capital Project, Debt (Article 11 Motion 5).
\$283,506	Memorial Hall Exterior Renovation Capital Project, CPA Funds (Article Motion 5).

Unappropriated Receipts - In May of 2020 there was uncertainty as to what the state aid funding would be and the consensus of various towns was to assume a 10% reduction to their state aid numbers. Canton reduced its expectation of state aid by \$1,000,000. When the state balanced the budget in December of 2020 they kept cities and towns whole. The \$1,000,000 that was not appropriated came back to the Town as an amount that can be appropriated for FY21 and it is also available for FY22 on an on-going basis. This created a situation in FY21 where the Town had \$1,000,000 of recurring revenue from state aid that was unappropriated. With the budget settled it is now considered one-time funds. Further, when the Town of Canton set the tax rate the Town is required to use what the state aid number is at that point in time. Canton sets its tax rate in December at the same time the Governor had balanced the state budget for FY21 the Town's state aid was \$1,000,000 higher. The Department of Revenue

requires the Town to go with the cherry sheet number, regardless of what the Town appropriated. That is the number that is used for the tax rate setting process. Something has to come out of revenue so the adjustment you are allowed to do is with local receipts. Therefore, local receipts is reduced by \$1,000,000. That is the funding that is now available for special appropriations.

The maximum amount of Free Cash available is \$2,672,182. If all of that amount were appropriated it would reduce the Town's cash reserves to 15%. The Town is only appropriating \$2,175,494 which is \$496,688 less than the available amount. The \$496,688 will roll over to next year.

Cash Reserves - Mr. Scollins reviewed the Town's cash reserves history which includes Free Cash, Stabilization Fund and Overlay Reserves. The Town's benchmark percent of General Fund Expenses is 15%. The intent is to not grow the number in perpetuity to something larger, but if the Town is fortunate to overachieve the 15% the Town will have one-time funds available to support special appropriations and cash capital needs that are required.

At the time of the meeting Mr. Scollins reported that the Select Board already voted to support the Memorial Hall Exterior Renovations project of \$1,116,000, had not voted yet on the JFK Storage, Bathroom & Snack Shack facility (\$600,000) and had not taken positions on the two school articles for \$500,000 and \$660,000 (SPED Reserve).

Water Enterprise Capital Requests FY22 – Water Enterprise requests are funded by the water revenue and is driven by the water rates and receipt of payment of those rates. The revenue needs to support all of the expenses for the Water Enterprise account. Mr. Emhardt stated that there is a bit of "sticker shock" with the \$8,070,000 debt capital requests for Water Enterprise. CPC is grateful to the DPW, the DPW Director and the Water & Sewer Rate Committee that proposed the rates for the Select Board to approve changes to the water and sewer rates.

Mr. Emhardt reviewed the Water Enterprise requests for FY22 as follows:

\$3,200,000	Water Storage Tank Main. Program (based on 15-year plan) funded through debt capital. By having a plan in place approximately \$140,000 per year can be saved over 14 years.
\$4,350,000	Replace Water Mains (Phase 2) funded through debt capital. On going five-year program. Design is done in one year and construction in the following year.
\$32,000	Replace Truck #9 For F-350 – funded from Water Enterprise surplus (retained earnings). The cost of the truck is being split 50/50 between water and sewer retained earnings.
\$40,000	Asset Management Software – used for water and sewer (cost is split 50/50).
\$270,000	Water Distribution System Main Design – Year 3.
\$250,000	Replace #27 CAT Loader. This item is beyond the life expectancy.
\$8,070,000	Total Water Enterprise Requests for FY22

Sewer Enterprise Capital Requests FY22 – Mr. Emhardt reported on the following Sewer Enterprise requests for FY 22 as follows: All of these requests are to be funded from Sewer Enterprise surplus (retained earnings).

\$32,000	Replace Truck #9 Ford F350
\$90,000	Replace Truck #45 Ford F550
\$40,000	Asset Management Software
\$220,000	Replace Truck #32 JCB Excavator (This equipment is unusable at the present time.)
\$382,000	Total Sewer Enterprise Requests for FY22

There are no Rink capital requests for FY22.

School Capital Requests for FY22 – Out of 34 cash capital school requests, 18 items were put forth in last year's capital request plan. The School Department is seeking \$800,000 of cash capital requests for FY22. The CPC voted unanimously for the \$800,000 of cash capital requests. Mr. Emhardt reported that there were no controversial items being requested. The CPC met with the members from the School Department and School Committee and received answers to all questions and concerns about the items.

The School Department is requesting \$596,000 of debt capital items for FY22. They are within their debt allocation for FY2. The \$596,000 is comprised of the following items. They are all air-quality items.

\$250,000	Hansen Unit Ventilators
\$166,000	GMS Unit Ventilators
\$180,000	CHS Roof Top Unit Ventilators #4
\$596,000	Total School Debt Capital Requests for FY22

Chair McKenna thanked the Capital Planning Committee for all of their time for vetting all of these requests and for their discussions on these requests. Mr. Emhardt stated that he has a few new members on the CPC this year and thanked the members for all of their great questions on the requests. Mr. Emhardt also thanked the School

Department and all of the Municipal Department heads for providing the information requested in a timely manner to the CPC.

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Vote – Municipal Capital Requests for FY22

A motion made by Ms. Thomas to recommend FY22 Municipal capital requests totaling \$3,703,924 broken down as follows:

\$836,509	Funded from cash capital,
\$1,294,415	Funded through debt capital,
\$1,200,494	Funded from Free Cash reserves and.
\$372,506	Funded through other sources

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.

Vote – Water Enterprise Budget for FY22

A motion made by Ms. Schutt to recommend an FY22 Water capital requests totaling \$8,142,000 broken down as follows:

\$3,200,000	Funded through debt capital,
\$4,350,000	Funded through debt capital,
\$32,000	Funded from Water Enterprise surplus (retained earnings),
\$40,000	Funded from Water Enterprise surplus (retained earnings),
\$270,000	Funded through debt capital and
\$250,000	Funded through debt capital

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.

Vote – Sewer Enterprise Budget for FY22

A motion made by Mr. Wong to recommend an FY22Sewer capital requests totaling \$382,000 broken down as follows:

\$32,000	Funded from Sewer Enterprise Surplus (retained earnings),
\$40,000	Funded from Sewer Enterprise Surplus (retained earnings),
\$90,000	Funded from Sewer Enterprise Surplus (retained earnings) and
\$220,000	Funded from Sewer Enterprise Surplus (retained earnings)

was seconded by Mr. Mauro.

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.

Vote – School Capital Requests for FY22

A motion made by Mr. Mauro to recommend FY22 School capital requests totaling \$ 1,396,000 broken down as follows:

\$800,000	Funded from cash capital and
\$596,000	Funded from debt capital

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.

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Vote – Article 14 – Insurance Proceeds >\$150,000 – Mr. Scollins reported that Town Meeting must vote to appropriate the \$564,506.87 insurance proceeds received as the final insurance payment on the loss of the rink.

A motion made by Ms. Thomas to recommend to Town Meeting the appropriation of \$564,506.87 of insurance proceeds as written in the warrant was seconded by Ms. Schutt.

Mr. Scollins reported that he reached out to the Building Renovation Committee Chair, Bob McCarthy, to discuss the rink coming in under budget and that there will be a turnback and re-appropriation of funds in the next budget cycle.

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.

Vote - Article 19 – Community Preservation Committee - Motions – Mr. Scollins reported that the motions that have been used in past town meetings for the Community Preservation Committee have been unnecessary and complicated. Motion 2 that allocates fund receipts of the Community Preservation Fund into the various funds of Open Space/Recreation, Historic Resources, Community and Housing and the **Undesignated** Fund Balance are unnecessary. Mr. Scollins has been advised by the Department of Revenue and Town Counsel that as long as 10% is allocated to the three “buckets” (not including Undesignated Fund Balance) there is no need for Motion 2. Mr. Scollins has been in communication with Kristen Phelps who agrees with the removal of Motion 2.

A motion made by Mr. Mauro to recommend to Town Meeting the appropriation of \$1,151,568 of Community Preservation Funds as follows:

\$36,250	Administration Expenses for FY22
\$251,400	Debt Service payment for Open Space land acquisition at the Paul Revere Heritage Site
\$5,000	Hooper Bell Restoration
\$46,000	1829 Hunneman Hand Tub Restoration
\$283,506	Memorial Hall Exterior Restoration – Architectural Design
\$50,000	Affordable Housing Trust for professional services
\$100,000	Hagan Court Replacement of Emergency Egress Staircases
\$25,000	Conservation Commission for Purchase of Open Space
\$34,000	Gibson Field Restoration
\$50,000	Warner Trail Design Study
\$270,322	Luce School Playground replacement

was seconded by Mr. Wong.

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.

Next Meeting Date – The next Finance Committee meeting will take place via remote on March 17, 2021.

Approval of Minutes – There were no minutes approved at the meeting.

Adjournment - A motion made by Ms. Thomas to adjourn the meeting at 9:31 p.m. was seconded by Mr. Cole.

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: Dan Cole

Respectfully submitted,

Timothy McKenna
Chair, Canton Finance Committee

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**Canton Finance Committee Meeting
March 17, 2021**

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

Agenda for March 17, 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>

FY 2022 Blue Hills Operating Budget Public Hearing (36 pages).

Municipal Capital Requests for Fiscal 2022, dated 3/16/21 (1 page).

Recommended Funding for FY '22 Special Appropriations, Snow & Ice Deficit and Memorial Hall Exterior Renovation, provided by Mr. Scollins, dated 3/12/21 (1 page).

5-Year Plan (2022 thru 2026), Capital Capacity Planned Use (1 page).

Cash Reserve Balances 3/12/21 (1 page).

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