

Finance Committee Members Present: Wai Wong

Rob Barker, Dan Cole, Emilio Mauro, Tim McKenna, Barbara Saint André, Cindy Thomas and Wai Wong.

Finance Committee Members Absent: Christos Arsoniadis.

Guests Present:

Charlie Aspinwall, Town Administrator

Tracy Kenney, Town Clerk

Mike Trotta, Superintendent, Department of Public Works

James Murgia, Finance Director

Ellen Jones, Finance Committee Secretary

Opening: A meeting of the Canton Finance Committee was called to order by Chairman Barker at 7:00 p.m. on Thursday, July 25, 2019, in the Upstairs Meeting Room of the Armando Recreation Center.

A. Approval of Agenda

Chairman Barker reviewed the items on the agenda which included a reorganization of the Committee, a review and voting of FY19 budget deficits along with a review and voting for a deficit in the State Assessments budget.

B. Announcements

An announcement was made that there was one vacancy on the Finance Committee due to the resignation of Cynthia Holcombe.

C. New Business

Chairman Barker thanked the Finance Director, Jim Murgia, for all of the assistance, knowledge and education that he provided over the past years to the Finance Committee. The Committee will miss him and wished him all the best in his retirement.

Reorganization of the Finance Committee – Election of Officers

A motion made by Mr. Barker to nominate Mr. McKenna as the Finance Committee Chair was seconded by Ms. Saint André. Vote: 7-0-0.

A motion made by Mr. McKenna to nominate Ms. Thomas as the Finance Committee Vice-Chair was seconded by Mr. Barker. Vote: 7-0-0.

Mr. McKenna thanked Mr. Barker for his great services for his years of serving on the Finance Committee and his years of serving as the Chair.

FY19 Budget Deficit – Executive Office – Request for Transfer of \$68,000 from the Health Insurance Budget

Mr. Aspinwall explained that the deficit in the Executive Office was primarily due to the legal budget. Last year there were a two items going on with the Canton Holdings organization. One item was that the Town was suing Canton Holdings for their lack of proper work at the Pleasant Street Dam project. At the same time the Town was negotiating with them on their completion of the project in the downtown area. These projects wrapped into one

set of negotiations which overlapped and the Town expended about \$120,000 of the legal budget. The Town had court filings and production of documents among other items. The Town was well into the suing phase while at the same time in the negotiating phase. The Town eventually reached a negotiated settlement with Canton Holdings. Some of that money came into the Town as general revenue while some of it came in under Chapter 44 Section 53A (gifts). The consequence of all of this activity was that the Executive Area's legal budget was overspent.

In response to Mr. Cole's inquiry about the amount of the settlement, Mr. Aspinwall stated that the Town received approximately \$300,000. Mr. Murgia stated that at the 2019 Annual Town Meeting the Town was able to rescind \$300,000. As part of the financing agreement with Canton Holdings there had been a provision whereby the Town would have to pay rent for the Rolling Mill. There was a period of time between the time the Rolling Mill was ready to rent and the time that revenue was raised through the DIF so the Town could purchase the Rolling Mill. The Town negotiated with Canton Holdings that the Town would not have to pay rent. So for the next five years the Town should receive \$85,000 per year for rent from the rental of the Rolling Mill. Mr. Aspinwall was scheduled to attend the Zoning Board of Appeals meeting after the Finance Committee to see if the ZBA approves the fit out of the restaurant. Mr. Aspinwall is hoping the Town will start seeing some of the restaurant revenue this year.

Mr. Aspinwall gave an example of how legal matters come up sporadically. One of the obligations in the DIF agreement was for Canton Holdings to replace the Fire Station Roof. The Town received bids for this project, however, one of the bids stated that most of the work would be done on the roof but not the training room roof. There was nothing in the agreement that stated the training room roof would not be done. The contractor is taking the position that the training room roof does not need to be done.

The definition of the replacement of the water main in Revere Street has been in question as well. Did the agreement include replacement of valves, did it include replacement of hydrants, did it include service lines to the property lines? All of these had to be renegotiated with Canton Holdings with the assistance of Town Counsel.

A motion made by Mr. Barker that \$68,000 be transferred from the Health Insurance Budget to the Executive Office budget to cover the FY19 budget deficit was seconded by Ms. Thomas. Vote: 7-0-0.

Mr. Murgia explained that the Health Insurance budget had a surplus because there were 17 fewer plans than what had been budgeted for. Approximately 1,100 health plans were budgeted for in FY19 but there were only 1,084 plans for both retirees and employees. Seventeen fewer plans at the rate of \$10,000 average cost per plan is about \$168,000 in savings.

Mr. Mauro inquired if the health insurance surplus would be needed as a contingency for future matters or is it okay to be drawing from it. Mr. Murgia stated that the budget surplus was for FY19 and that the Town was in the process of closing the books for FY19. Most years the Town does not have any budget surpluses to "tap" or access. Most budget issues in the past have utilized transfers from the reserve fund. Because Mr. Murgia was comfortable with the sizable amount of surplus in the health insurance budget, this surplus could be used to help out the deficits in the legal budget, Town Clerk's elections budget and the State Assessments budget deficit. Any balance remaining of the \$168,000 would become free cash.

FY19 Budget Deficit – Town Clerk/Elections – Request for Transfer of \$11,000 from the Health Insurance Budget

Ms. Kenney informed the Committee that she was requesting a transfer of \$11,000 to cover unbudgeted expenses incurred in FY19 because of her budget being overspent because of the following reasons:

- Expenses for the 2018 Special Town Meeting for the Rink appropriation. The Special Town Meeting cost approximately \$15,000.
- Expenses for the April 2019 seat on the Board of Selectmen – A recount was necessary thus causing more expenses.
- Expenses for the Special Election held on May 28, 2019 for the Aquatic Center/Bolivar Pool.

Ms. Kenney does not anticipate any special elections in FY20. However, there have been rumors among the Town Clerks that the Commonwealth may implement early voting which could cause additional expenses to her budget.

A motion made by Ms. Saint André that \$11,000 be transferred from the Health Insurance Budget to the Town Clerk/Elections budget to cover the FY19 budget deficit was seconded by Mr. Barker. Vote: 7-0-0.

FY19 Budget Deficit – Snow & Ice – Request for Transfer of \$114,000 from the Reserve Fund

Mr. Trotta informed the Finance Committee that in general the winter was good but that there were a few storms in February and March that caused the snow and ice budget to be overspent. The average snowfall was 40-45". Going into the month of March the Town had only had 20" of snowfall. There was some equipment damage as well.

Mr. Wong inquired how the FY19 snow and ice budget expenses compared to the prior year. Mr. Murgia stated that the snow & ice budget had been increased by \$50,000 for the next fiscal year. For FY20 the snow & ice budget has been set at \$650,000.

Ms. Saint André explained that the snow and ice budget is one budget that the state allows to be overspent as long as the budget is equal to or greater than the prior year.

A motion made by Mr. Barker that \$114,000 be transferred from the Reserve Fund to the Snow & Ice budget to cover the FY19 budget deficit was seconded by Mr. Wong. Vote: 7-0-0.

FY19 State Assessments – Request for Transfer of \$48,000 from the Health Insurance Budget

Mr. Murgia provided background information regarding the State Assessments budget. The Revenue Committee and the Finance Committee set the State Assessments estimates early in the budget process. Once the Cherry Sheets are issued in July the budget must be adjusted. The Tax Recapitulation must be based on final cherry sheet figures to set the budget. The State and County Chargers ended up being approximately \$48,000 more than budgeted. The shortfall was primarily due to charges for special education and school choice. The Governor submits his budget version six months ago. Canton must pass a budget before July 1.

E. Approval of Minutes

A motion made by Mr. Barker to approve the minutes for April 30, 2019, as written was seconded by Ms. Thomas. Vote: 5-0-2.

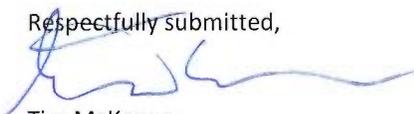
F. Next Meeting Date:

The next Finance Committee meeting date was undecided at the time of the meeting but would most likely be sometime in the fall.

Adjournment: A motion made by Ms. Saint André to adjourn the meeting at 7:37 p.m. was seconded by Ms. Thomas. Vote: 6-0-0.

Minutes reviewed by: Dan Cole

Respectfully submitted,



Tim McKenna
Chairman, Canton Finance Committee

**Canton Finance Committee Meeting
Thursday, July 25, 2019
Meeting Documents**

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

Agenda for July 25, 2019. (1 page).

Fiscal 2019 Budget Deficits spreadsheet, provided by Mr. Jim Murgia, Finance Director, dated 7/18/19 (1 page).

End of Year Budget Transfer Request for Fiscal Year 2019 - \$68,000 from Health Insurance Budget to Executive Area, dated July 10, 2019 (4 pages).

End of Year Budget Transfer Request for Fiscal Year 2019 - \$11,000 from Health Insurance Budget to Town Clerk/Elections, dated July 10, 2019 (3 pages).

Reserve Fund Transfer Request for Fiscal Year 2019 - \$114,000 from Reserve Fund to Snow & Ice Budget (3 pages).

End of Year Budget Transfer Request for Fiscal Year 2019 - \$48,000 from Health Insurance Budget to State Assessments, dated July 10, 2019 (5 pages).

Finance Committee By-Law (2 pages).