

Foxborough Advisory Committee

Wednesday, November 28th 2018

In attendance:

Susan Dring, Stephanie McGowan, Sean McCarthy, Bernard Dumont, Seth Ferguson, Robert Canfield, Larry Ooi, Jennifer Frank-Bonnet, Michelle Raymond, Brian Guild, Larry Stern

MINUTES

7:00PM - Meeting called to order by Susan Dring

Minutes from October 10th presented for acceptance. Minutes accepted **7-0-2**

7:05PM – Randy Scollins continued with his indoctrination of the annual Budget procedure specifying the Capital side of the equation. Randy explained how Chapter 90 State Aid funds are based on mileage of roads in town. This year the town received a \$650K grant combined with the \$210K from the Meals Tax after initial OPEB deferral.

Brian G – “Do we historically use all those road dollars?”

Randy – “Yes, as mandated by law.”

Randy continued: The MA School Building Authority projected funding for the Burrell project amounts to \$15.33M. The town will borrow (bond) the balance. Enterprise Rates/Fees amount to \$607K for Capital programs. The water Dept does borrow for projects (though this may change due to the Burrell bid process). The Capital Stabilization Account has \$2.1M to buy down initial Burrell debt. The town has \$2.56M in Cash to be used on Capital programs such as School Busses, infrastructure plus \$1M for the turf field. Unused funds appropriated for the Burrell study will revert back to Cash. Ambulance receipts earned by the Fire Dept are deposited to the town then reverted back to FD for repairs and replacements. Apparatus revolving accounts charge rental fees for safety vehicles which then reverts back for repairs and replacements. Additionally, funds are set aside in Cash for Assessors abatements which must be voted on at TM.

Bernard D – asked about water/sewer capital.

Randy S – In the prior year, \$16M was allocated for the new pumping station.

Seth F – asked where the OPEB funds are invested.

Randy S – Bartholomew Investments – Foxborough has realized @ 8% annual return which has put the town ahead of its initial investment goal. Fees are minor due to the dollar amount managed ... roughly < \$10K.

Randy continued: The Town’s Operating Budget is \$76.63M. The \$6.9M Operating Budget for Water/Sewer comes from rates. \$2.4M in Excluded Debt which must be dedicated to debt service, was voted on at TM.

Chapter 70 funds are \$8.94M. Any increase in these funds used to be dedicated to schools – now, any increase is not earmarked, but still predominantly goes to schools.

Sean M – What in the Ahern excluded debt would not be in the Capital Budget?

Randy S – We do not borrow for small projects; the town hoards cash to pay them in cash.

Randy continued: the town taxes to the levy limit (+2.5%) on newly assessed home values. This year the town is \$1.3M ahead of its plan for new growth. Those new values are not certified by the State until October, thus not usable until June 30th, though assessors can capture same year improvements.

Sean M – Can the town's total tax bill be capped going up?

Randy S – Assessments are relative and proportionate to other property values.

Sean M – What was the original tax increase?

Randy S – 3.9%

Sean M – I had an increase of 11% over the last 2 years.

Randy S – If you think something is wrong, challenge your assessment.

Sean M – If the rise is more than the average, is it due to a formula or due to the market.

Randy S – There is a 'lag value' where calculations are due for Jan. 1st, but are not current to bills in July.

Larry S – The top line number comes from the tax base line...

Seth F – Why the 3+% increase if not 2.5%

Randy S – The 2.5% rate does not apply to Debt Exclusions (also must figure in the split tax rate).

Bernard D – What goes in / what comes out. It appears that the net from the State has decreased each year.

Randy S – Yes

Bernard D – Healthcare has increased 4%; Pensions have increased 10% over the prior year. I look at the next 5 years and see an increase on every dependent prior year levy. There is only an incremental Free Cash in a potential \$95M budget (\$110M in 10 years). A decrease in revenues from the State results in increased property taxes on the local level.

Randy S – It does work. Tax revenues will continue to grow at current rates – local receipts will increase. The town shields its savings in service levels – the town hoards cash, doesn't layer on more expenses.

Larry O – Will Foxborough tax rate continue to bump up due to Trump tax cuts affecting the \$10K threshold?

Randy S – Not in the immediate future. At the end of the day, it comes down to the level of service the town wants to pay for. Citizenry needs to tell BOS where they want to cut services. Can vote for an 'override', but the town did that with the debt service on Town Hall and Burrell projects. When suggested to reduce tax rate by 1.25%, it was agreed instead to move those \$\$ to Capital fund.

Sue D – requested the math outlining how we get to 3.8%.

Randy then returned to the presentation spreadsheet: he explained how improvements to properties before July are covered. Because there is no appropriation at TM, extra funds go into the overlay until the Board of Assessor's values are certified. Then those funds are released to the General Fund as Free Cash (last year's went to the Burrell). New money is a 'annuity' which now has to be accounted for. The Overlay Account is disbursed as follows: @ \$200K in Abatements; @ \$ 200-240K for veterans/widows; @ \$10K for Senior Citizen work.

Deficits: Snow/Ice is an allowable loss which is paid in the following year + MEMA \$ for storms and comes off the top of the next years budget. This amount cannot be lowered, only increased or remain level.

The town had receipts of @\$11M from: Chapter 70, Charter, lottery, veterans and state land payments. The Charter School is a take away and the town should promote local choice. 116 student enrollments do not equal the \$2M the town is charged for their attendance.

Larry S – What is the Charter School cost per pupil?

Randy S - \$16K. the state arrives at a number and looks in March lottery for Charters in April. That number will not be changed by the State should it actually be lower. Foxborough spent an extra \$200K last year.

The town had deductions /payouts due to: Norfolk County stuff (i.e. Registry of Deeds, AGGIE, GATRA, courts, mosquito control). This assessment formula is set by law.

Other town revenues include: PILOT from Gillette - \$3.08M estimate (if the Stones are still alive in June)

60 lines of revenue items amounting to \$12.4M from a diversified portfolio of receipts and revenue sources:

Interest charges reduced with quarterly billings.

Questions of local receipts:

Larry O – What of speeding tickets and other fines?

Larry S – What of Water Enterprise earnings?

Seth F – Are there any delinquencies in re-fi?

Randy S – Yes, assets are deferred against house sales (4%) which is added to the lien. Right now, there is @ \$1M is late taxes @ 16% interest.

There is \$12.49M estimated local receipts – the town does not budget all of it:

- a) Subtract the Meals Tax which is earmarked.
- b) Take @ \$1.5M to recharge Free Cash (used \$150K to balance budget after Burrell vote)
- c) Water Enterprise – benefits are borne by the town.
- d) Recreation Dept – benefits are borne by the town.
- e) Unfunded pension liability due 2031
- f) @ \$1m/year to Norfolk for current employees and retirees (% x pensionable salary – 10% to Foxboro)

Larry O – “So, OPEB is to catch up on all retirees?”

Randy S – After 2031, it should be only for active employees.

The ratio of school to town budget is met constantly to collaborate on revenue divisions. Schools run @ 60-72%.

Larry O – What if someone goes to a job in another town?

Randy S – Pension contribution follows to new town.

Sue D – Town-to-town, is it possible to eliminate health insurance to retirees?

Randy S – Not without putting a negative impact on future hirings.

Other incoming funds include: Federal/State grants @ \$1.63M / Lunch programs @\$1M (self-funded) in revolving accounts.

Bernard D – Why do we fund pensions versus Social Security?

Randy S – The STATE requires ALL employees participate in the pension system. Even 'detail work' must be assessed and included.

Sean M – For a new position – Can you give us the 'all in' cost in the future?

Randy S agreed and noted that Bill Keegan asks for this as well - the pension is assessed in arrears.

Randy continued with additional comparisons to 15 surrounding towns: Foxborough has 9.7% less taxable property value – it has fewer items to tax. Overrides in 10 other towns assessed at an average of \$3.4M. These towns are not gaining ground when taxes are compounded year over year. 75% of MA towns have at least one override. Residential accounts for 78% of taxable parcels.

Brian G: is 9.7% even comparable?

Randy S – That is just a snapshot. Norwood has raised its Commercial rate to the maximum while reducing the Residential rate.

Sean M: Do some towns do overrides as a holistic business strategy – not just as a reaction but as an operating method? Chicken or egg?

Randy S – Some towns couldn't maintain levels of service and become dependent.

Bernard D – How has increase in apartments affected property taxes collected?

Randy S – To use income generation models, the apartment complexes require income/expense reports. Business values are level while Residential values have risen – the split rate has helped.

Bernard D - Meanwhile, the average residential tax increased @ 4.4% or @ \$190/yr. Large #s in the % column, what drives the trend of increased residential values while maintaining the balance of tax burden? Up 7.24% in 2011; down in 2013 – politicking from business?

Randy S – It is what it is. The BOS ignored the assessors and went with a rate favorable to business. 2018 would have been up 10% if there was no split rate.

Sean M – But even with tax cuts, income is taxed – not properties.

Bernard D – In 10 years the increase projects to \$10K on average – tax vs values show no leveling.

Randy S - ...and they will never go down ... unless there is a revolution.

Stephanie M – Foxborough has been transitioning from a blue collar to a white-collar community – people are struggling to stay here.

Sue D – asked for commercial comps for 10 years.

Randy S – Yes: industrial, business and residential.

Thom F – We have been hearing from the Council on Aging that the elderly are staying in town longer.

Randy S – The town needs more affordable housing especially for those who don't want to leave, but instead, downsize. We will be making more data available online. I can make forecasts for 2020 available at the next meeting.

Bernard D – We need to bite on bigger items.

Sean M – When will we be getting budget books?

Randy S – Not until after the BOS. We have an aggressive schedule. The BOS will be sending stuff that has been sorted.

At this point, Randy S left the meeting.

Thom F asked Sue Dring to elaborate on the October 20th Finance meeting.

Sue D – The BOS will review the budgets of non-elected boards. On January 30th the ADCOMM will begin with the School Department. Sue proposed the idea for Liaisons to give a preamble before their respective department makes their presentation. (Liaison process worksheets were distributed).

Bernard D – said that this will help make the research and process more efficient.

Sean M/ Sue D – Advise all to attend regular meetings to get a better understanding of 'nuts & bolts.'

Stephanie M - Every budget should have room to cut.

Sean M – It bothers me that Admin can hire at its discretion. When discussing keeping budgets down, Bill Keegan has said to Selectmen: "tell me where to cut."

Stephanie M – Bill K says we need to poach jobs/workers. Now our new Asst. Town Mgr. is making a larger salary than the prior one but having less experience. If Bill K goes out to promote Foxborough, we need support that can do the job in his absence.

Larry O – We should set limits to future increases and make department heads do their job based on the set limits.

Bernard D – If this were the business world, we would ask: 'What will be our legacy?' Better Services?

Sean M – The pay scale is up in town; the problem now is that the town is not seeing the experience for value in some of its workforce.

Jen FB – “Has ADCOMM ever voiced cutting across the board?”

Sean M – Sharon’s Budget Committee last year sent a recommendation of 2.89% on fixed costs to its departments.

Seth F – “Sounds like a ‘top-down’ approach: ‘here’s your limit – figure it out’”.

Bernard D – Try to approach it from a household perspective.

Jen FB – “How is it that the departments have to budget for new employees but then Admin hires when they want?”

Stephanie M – “They ask in committee, give excuses, then all of a sudden, the job is filled.”

Sue D – “Are we on board with setting the deal?”

Sean M – Operational expenses average @ 3.5% - Foxborough is over 4%.

Seth F – “I’d be for a hiring freeze.”

Sean M – I believe you pay top managers, but I don’t see the value in all of Management’s employment.

Sue D – Don’t get caught up in other town's overrides. Look at the increase in spending \$56M -> \$79M

Larry O – Can we have a meeting to talk about ‘top-down’?

Sean M – How might the committee look due to the new budget process?

The Committee discussed the idea of limiting increase spending to an across the board percentage. A consensus was not reached.

Thom F – Frank Spillane has advised and supported the concept that the ADCOMM can run its process and meetings as it sees fit amongst its members.

11:00PM – Jen FB – looked at the clock and hastened to motion for Adjournment


Stephanie M - 2nd

Vote: **8 – 0 – 0**

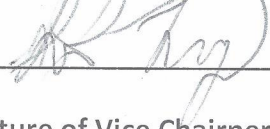
Minutes approved by Vote of the Advisory Committee.

Date of Meeting:

Vote:



Signature of Chairperson



Signature of Vice Chairperson