



APPROPRIATIONS COMMITTEE

MEETING MINUTES

Thursday, March 28, 2019
Selectmen's Meeting Room

7:00 p.m.

MEMBERS PRESENT: Chairman, Elaine Kelly
George Brenckle
Rick Nieber
Tony Poteete
Bob D'Amico
Janice Hight

ALSO PRESENT: John Coderre, Town Administrator
Kathy Joubert, Town Planner
Jason Little, Finance Director
John Campbell, CPC Chair

APPROVAL OF MARCH 14, 2019 MEETING MINUTES

Mr. D'Amico moved the Committee vote to approve the March 14, 2019 meeting minutes; Ms. Hight seconded the motion. Vote 5-0-1 (Mr. Brenckle was not present at this meeting and therefore abstained).

APPROVAL OF MARCH 25, 2019 MEETING MINUTES

Mr. D'Amico moved the Committee vote to approve the March 25, 2019 meeting minutes; Ms. Hight seconded the motion; all members voted in favor.

PRESENTATION ON CPC WARRANT ARTICLES

Community Preservation Chair John Campbell reviewed the six warrant articles, representing \$718,670 in CPA allocations for FY2020, which have been approved by the Community Preservation Committee for inclusion on this year's Town Meeting warrant. Three articles relate to the historic preservation category and include interpretive signs, historical markers and the second payment for the debt service relating to the purchase of White Cliffs. One article is for the open space/recreation category for Phase II of the field lighting at the Melican Middle School. The housing category is covered in one article for the Northborough Affordable Housing Corporation pertaining to the creation of affordable housing and one article is for the annual administration of the Community Preservation Act.

Historic Preservation

- \$8,000 for the purchase and installation of two interpretive signs to identify significant historical sites. One sign will replace the existing Howard Street Burial Ground sign and the second is a new sign to be installed at the Brigham Street Burial Ground.

Historic Preservation Cont. . .

- \$5,800 for the purchase and installation of two historic markers. One marker will be placed at 37-39 Main Street, site of the former Cyrus Gale's General Store, and one marker will be placed near the old bridge site on Church Street where Cold Harbor Brook crosses under Church Street.
- \$239,100 for second debt service payment associated with the purchase of the White Cliffs at 167 Main Street.

Open Space/Recreation

- \$290,770 for Phase II for the construction and installation of electrical improvements; lighting package; and regrading and restoration of the field associated with the replacement of the field lighting at the Melican Middle School.

Housing

- \$150,000 for the Northborough Affordable Housing Corporation for the creation of affordable housing.

Administration

- \$25,000 for CPC administrative expenses associated with implementation of the Community Preservation Act.

ECONOMIC DEVELOPMENT UPDATE

Mr. Coderre briefly referenced the Town Planner's February 28, 2019 memo on current projects that are either under construction or have recently been approved by the Zoning Board of Appeals or Planning Board. The information is being provided to all the Financial Boards and Committees to provide insight into recent new growth projections.

FINANCE OFFICE FY2020 BUDGET PRESENTATION

Mr. Coderre indicated that during FY2019 the Finance Director/Treasurer-Collector retired, and the Town Accountant was promoted to Finance Director/Town Accountant. Mr. Coderre introduced Jason Little as the new Finance Director. Mr. Little reviewed the Finance Department Budget. Overall, the department's FY2020 budget is down \$3,562 or 0.45% due to changes in departmental personnel. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. Within the overall decrease shown, the Assessor's budget includes an increase of \$6,200 for contractual services in order to prepare for the DOR's next full recertification of their values scheduled to occur in FY2021.

Mr. Little reviewed Section 6 – Undistributed Expenses. Specifically, he reviewed the health insurance and debt service budgets.

Health Insurance Budget

Mr. Little indicated that the FY2020 health insurance budget request of \$5.85 million represents a modest increase of \$114,571, or 2% from the amount budgeted last year. Prior to FY2010 it was common to experience health insurance increases of 9-10% each year, which would consume the majority of new revenues and drive up overall budget increases.

Health Insurance Budget Cont. . .

Through collaborative negotiations with all its employee groups, the Town has successfully mitigated health insurance budget increases to sustainable levels for the past decade. However, the last three fiscal years have been particularly troublesome as market trends have required significant changes to plan design and carrier options in order to manage this potential budget-buster. In fact, the Town has spent approximately six months out of each of the last three years negotiating changes with both general government as well as school employees.

During FY2019 the Town was facing a 15.6% health insurance budget increase that would have necessitated significant service level reductions across all departments. To address the increase, the Town, working with the employee Insurance Advisory Committee (IAC), chose to bid out its health insurance seeking consolidation under a single carrier. Based upon the bid results and the recommendation of the IAC, Fallon Community Health Plan (Fallon) was awarded the contract. Not only did the Town successfully mitigate the increases in FY2019, but it received the lowest renewal increase in five years for FY2020. Although these negotiations have consumed significant time and resources, successful management of the annual health insurance budget remains the single most important factor for Northborough's fiscal sustainability.

Debt Service Budget

Mr. Little indicated that the proposed FY2020 debt service budget provides for the payment of principal and interest costs for long and short term bonds issued by the Town for General Fund purposes. For FY2020, the total Debt Service for the General Fund is \$2.67 million, a decrease of \$134,429.

One key factor in limiting the increase in new debt service is the Town's Free Cash policy whereby smaller capital items are purchased using available funds, such as Free Cash, instead of financing with debt. Of significant note is that in conjunction with the bond issuances for the Lincoln Street School project in 2015, Moody's Investors Service upgraded the Town's bond rating from Aa2 to Aa1, which is Northborough's highest rating ever. During the review Moody's cited the Town's manageable debt levels, strong reserves, below average pension liabilities and its ongoing funding of OPEB liabilities as positive factors. With regard to management they commented that *"the Town has a strong management team evidenced by a multi-year trend of conservative budgeting guided by formal fiscal policies."* It was noted that the independent assessment illustrates how the Town's planning efforts and fiscal discipline produce very real and tangible results—lower rates on bonds resulting in less tax dollars going to pay for interest.

APPROPRIATIONS COMMITTEE RECOMMENDATIONS

The Committee acknowledged the Joint Budget Hearing on March 25th with the Selectmen as well as their review of the FY2020 Operating and Capital Budget documents. All requested information has been received and reviewed by the Committee. The Committee acknowledged the presentations and detailed materials provided by the various departments which have been ongoing. The Committee also acknowledged the final report of the Financial Planning Committee which reviewed all the recommended FY2020 Capital Budget projects included in Warrant Articles 12-20. Given those reviews, the Chair indicated that it is now appropriate for the Committee to vote its recommendations on those articles that deal with an appropriation for Town Meeting.

Ms. Hight moved the Committee vote to recommend approval of the following articles at the Annual Town Meeting:

- Article 4 – Town Budget
- Article 5 – Water, Sewer & Solid Waste Funds
- Article 6 – Northborough K-8 Schools Budget
- Article 7 – Northborough-Southborough Regional School District Budget
- Article 8 – Assabet Valley Regional School District Budget
- Article 9 – Revolving Funds Authorization of Expenditures Limits
- Article 10 – Appropriations Committee Reserve Fund
- Article 11 – Stabilization Fund Contribution
- Article 12 – CIP – Fire – Ambulance Replacement
- Article 13 – CIP – Police Cruiser Replacements
- Article 14 – CIP – DPW One Ton Pickup Truck with Plow
- Article 15 – CIP – DPW 20-Ton Dump Truck with Spreader and Plow
- Article 16 – CIP – DPW – Road Improvements & Maintenance
- Article 17 – CIP – DPW – Water & Sewer Garage Design
- Article 18 – CIP – DPW – Assabet Storage Tank Rehabilitation Design
- Article 19 – CIP – Schools – K-8 Schools Communications and Security Enhancements
- Article 20 – CIP – Fire Station Design and Land Acquisition
- Article 21 – CPC – Interpretive Signs
- Article 22 – CPC – Historic Markers
- Article 23 – CPC – Transfer to NAHC
- Article 24 – CPC – Melican Middle School Field Lighting Phase II
- Article 25 – CPC – White Cliffs Second Debt Payment
- Article 26 – CPC – CPA Administration

Mr. D'Amico seconded the motion; all members voted in favor.

APPROPRIATION COMMITTEE REPORT TO TOWN MEETING

Ms. Hight moved the Committee vote to allow the Chair to work with the Town Administrator to finalize the Appropriations Report to Town Meeting based upon the discussion and votes taken this evening; Mr. Nieber seconded the motion; all members voted in favor.

NEXT MEETING DATES

- April 4, 2019 – Joint Meeting on Fire Station Project
- April 22, 2019 @ 6:45 pm at Algonquin High School, Room B124

ADJOURNMENT

Ms. Hight moved the Committee vote to adjourn; Mr. Nieber seconded the motion; all members voted in favor.

Meeting adjourned at 8:20 p.m.

Respectfully submitted,

John W. Coderre
Town Administrator

Documents used during meeting:

1. March 28, 2019 Meeting Agenda
2. March 14 2019 Meeting Minutes
3. March 25, 2019 Meeting Minutes
4. CPC Warrant Articles Memo
5. Economic Development Update Memo
6. Finance Office Budget
7. Town Meeting Warrant
8. Undistributed Expenses Budget