



## **FINANCIAL PLANNING COMMITTEE**

### **MEETING MINUTES**

Tuesday, March 12, 2019  
Selectmen's Meeting Room  
6:00 p.m.

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**MEMBERS PRESENT:** David DeVries  
Michael Hodge  
William Peterson, Jr.  
T. Scott Rogers  
Thomas Spataro

**ABSENT:** Roger Leland

**ALSO PRESENT:** John Coderre, Town Administrator  
Christine Johnson, School Superintendent  
Greg Martineau, Assistant School Superintendent  
Tom Maedler, School Facilities Manager  
Scott Charpentier, DPW Director

At 7:00pm the meeting was called to order.

#### **APPROVAL OF MINUTES – MARCH 5, 2019 MEETING**

Mr. Rogers moved the Committee vote to approve the meeting minutes of the March 5, 2019 meeting as submitted; Mr. Hodge seconded the motion. Vote 4-0-1 (Mr. Hodge abstained as he was not present at this meeting).

#### **FY2020 BUDGET UPDATE**

Mr. Coderre referenced the following overall budget goals and objectives as discussed at the December 13, 2018 Financial Trend Monitoring Presentation:

1. To protect and improve the Town's overall Financial Condition
2. To develop a budget that is in conformance with the Town's comprehensive financial policies
3. To maintain Northborough as an affordable place to live and operate a business
4. To protect the Town's long-run solvency

Following a brief review of the FY2020 revenue assumptions, including State Aid, New Growth and Local Receipts, Mr. Coderre reviewed the following issues that will impact the key budgets.

**UPDATE ON PRELIMINARY FY2020 BUDGET CONT. . .**

The first issue is the status of the outstanding union contract negotiations as well as the ongoing Classification/Compensation Study. All five collective bargaining contracts expire June 30, 2019 and are currently under negotiation for FY2020. The Town is also in the process of conducting a comprehensive Classification/Compensation Study designed to update all position job descriptions and conduct a market survey to ensure the Town's compensation and benefits remain competitive. The results of the Study will likely have financial impacts where market adjustments are warranted.

The second issue relates to recent developments regarding the worldwide recycling market and the pending solid waste contract bid. The Town's solid waste collection contract will expire on June 30, 2019. The recycling industry is currently going through a tumultuous period adjusting to the recent changes in marketability of the recycling commodities worldwide. As a result, Town staff is evaluating the most cost effective and lowest risk means for the Town to manage this portion of the program, which means restructuring the contract and bidding it out. Depending upon the bid results, the tax subsidy to the Solid Waste Enterprise Fund may need to increase by approximately \$200,000.

The third issue is that increasing Northborough student enrollment at the Algonquin Regional High School (ARHS) will once again result in significant increases to the Town's FY2020 Assessment. While the overall ARHS Budget is only increasing 3%, Northborough's Assessment share will increase by 8.33%, or \$941,577, which will require significant use of the Town's excess levy capacity.

Mr. Coderre stated that in order to accommodate the increased ARHS Assessment, the budget model will require the Town to dip into its unused levy capacity by approximately \$900,000, resulting in an estimated tax impact to the average single family home of about \$361. Had the ARHS Assessment increase come in at 3.5%, we would only need to use \$353,000 in levy capacity (\$547,000 less), resulting in an estimated single family tax bill of \$278 (\$83 less). Mr. Coderre noted that the ARHS Assessment increase is not the result of any decision made by the School Administration and is mainly the result of increasing Northborough enrollment as it relates to the State's Chapter 70 formula for Minimum Local Contribution. He publicly thanked the School Superintendent and School Committees for their excellent collaboration in bringing the K-8 budget and overall Algonquin Regional High School budget at reasonable levels.

Mr. Coderre proudly announced that the Town has concluded its FY2020 Health Insurance negotiations with Fallon and successfully secured a 0% rate increase. This renewal drives home the fact that the collaborative approach between the Town and School Department to seek carrier consolidation under Fallon for FY2019 was the right move. Although there will still be an increase in the FY2020 Health Insurance budget due to increased enrollment and other factors, most active employees will not see any increase in their FY2020 payroll deducted premiums. The FY2020 Health Insurance budget is estimated to increase just 2%.

**UPDATE ON PRELIMINARY FY2020 BUDGET CONT. . .**

Lastly, Mr. Coderre reported that based upon revised assumptions, the budgets for the key departments are estimated to increase as follows:

- Northborough K-8 Schools increase \$662,965 or 2.73% to \$24,928,558
- General Government (Town) increases \$757,193, or 3.5% to \$22,391,273
- The overall Assabet Valley Vocational HS operating budget is increasing 4.25%. However, Northborough's Operating Assessment increases by \$82,416, or 13.46% to \$694,822 as enrollment increases from 41 to 45 students. Debt service associated with the completed renovation project decreases from \$145,316 to \$141,488 a 2.63% reduction.
  - Net effect of the combined Operating Assessment and new debt service is \$836,310, an overall increase of \$78,588, or 10.37%
- The overall Algonquin Regional High School (ARHS) budget is increasing 3%. The ARHS Operating Assessment is increasing \$947,799, or 8.38% to \$12,252,513 based upon Northborough enrollment and related impacts to the State's foundation budget and minimum local contribution formula. The debt for ARHS increases by \$10,668 or 1.75% to \$621,442.
  - Net effect of the combined Operating Assessment and new debt service is an overall increase of \$958,467, or 8%

**COMMITTEE RECOMMENDATIONS**

The Committee reviewed the presentations and documents associated with the proposed projects in the FY2020 Capital Budget. Following a discussion, the Committee felt it had all the requested information and is ready to vote its recommendations on the following capital projects, which total \$4,951,000:

Project	Cost	Funding Source	Vote
Fire: Ambulance Replacement	315,000	EMS Revolving Fund Fees	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor
Police: Cruiser Replacements	145,000	Free Cash	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor
DPW: One-Ton Pickup Truck with Plow	90,000	Free Cash	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor
DPW: 20-Ton Dump Truck with Spreader & Plow	271,000	Free Cash	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor
DPW: Road Improvements & Maintenance	300,000	Free Cash	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor
Water/Sewer Garage Design (60/40% split)	45,000 ----- 30,000	Water Enterprise Fund Balance Sewer Enterprise Fund Balance	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor

DPW: Assabet Hill Water Tank Rehabilitation Design	70,000	Water Enterprise Fund Balance	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor
Schools: K-8 Schools Communications and Security Enhancements	185,000	Free Cash	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor
Fire Station Design, OPM and Land Expenses	3,500,000	Bond Proceeds and Repurposed Bonds	Mr. Hodge moved; Mr. Rogers seconded; all members voted in favor

The Committee commented that the Capital Improvement Plan is working well for the Town and that departments have a reasonable expectation that projects will progress in an orderly fashion. Most of the projects contained in the FY2020 proposed Capital Budget have been in the CIP for several years before receiving the Committee's recommendation for funding.

The Committee discussed the Community Preservation Committee (CPC) recommended projects that are going to Town Meeting. Mr. Hodge indicated that the Financial Planning Committee typically reviews and makes a recommendation on CPC projects that are capital in nature and meet the policy definition of a Capital Project (\$25,000 in value, non-recurring with a useful life of 5 years or more). Following a brief discussion, the Committee voted its recommendations on the following CPC projects:

Project	Cost	Funding Source	Vote
CPA: White Cliff's Debt	239,100	CPC	Mr. Spataro moved; Mr. Peterson seconded; all members voted in favor
CPA: Melican Middle School Field Lighting Phase II	290,770	CPC	Mr. Spataro moved; Mr. Peterson seconded; all members voted in favor
CPA: Northborough Affordable Housing Corporation	150,000	CPC	Mr. Spataro moved; Mr. Peterson seconded; all members voted in favor

Mr. Hodge indicated that the Committee's support for the future affordable housing expenditure was contingent upon the typical contract with the Town where funds are held by the Town until a project is approved by the Board of Selectmen. By agreement, the Committee incorporated those conditions into the vote to recommend approval.

### **COMMITTEE REPORT**

The Committee reviewed its draft report for Town Meeting and added the formal votes that were taken this evening. Mr. Rogers requested that some mention of the Fire Departments Federal Firefighters Assistance Grant for new self-contained breathing apparatus (SCBA) packs be acknowledged, since that project was originally scheduled for \$290,000 in FY2020. Thanks to the Department's multiple attempts at grant funding, this project is no longer included in the FY2020 Capital Plan. By agreement, the report was amended to acknowledge the grant funded project.

**COMMITTEE REPORT CONT. . .**

Following review and discussion, Mr. Hodge moved the Committee vote to approve the report as drafted and to authorize the Chair to work with the Town Administrator to make any edits necessary to finalize it for printing, provided that all formal votes are accurately reflected; Mr. Peterson seconded the motion; all members voted in favor.

**NEXT MEETING DATE**

The Committee determined that there was no need to meet on March 19<sup>th</sup>. The next meeting will be on April 4<sup>th</sup> at the Library to hear the latest information regarding the conceptual design and cost estimate for the new Fire Station project.

**ADJOURNMENT**

Mr. Hodge moved the Committee vote to adjourn; Mr. Spataro seconded the motion; all members voted in favor.

Meeting adjourned at 8:00 p.m.

Respectfully submitted,

John W. Coderre  
Town Administrator

**Documents used during meeting:**

1. March 12, 2019 Meeting Agenda
2. March 5, 2019 Meeting Minutes
3. FY2020 Budget Memo
4. Draft Committee Report