



Office of the  
**BOARD OF SELECTMEN**  
272 Main Street  
Townsend, Massachusetts 01469

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**SELECTMEN'S MEETING MINUTES**  
**APRIL 22, 2014, 7:00 P.M.**  
**SELECTMEN'S MEETING CHAMBERS**

**I PRELIMINARIES**

- 1.1 The Chairman called the meeting to order at 7:00PM and roll call showed Sue Lisio, Chairman (SL); and Colin McNabb, Clerk (CM) present.
- 1.2 SL announced that the meeting is being tape recorded.
- 1.3 Chairman's Additions or Deletions: None.
- 1.4 Approval of meeting minutes: March 18, 2014, April 8, 2014. CM moved to approve. SL seconded. Unanimous.

**III MEETING BUSINESS**

- 3.9 Reminder of Earth Day events April 26, 10AM-3PM on the Common: SL gave the reminder.
- 3.10 Reminder of Town Election on April 28, 2014: SL gave the reminder and that it includes a question for the funding of the new North Middlesex High School.
- 3.11 Reminder of Annual Town Meeting on May 6, 2014: SL gave the reminder.
- 3.13 Council on Aging/Senior Center Director: Announcement of resignation of Chris Clish and discussion of next steps in recruiting a successor: Today Mr. Sheehan received formal notice that Ms. Clish will be retiring on August 1<sup>st</sup>. She has served as the Director of the Senior Center 32 years. The COA would like to participate in the recruitment of a successor. CM commended Ms. Clish on the wonderful job she has done and would like to schedule a work session with the COA. The Board asked Mr. Sheehan to return with a recommendation for filling the position.

**II APPOINTMENTS AND HEARINGS**

- 2.1 Nashoba Valley Technical High School Committee appointment: Joint meeting of the Board of Selectmen, Town Moderator, and Townsend members of the North Middlesex Regional School Committee to appoint a Townsend representative to the NVTSH Committee: Moderator, Gene Rauhala, noted that a quorum was present. He called the meeting to order and asked for the consideration to appoint Sheldon Chapman for a term ending March 31, 2017. Mr. Chapman has served admirably his initial term. The audience was asked for questions. There being none, a motion was made and seconded. Unanimous. Sue Robbins, aye; Robert Templeton, aye; Colin McNabb, aye; Sue Lisio, aye, Gene Rauhala, aye. Unanimous. A motion was made and seconded to adjourn the joint meeting. Unanimous.
- 2.2 FY13 Audit: Eric Demas of Melanson & Heath to present a summary of the FY13 audit: Mr. Demas introduced the annual financial statements and management letter. In summary, he said the accounting system was well maintained and no adjustments were proposed. He presented the following highlights:
  - The statement of net position, a long term perspective balance sheet, includes long term capital assets and obligations. The balance after all bills have been paid is a net increase of \$260,000 over the prior year. Revenues collected for water services exceeded expenditures by that amount. Other activities include special revenue, capital project, and trust funds. The unrestricted net assets for

governmental activities are \$4,409,000. The prior year was \$3,900,000. This represents about a \$470,000 increase. Because the town spent money to increase capital assets, the result positively impacted the town's unrestricted net assets. We have approximately \$35,000,000 in capital assets.

- Governmental funds balance sheet: The governmental fund includes stabilization accounts. Non-major governmental funds are the short term perspective model. This is the first page rating agencies refer to. The unassigned fund balance (undesignated fund balance) is \$2,116,000, up \$400,000 and represents about 12.2% of general fund expenditures. Generally it is about 5%. This represents a very healthy or stable position for the town. There is nothing to indicate anything to be concerned with.
- On the projected vs. actual budget, the town collected \$345,000 more than anticipated in total revenue from other sources; representing about 1.9% of the total budget. In the total expenditures compared to final budget, \$313,000 was returned from appropriations. This represents conservative, stable operations. Much was replenished by revenues.
- As far as Other Post-Employment Benefits (OPEB), Mr. Demas noted that the Town has zero OPEB liability.
- The water fund has \$260,000 in net revenue. SL asked if there were any significant differences in the percentage for water to make sure more is not collected than necessary. Mr. Demas assured her it is not.
- In the management letter Mr. Demas referred to prior year recommendations that have not yet been fully implemented:
  - Past reconciliation process - The treasurer should be processing payroll and vendor warrants through a checking account and have transfers made from there; transfers were not consistent with the town's accounting records. Bank activities were identified that were not regularly reported to the town accountant. The treasurer should reconcile the bank accounts before reconciling with the town accountant. Mr. Sheehan confirmed that a lot of progress has been made and a plan is in place.
  - Improved controls over the water activity - Restrictions on the handling of customer payments. Everything was supported with adequate documentation, but when one department is responsible for all transactions, the situation puts you at risk because they are responsible for all portions of the transaction. Segregating the activities to implement controls is recommended. Bringing in another department to do these tasks puts a system of checks and balances in place. SL asked to have a discussion with the water commissioners about using a lock box and transferring collections to the Town Collector.
  - Develop a more formal risk assessment process - This is designed to identify where an organization may be liable; this function should not be left just to the Town Administrator and accountant. Mr. Sheehan said the fraud policy adopted earlier this year addressed a piece of this and it should be adopted as part of our personnel rules.
  - Tax title accounts - The list provided was about \$51,000 less than what was recorded in the ledger because the activity wasn't reported in a timely fashion. This is an example of the cash from the treasurer not being reconciled with the ledger creating a variance that is unaccounted for.
  - Improve control over Recreation petty cash - This is the only recommendation for the current year. They didn't find any errors or irregularities, but when the petty cash was depleted the Commission used current receipts. There being a spike in the summer, it is not the same throughout the year. He recommended identifying petty cash needs, developing a policy and making all those responsible aware of it. Mr. Sheehan said Recreation was open to it when he discussed it with them.

SL asked what this means for our bond rating. Mr. Sheehan said the financial statements will go out to our advisors in a couple of weeks. We could ask Standard & Poor for a bond rating now at a cost of

about \$10,000 or wait and get rerated or confirmed through Moody. He reminded the Board that the rating was not suspended for any wrongdoing, only that the audit for FY12 was so far behind. Mr. Demas explained the reason the '13 audit was done more quickly is because the town addressed some issues. Once the responses are received from the town for the management letter they don't anticipate any changes in these documents. Mr. Sheehan will convene with the accountant and other finance officers and submit it.

SL requested a 5 minute recess.

### **III MEETING BUSINESS (continued)**

- 3.1 Review and discuss correspondence from the Board of Water Commissioners regarding the Highway/Water Department collective bargaining agreement: Mr. Sheehan received a letter from the Water Commissioners contesting the Board of Selectmen's ability to approve the contract with the union representing three Water Dept. employees. Three workers petitioned to join the union the Highway Department, so it was expanded to include the two water technicians and the office administrator. Chapter 150E, public sector collective bargaining law, specifically identifies the Board of Selectmen as the entity with authority to enter into contracts for the Town. Opinion from town counsel confirms that. SL asked that Mr. Sheehan forward a copy of the written opinion to all of the members of the water commission. They had been invited to tonight's meeting. Mr. Sheehan added that the letter was sent not to the Board, but to the union that represents the employees - AFSCME. The union is aware of a number of issues concerning the Water Commissioners individually interfering with the operation of the department and employees. Discussion continued and it was said that the Board of Water Commissioners under law does not have the authority to enter into contracts. Mr. Sheehan pointed out one reason the classification plan was developed was because the Water Commission was granting pay raises and benefits for employees that clearly is not allowed under the Charter or personnel rules and it created an equity issue. SL requested that the Board of Water Commissioners come to the next regular meeting to further discuss this matter.
- 3.2 Review correspondence from the Fire Station Building Committee regarding the Committee's decision to proceed with a "design-build" approach: Mr. Sheehan informed the Board that the Fire Station Building Committee decided to pursue a design-build approach. The typical approach is design-bid-build, which he explained. In the proposed process a team is hired to do the project. There is a committee which the Owner's Project Manager (OPM) helps puts together. The feasibility study would be handed out and teams of architects, civil engineers, specialty engineers, and subcontractors would bid on the project. The whole team is hired to take the project almost from inception to hand-over. The benefit is that the general contractor works with the design team. This often results in a less expensive product in the end and could be somewhat quicker. There was further discussion, whereupon CM said he would like to wait and see what the vote is at Town Meeting. SL asked if the design-build saves the town money, would it be given back to the town. Mr. Sheehan replied it simply would not be spent. SL showed concerned that this would be a source of confusion to the people that are voting because it isn't part of the initial conversation. Discussion ensued about how the Harbor Station project was conducted. That project started traditionally and then went to a design-build to tailor it to the appropriation.
- 3.3 Review and approve Chapter 90 Project Request in the amount of \$30,000 to retain a firm to prepare a pavement management plan to assist in the development of a multi-year roadway capital improvement plan: Mr. Sheehan explained that the Highway Superintendent has put forward the request discussed at a previous meeting to bring a firm in to analyze the condition of every segment of road in town, classify each and come up with a long term plan. It gives him something to drive his decisions by and for the public to realize that there is a logical plan for all 90 miles of roadway. CM liked that it's a neutral party that can objectively create the plan. Mr. Sheehan added that it will be paid from Chapter 90 funds as an allowable use and has been confirmed with mass DOT. It is estimated the assessment will take 2-3

months. SL clarified that this is not the emergency pothole money recently given by the Governor. Mr. Sheehan concluded that many communities, including Lunenburg, have used this approach. CM moved to approve. SL seconded. Unanimous.

3.4 Review correspondence in which the Town was awarded \$63,853 under the Pothole & Winter Recovery Program: Mr. Sheehan elaborated on the winter's effect on our roadways. The plan is to do a section of Mason road that is in very poor shape and has been patched on nearly a daily basis as well as a portion of Shirley road. The work has to be done by June 30<sup>th</sup>.

3.5 Review request of Andrew Sheehan, Town Administrator, to apply for admission to the Suffolk University-Massachusetts Municipal Association Certificate in Local Government Leadership & Management. The Board may enter executive session to conduct contract negotiations with the Town Administrator pursuant to G. L. c. 30A, s. 21(a)(2): Mr. Sheehan said he was accepted into the program last year, but had to withdraw due to some scheduling challenges. He has been asked to apply again and thinks it would be beneficial to him as well as the town. He created a contract amendment to hold the town harmless in the case of him completing the program and not honoring the full term his contract. He would pay back the cost of the program if he doesn't stay until the end of his contract. He has arranged for office coverage with Karin Canfield and will be able to put in whatever hours are necessary in order to attend classes on Fridays. He will not be asking for mileage reimbursement. CM noted that educational development is always beneficial for the employee and the employer. CM moved to approve the request of Andrew Sheehan, Town Administrator, to apply for admission to the Suffolk University-Massachusetts Municipal Association Certificate in Local Government Leadership & Management and approve the contract amendment as presented. SL seconded. Unanimous.

3.6 Continue review and discussion of FY15 operating budget: Mr. Sheehan identified savings on health insurance. Related to that, there may be a need for the Board to take action on some things next week if you are willing to meet briefly on Monday or Tuesday to wrap things up before Town Meeting. He restored the Town Clerk's salary line item to what was proposed. If there is a change that needs to be made, it can be made on the floor. SL was confident it would be questioned. Mr. Sheehan had conversations with the North Middlesex Superintendent hoping there would be a lower assessment prior to Town Meeting but any possibility of good news on that front won't be that soon. We will have a balanced budget. The dog officer's budget was corrected. It was mentioned that Nashoba Tech is coming to the Fin Com meeting on May 1<sup>st</sup>. SL thought it unbelievable that the budget was up by 5% and our assessment went up by 7%. She will ask her questions on town floor.

3.7 Review and discuss Town Administrator's FY15 capital budget recommendation: Mr. Sheehan explained this is the approach to Capital Planning discussed previously. Typically paid out of free cash, this is a list of all the capital budgets identified by the capital planning committee. Capital Planning's recommendations for FY'15 and FY'16 are in the first column. The next column shows projects for borrowing equaling about \$883,000. Included are two significant changes: the Highway Department has an updated quote of \$185,285 for a sweeper, and the \$150,000 for road improvements. Capital has been underfunded for many years and we need to start investing. SL basically said that the Capital Planning Committee is saying that too. Ms. Smart stated that Capital Planning put together a five year plan of what the departments have requested. They have not approved or recommended anything for FY'16 or even gone over the requests. They just plop on a spreadsheet what the departments have requested so there is an idea of what is coming up. Mr. Sheehan under the capital bylaw the capital planning committee presents a report to the Board and the Board and Town Administrator work with it. He and the Town Accountant don't think it makes sense to borrow \$3,000 to \$4,000; it makes more sense to get the full bang for your buck. Ms. Smart insisted since they haven't reviewed any FY'16 projects, it can't be said that Capital Planning is recommending any of this. SL noted that what Capital Planning recommends is under the FY'15 list based on what was available to spend that year. FY'16 is what was in there for requests. She said that can be changed to make sure that people don't know that you didn't recommend that, that we are just funding it. Ms. Smart said the committee has to meet with the

departments and have them fill out more forms. A lot of times they change their minds; that's why it's done every year. Mr. Sheehan has talked to department heads and thinks it makes sense to go forward in this manner. The committee does its piece of the capital process, and then it gets handed off to the Board. He pointed out that there are two other committee members in the room. Ms. Smart acknowledged that a quorum was present. CM asked if any of the department heads had any issue with moving forward in this manner. Mr. Sheehan said in some cases projects are getting accelerated and in some they said they could defer. SL sees it as providing us some short-term relief. Mr. Sheehan related it to refinancing your house. As we heard earlier tonight our track record is well-established. In the fall we will transfer funds from free cash to capital stabilization to cover the debt service. SL and CM both support this process. Further discussion was had with regard to the differences of opinion on the process with capital planning and going forward with this article and plan. Mr. Sheehan assured the Board that counsel has reviewed and approved the article. SL endorsed putting this on Town Meeting floor.

- 3.8 Continue review of May 6 Annual Town Meeting warrant, vote positions on articles, and vote to sign the warrant: Mr. Sheehan had one change to the warrant. The recreation commission has requested to remove their article from the warrant. He then reviewed the warrant and told the Board of any and all changes. CM moved to sign the May 6 Annual Town Meeting warrant out of session. SL seconded. Unanimous.
- 3.12 Review and discuss draft intermunicipal agreement for shared Town Treasurer services with Ashby: No action.

#### **IV APPOINTMENTS OF PERSONNEL/OFFICIALS**

None

#### **V WORK SESSION**

- 5.1 Board of Selectmen updates and reports: SL would like discussion about the possibility of selling the Hart library put on a future agenda.
- 5.2 Town Administrator updates and reports: Mr. Sheehan thanked Gary Lorden and the crew of students from Cushing Academy who came last Thursday to do landscaping at the library and police station as part of their community service day. With regard to the bike trail project, Transit Realty, the real estate division of the MBTA, is working on the IFB for that project proposed for late April/early May. They will send a copy to Squannacook Greenways. The IFB is for somebody to develop it as a multi-use trail.
- 5.3 Review and sign payroll and bills payable warrants: CM moved to sign out of session. SL seconded. Unanimous.

- VI EXECUTIVE SESSION** to discuss strategy in preparation for negotiations with non-union personnel or to conduct collective bargaining sessions or contract negotiations with non-union personnel pursuant to G. L. c. 30A, s. 21(a)(2): No action.

CM moved to adjourn at 9:24PM. SL seconded. Unanimous.