

Members Present: Gary Wells, Chair, Ed Behn, Peter Allen, Tara Howard, Hank Rauch, Beth Blumberg, Jim Tepper, Sharon Kaiser. Absent: Lisa Blazejewski.

At 7:00 p.m. Mr. Wells called the meeting to order in Room 23 of the Forbes Building.

Approval of Past Minutes:

Meeting No. 16, February 11, 2015

Mr. Behn requested a correction to the minutes. Mr. Rauch made a motion to approve the amended minutes from 2-11-15. Voted: 7-0-1 (abstention: Tepper).

Meeting No. 17, February 12, 2015

Mr. Rauch made a motion to approve the minutes from 2-12-15. Voted: 7-0-1 (abstention: Howard).

Meeting No. 18, February 17, 2015

Mr. Allen and Mr. Tepper requested corrections to the minutes. Mr. Rauch made a motion to approve the amended minutes from 2-17-15. Voted: 8-0-0.

ATM preparation and related items:

Article 4 – FY2015 Budget Transfers: There was an update provided by Town Manager, Jim Malloy. He is estimating that the additional amount needed for electrical and gas at the new Fire Station will be approximately \$22,700. He is also estimating that the Forbes Building gas adjustment will be \$4,000, and the budget transfer for Legal between Salary & Wages and Expenses will come in at about \$26,000. It was noted that the current amount for the Snow & Ice deficit spend is \$435,000. Mr. Wells will get the actual dollar values so this article can be voted at tomorrow night's AFC meeting. Mr. Behn said that he would write up the motion.

Article 6 – Amend Wage & Salary Schedule: Mr. Wells informed the Committee that he saw Town Manager, Jim Malloy, and Assistant Town Manager, Kristi Williams, last night and asked about the three employees that seemingly got a pay rate increase and STEP increase at the same time. Mr. Malloy and Ms. Williams noted that these three employees were incorrectly classified from the start and would be eligible for a STEP increase half way through the year. These are the only three employees that this applies to, and Mr. Malloy mentioned that any employees at their maximum salary will stay where they are – no one is going down in pay. After the re-classification is approved at Town Meeting (Articles 5 & 6), Mr. Malloy said he'd be happy to come in and review whether the 5% STEP system is appropriate going forward, or if a broader more moderate STEP increase is established. It was noted that the "M" and "N" categories are going away and will be replaced by "H" and "S" (hourly or salary) designations. Mr. Malloy mentioned that this has all been vetted and approved by the Personnel Board. Mr. Tepper mentioned that he would have liked to see a grid indicating who was going up in salary and more of an explanation. Mr. Behn pointed out that this is worth questioning after Town Meeting. Mr. Wells added that the budgets were developed under the old pay schedules so we'll be voting on budget numbers from FY15. Only those three employees identified as being incorrectly classified will get the higher rate immediately, otherwise Mr. Wells said it won't be until FY16 that we'll be using the new schedules to calculate the FY17 budgets. Mr. Wells mentioned that the AFC approved Article 5, but Article 6 was left open because there were questions. Mr. Behn made a motion that we recommend the Town so vote. Mr. Allen had a question. He wondered if it was appropriate for Town employees who have been evaluated as being overpaid still receiving the 2% Cost of Living (COA) increase. Mr. Allen did not want the COA increase applied to those employees being overpaid, and Mr. Rauch agreed. Mr. Rauch would like to have Mr. Malloy and Ms. Williams in after Town Meeting to discuss how the reclassification works – especially in regard to employees that are overpaid. It was noted that voting is taking place on the reclassification and not the salary. Mr. Behn amended his motion that we

recommend that the Town vote to accept Article 6 with an effective date of July 1, 2015. Voted: 6-1-1 (abstention: Kaiser).

Historical Commission's Budget: Mr. Malloy asked Mr. Wells if the AFC would reconsider their vote on the Historical Commission's budget since it was a split vote of 4-3-2. Mr. Malloy felt that the vote should either be "yes" for being in favor of the higher number being requested by the department, or "no" if in favor of Mr. Malloy's recommendation of the lower number. There was a discussion over re-voting the Historical Commission's budget since Ms. Blazejewski wasn't present at tonight's meeting. Mr. Behn noted that abstaining from a vote should be for someone who has a conflict of interest or isn't knowledgeable on what they are voting on. Mr. Behn said he could make a motion - or it could be re-voted on Town Meeting floor. Mr. Wells said he would prefer to defer a new vote until Town Meeting floor and he will publish the vote taken on March 2nd in the R&R book. Mr. Allen felt it would only be worth re-voting the Historical Commission's budget if one of those two members that initially abstained wanted to change their vote.

Article 8C – Regularly Recurring Articles – AFC Reserve Fund: Mr. Malloy also asked Mr. Wells if the AFC would reconsider funding the AFC Reserve Fund as a raise and appropriate, rather than taking money out of Free Cash. Mr. Malloy felt the Town shouldn't be using Free Cash for funding everyday operational costs. Mr. Behn pointed out that the logic in funding the AFC Reserve Fund with Free Cash is due to the significant uptick in the Worcester Regional Retirement (WRR) assessment of \$330,000, which was unanticipated. Town Accountant, Leah Talbot, let Mr. Behn know that in future years they expect the increase to the WRR assessment to be around 8% annually. Mr. Behn noted that the reason for the large assessment was due to a change in policy from being fully funded by 2040 to being fully funded by 2035, and also that the Town had two disability retirements which contributed to the significant jump. Mr. Tepper was concerned with the WRR base being increased by adding two disability retirements and wondered if this could happen again. Mr. Wells noted that one way to mitigate the effect on the tax bill is to use Free Cash for the AFC Reserve Fund. There was mention of the Selectmen's Fiscal Management Policy that was adopted as of 11/29/11. Mr. Wells noted that one of the goals was to maintain a combined balance of Free Cash and Stabilization Fund at 7-10% of the General Fund. He also mentioned that part of the Fiscal Management Policy was that Free Cash in excess of the Town's goal should be used for non-recurring or emergency expenditures, used to lower the tax rate, fund unfunded liabilities such as retirement or OPEB (Other Post-Employment Benefits), or transferred to a stabilization fund for future capital expenses. Mr. Wells pointed out that the budget was already presented when we found out about the WRR assessment. Mr. Allen said that he would like to re-vote Article 8C and go back to the motion by the Town Manager and Mr. Behn agreed. Mr. Wells reviewed prior uses of Free Cash over the years and pointed out, as a precedent, that we have used Free Cash to offset borrowing. Mr. Wells mentioned that there is no issue with taking \$435,000 from Free Cash and using it toward the snow and ice deficit spend. Mr. Wells noted that the Town may get money from the State to help with costs for snow and ice removal, and that money will go in to Free Cash. Mr. Wells was worried about taxes going up by 4% if snow and ice removal and funding the AFC Reserve Fund were both done as a raise and appropriate. Mr. Rauch mentioned the Special Town Meeting in October and that if Free Cash is growing, there could be an amendment at that time to take more out of Free Cash. Mr. Rauch also made the point that if taxes are going up then we are asking for more services than we are willing to pay for and we need to be more efficient. By preserving the \$222,000 that is in the AFC Reserve Fund for this year, we will have money left for any future and unexpected expenditures. Mr. Wells pointed out that if the \$222,000 remains at year end, it will be returned to Free Cash. Mr. Tepper added that the various Town budgets are funded from Free Cash and, whatever isn't used, will also be returned to Free Cash, along with tax dollars. Mr. Tepper supports the AFC's original vote of using Free Cash for the AFC Reserve Fund. Mr. Behn pointed out that right now we are primarily using Free Cash for capital items plus snow and ice removal. He felt there should be a natural refunding of what is spent out of the AFC Reserve Fund. Mr. Behn also noted that Mr. Rauch made a good point by waiting until October. At that time we will have a better idea as to where Town finances stand and if we received anything from the State to help with snow and ice removal. Mr. Wells didn't want to wait until October. He felt that this year has been unusual and we need to do something proactive, such as funding the AFC Reserve Fund from Free Cash and not as a raise and appropriate, in order to keep the tax rate low. Mr. Behn pointed out that the Town

Manager has asked us to fund the AFC Reserve Fund as a raise and appropriate, and in October we could come back and amend t. Ms. Howard felt that it was the AFC's fiduciary responsibility to hold the line on taxes. Mr. Allen made a motion that we recommend that the Town vote to raise and appropriate the sum of Two Hundred Fifty Thousand (\$250,000) for the AFC Reserve Fund. Vote: 3-5-0 – motion fails. Mr. Behn made a motion that we recommend that the Town vote to transfer from Free Cash the sum of Two Hundred Fifty Thousand (\$250,000) for the AFC Reserve Fund. Vote: 5-3-0. Mr. Behn felt that both votes should be shown in the R&R book and an explanation provided. It was noted that the Selectmen voted on the motion by Mr. Malloy which was to fund the AFC Reserve Fund as a raise and appropriate.

Article 10 – Gibbons School Building Renovation: Mr. Tepper made a motion to defeat this article as written in the warrant. Mr. Behn wanted to know what the alternative was if it was defeated. He asked - if we are to assume there is work that needs to be done at Gibbons - would it be better for us to pay as we go. Mr. Tepper mentioned that an alternative to this article would be to take those projects involving health and safety and have those repairs done by the Town. Mr. Tepper noted that the article carries a large amount in architect and contingency fees. Mr. Rauch asked if the task would go back to the Gibbons School Building Committee to figure out alternatives. Mr. Tepper felt that the project could be referred back to the School Building Committee or the School Department. Mr. Rauch thought it would be difficult to reject the article without providing what could be done instead. He felt that if the article was rejected that it should go back to the School Building Committee so they could provide a proposal for less money that would be presented at the October Town Meeting. Mr. Behn mentioned that the School Building Committee approved this project and he has a hard time imagining if we'll get the same tasks done for \$15 million if we did the work ourselves. There was discussion over the scope of work and what the State will pay for and what it won't. Mr. Tepper brought up the pending renovation of the Forbes Municipal Building and what funding the Gibbons School will do to other town projects. Mr. Tepper mentioned that he voted against this project as a member of the School Building Committee and he is still against it. He agrees that there are areas of the school that need to be updated; however, this project rapidly mushroomed in cost. Mr. Rauch noted that the roof needs to be re-done and the bathrooms need to be ADA compliant. Mr. Behn still felt that we will be around the \$15 million mark whether we do this project ourselves or go with using \$11 million in State funds to offset the \$26 million cost. Mr. Behn asked if the School Building Committee should be re-blended so they become a budget oversight committee to try to control costs as best they can. Mr. Allen pointed out that the Owners Project Manager (OPM), Heery International, is the same one that the Town used on the new Fire Station and Town Hall projects. It was noted that the project will go out to bid, and then we will have to decide to scale back the project if costs are excessive, or go back to the Town for more money. Mr. Wells mentioned that he didn't see a good solution other than moving forward. He felt that if we pulled the plug now on this project we would lose State aid and have to get back in line to start the process all over again. Mr. Behn and Mr. Wells agreed that the original projected price of \$9 million was significantly under-estimated, however both felt renovations needed to be done or the school will get worse. Mr. Wells hopes we have learned from this experience when it comes time to updating the other schools like Fales and Hastings. It was noted that the Town needs to authorize the full amount, \$26 million, and then get the reimbursement back from the State. Mr. Tepper mentioned that the MSBA has approved this project; however, costs could still go over. He didn't feel \$26 million was the final number. Mr. Allen didn't see an alternative since the only way to get the renovations done quickly is to stage the project so the students aren't affected. He is inclined to vote in favor of this project – reluctantly – because of the cost. Vote: 1-7-0. Mr. Behn made a motion to recommend that the Town vote to borrow and appropriate the sum of Twenty Six Million Seven Hundred Seventy Thousand Eight Hundred Eighty Two (\$26,770,882) for the purpose of this article. It was mentioned that the Town will receive the State reimbursement up front, borrow short term, and then once the project is complete the Town will roll the short term notes in to long term debt for the remaining \$15 million. Mr. Wells read the motion from the Selectmen and Mr. Behn adjusted his motion. Mr. Behn made a motion that we recommend that the Town appropriate the amount of Twenty Six Million Seven Hundred Seventy Thousand Eight Hundred Eighty Two (\$26,770,882) Dollars for the purpose of paying costs of Sarah Gibbons Middle School, located at 20 Fisher Street, Westborough, MA with work to include technology upgrades, windows, doors, electrical, plumbing, ADA Compliant bathrooms, science rooms, a new roof, work in the cafeteria and auditorium, including the payment of all costs incidental or related

thereto (the “Project”), which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, and for which the Town may be eligible for a grant from the Massachusetts School Building Authority (“MSBA”), said amount to be expended under the direction of Sarah Gibbons School Building Committee. To meet this appropriation the Treasurer/Collector is authorized to borrow said amount under M.G.L. Chapter 44, or pursuant to any other enabling authority. The Town acknowledges that the MSBA’s grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town; provided further that any grant that Town may receive from the MSBA for the project shall not exceed the lesser of (1) Forty Six and 51/100th percent (46.51%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; and that the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project Funding Agreement that may be executed between the Town and the MSBA. Vote: 7-1-0.

Chairman, Committee Liaison, and Department Liaison Reports

Mr. Wells mentioned the Town Meeting Handbook and hoped everyone had a chance to review and provide edits. Mr. Allen asked what the difference was between Revision E and Revision F. Mr. Wells said there were some slight changes to wording, the date, and other minor items. Mr. Behn made a motion to approve Version F of the Town Meeting Handbook. Voted: 8-0-0. Mr. Wells will have the handbook posted online on both the Advisory Finance Committee and Town Moderator’s websites. Mr. Wells said that he had already notified MIS/GIS Director, Mark Stockman. Ms. Blumberg mentioned she would get two estimates for printing the handbook for comparison. Mr. Wells will also obtain a quote from Curry Printing for a quantity of 500-1,000 handbooks.

Regarding the Report & Recommendations book, Mr. Wells noted that everyone has received a PDF copy. At this point there are still some changes. The motion for Article 4 and vote needs to be added, along with an update on the vote count for Articles 6, 8C, and 10. Under Article 4, Mr. Wells added a statement from the AFC. Ms. Blumberg suggested a small change to Article 4 regarding the amount for snow and ice and asked to add “as of March 2, 2015”. Mr. Allen wanted to add a footnote to Article 10 letting voters know that the amount being borrowed for the Gibbons renovation project is \$26 million less the grant received from the State or expected MSBA reimbursement. Mr. Wells will update the R&R book with votes and recommendations and provide a final copy to AFC members tomorrow. Mr. Wells wrote up the AFC’s message to Town voters and asked if there were any edits or suggestions. Mr. Behn felt that paragraph 6, regarding Article 8C and using Free Cash for the AFC Reserve Fund needed some explanation since it was a split vote and there were a couple of different views. Mr. Behn also thought that something was going to be mentioned about the schools and using revolving funds. Mr. Wells asked about the Spurr House and Committee members felt that nothing needed to be added about Article 27. Mr. Behn suggested adding something about pension liabilities – OPEB & WRR. It was noted that, by funding these liabilities, the Town increased their bond rating and saved \$1.5 million in borrowing costs. Mr. Wells will edit the “Message to Town Voters” and send it out to everyone for their review. He is hopeful that by tomorrow night he has an approved copy of the R&R book that he can have Mark Stockman post on the website.

Mr. Allen reported on the Municipal Building Committee (MBC). He attended their meeting this morning and the Pano’s did appear at Open Forum. The Pano’s spoke about rumors they had heard about demolishing the Spurr House and turning it in to a parking lot. They are trying to separate fact from rumor. Mr. Allen commended MBC member and Selectmen Chairman, George Barrette, for taking charge and having the Pano’s use him as an information conduit for their concerns. Mr. Allen mentioned the thoughts and concerns of the Town Manager and Selectmen such as limited parking downtown and future needs at the Forbes building and Library. He pointed out that there may be a future article brought to the Town where someone could buy the house, or a proposal for demolishing the house so that space could be used for parking – but it would have to go through the Town process. Mr. Allen mentioned that the Spurr House would need extensive renovations, along with making it ADA compliant, if it were to be used again for a municipal purpose. Regarding the new Fire Station, Punch List items will be completed once there is better weather since most items involve exterior work. G&R also needs to come

back to build the new parking lot. Mr. Allen reported that the Public Announcement (P/A) system is now working. Regarding the Town Hall, Mr. Allen noted that there have been delays to the job schedule due to the new transformer. He mentioned that the new transformer should be powered up in about a week. According to the latest schedule from R.A.C., they are looking at completion of the renovations toward the end of August with Punch List items being completed by mid-September. Mr. Allen also made mention that the MBC looked at the roof, which is 25 years old in some places, and they will be seeking bids for a new roof that will be included in the Town Hall renovation budget.

Comments and Concerns – Committee Members

None

Public Reminders for Viewers

None

Adjournment

Mr. Behn made a motion to adjourn the meeting at 10:13 p.m. The vote to adjourn was 8-0-0 in favor, with 8 being present.

Document List

Town of Westborough Comprehensive Fiscal Management Policies Adopted 11/29/11 – Board of Selectmen
Advisory Finance Committee Message to Town Voters – ATM 3/14/15 – Mr. Wells

Respectfully submitted,
Jessica Thomas
AFC Administrative Assistant