



## TOWN OF NORTHBOROUGH

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### APPROPRIATIONS COMMITTEE – MEETING MINUTES

Thursday, February 15, 2024 – 7:00 PM

Select Board Meeting Room

**MEMBERS PRESENT:** Tim Kaelin  
George Brenckle  
Janice Hight  
Robert D’Amico  
Scott Rogers  
Richard Nieber

**MEMBERS ABSENT:** NA

**TOWN:** Timothy McInerney, Town Administrator  
Jason Little, Finance Director

**OTHER:** Lisa Maselli, Select Board Liaison

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The meeting was called to order at 7:00 pm by Chair, Tim Kaelin.

#### 1. Approval of Minutes: October 11, 2023

**Motion to Approve Minutes:** Initiated by Robert D’Amico.

**Motion Seconded:** By Janice Hight.

**Amendment Request:** Richard Nieber requested an amendment be made to the minutes where the denial of a transfer of \$10,000 from the Reserve Fund Account to the Town Hall Postage Account for under-budgeted postage meter charges was mentioned. Richard Nieber wanted the notes to reflect that it was denied with the caveat that the matter to be revisited if alternative funding could not be located.

**Confirmation on Amendment:** Tim Kaelin inquired if the minutes could be sanctioned with the anticipated amendment. Richard Nieber affirmed.

**Vote:** Tim Kaelin called for a vote; it resulted in unanimous approval with all present members voting "aye."

## **2. Election of Officers**

Northborough Town Administrator, Tim McInerney, initiated the discussion on electing a chair, and suggested either re-nomination of Tim Kaelin or someone new, followed by nominations for vice-chair and clerk.

**Nomination of Chair:** Tim Kaelin nominated Scott Rogers for Chair.

**Nomination Seconded:** By Robert D'Amico.

**Vote:** Nomination of Scott Rogers as Chair of the Appropriations Committee resulted in unanimous approval with all present members voting "aye."

**Nomination of Vice Chair:** Richard Nieber nominated George Brenckle.

**Nomination Seconded:** By Janice Hight.

**Vote:** Nomination of George Brenckle as Vice Chair of the Appropriations Committee resulted in unanimous approval with all present members voting "aye."

**Nomination of Clerk:** Janice Hight nominated Tim Kaelin.

**Nomination Seconded:** By Robert D'Amico.

**Vote:** Nomination of Tim Kaelin as Clerk of the Appropriations Committee resulted in unanimous approval with all present members voting "aye."

## **3. Discussion Regarding Appropriation Committee Appointment to the Financial Planning Committee**

Tim McInerney discussed the need for additional members to the Financial Planning Committee. New Appropriations Committee Chair, Scott Rogers, inquired if there were any open applications. Jason Little confirmed there were none. Jason Little clarified that of the six positions, only three were actively filled due to one member's extenuating circumstances, thus a minimum of four members was required for a quorum. Scott Rogers suggested utilizing town news to broadcast the call for applications, directing them to the administration office, and encouraged committee members to spread the word, aiming to appoint new members by the next meeting.

## **4. Status of FY2025 Budget / Set Department Meeting Schedule**

Tim McInerney initiated the discussion by passing out a presentation, *Fiscal Year 2025 Proposed Municipal Operating Budget*, to the Committee outlining the anticipated revenues for the next fiscal year, highlighting potential increases in state aid and the impact of fixed costs on the budget. Tim McInerney emphasized the need for careful budget revisions and strategic planning to address financial challenges. The presentation covers community demographics, tax rates, and the importance of diversifying the town's revenue sources to mitigate the tax burden on residents.

(Please see presentation attached or click [Here](#) to view presentation online.)

## Community Demographics FY2024

Jason Little discussed the Town of Northborough's AA1 credit rating, which is assigned by Moody's, a credit rating organization. In 2015, when borrowing for the Lincoln Street School, Northborough was upgraded from AA to AA1. Moody's AA1 credit rating for a municipality indicates a very high creditworthiness, just below the highest AAA rating. It reflects the municipality's strong financial management, robust fiscal reserves, stable revenue streams, and a low risk of default. This rating suggests that the municipality is in a solid position to meet its financial obligations and has a very strong capacity to repay its debts, which can lead to lower borrowing costs and indicates a strong investment grade. Achieving AAA is a goal for Tim McInerney. Jason Little explained that the community's size may limit the potential to achieve AAA status.

## Surrounding Communities

Tim McInerney and Jason Little discussed tax comparisons in surrounding communities. Robert Damico inquired about the basis of the town's ranking at #70. Jason Little explained that it is a statewide rank based on single-family tax bills and tax effort, aiming to assess tax bill affordability in the community. Jason Little highlighted that Northborough's rank of 70 is the lowest it has been, indicating a relative improvement in tax affordability compared to past years.

## FY2025 Budget: Outlook / New Revenues / Revenues / Expenditures / Tax Impact

Tim McInerney shifted the conversation to budget requests and highlighted efforts to trim the budget, even if it is a modest reduction of 1-2%. Tim McInerney used Health Insurance as an example, noting consultants recommend budgeting for a 10% increase, equivalent to \$615,000, and explored strategies for mitigating this rise. Scott Rogers inquired about the cause of health insurance spikes, with Tim McInerney attributing it to the health claims within their group. Jason Little highlighted the formation of a Joint Purchasing Arrangement (JPA) with Southborough, which expanded their risk pool, sharing that all JPA members are subject to similar rate hikes.

For the upcoming 2025 budget, Tim McInerney highlighted the need for innovative revenue solutions and emphasized significant fixed costs like retirement and health insurance. The town is facing a potential \$250,000 increase due to new trash service contracts. Despite the community's conservative growth allowances for departments, Tim McInerney encouraged department heads to articulate their needs, noting that while requests have been modest, there is a cumulative impact. This approach aims to address both the immediate and latent needs of the community effectively.

Tim McInerney addressed Proposition 2½ Increase and new revenue sources and highlighted the financial challenges due to interest rates but also notes the town's benefit from investment income. Adhering to the state's legal list of permissible investments, Tim McInerney reassures adherence to these guidelines. Scott Rogers acknowledged that revenue projections have exceeded expectations. Jason Little explained that a revenue-centric approach for budget building is used by Northborough, emphasizing the strategic use of estimated revenues and unutilized levy capacity to address baseline budget needs, highlighting an efficient allocation of \$4 million, reducing by \$1.3 million but retaining \$2.7 million. Further, Jason Little explained the role of internal transfers in budget funding, estimating \$850,000 from various accounts.

The school budget request for K-8 was then discussed, totaling \$2.4 million, deemed reasonable by Tim McInerney, and not influenced by enrollment changes, according to Jason

Little, but rather due to cost increases like health insurance. Robert D'Amico highlighted the value of historical budget trends for decision-making, requesting a five-year trend analysis to guide discussions with department heads. Scott Rogers concurred, emphasizing the importance of understanding past percentage increases to better navigate future budget considerations.

Tim McInerney explored the potential annual tax implications for homeowners due to a 5% and a 10.4% increase in the town's budget. These estimations are calculated based on the Average Single Family Home Value (ASFHV) of \$655,691.

- For a 5% increase in the Town Budget: an annual tax rise of 5.87% or \$524
- For a 10.4% increase in the Town Budget: an annual tax rise of 8.14% or \$726

Efforts are being made to minimize these increases as much as possible.

The financial plan for available funds and allocations is outlined in the *Fund Balances / Free Cash Plan* on the last page of the presentation. After these allocations, a balance of \$500,000 will remain. Regarding the status of reserves as of December 2023, the Stabilization Fund totals \$5,674,690. When combined with the remaining Free Cash, the total reserves amount to \$6,374,690. This figure represents 8% of the \$80 million budget, which aligns with the policy that stipulates reserve levels should be within 5-10%.

Proposed meeting schedule reviewed and approved.

(Please see meeting schedule attached or click [Here](#) to view schedule online.)

## **5. Any Other Business to Come Before the Committee**

Richard Nieber raised issues regarding the Select Board's endorsement of a grant application for the Fire Department intended for the recruitment of additional firefighters. This sentiment was echoed by other members of the Committee, who questioned the long-term viability of this initiative, worrying about the potential for significant job cuts once the grant funds were exhausted. Jason Little responded to these concerns by committing to keeping the Committee informed about developments. He also noted that it was not yet certain whether the grant application had been formally submitted or approved.

Richard Nieber declared his intention to step down from his position on the Committee, marking the closure of a notable 25-year tenure dedicated to serving the community.

### **Adjournment**

**Motion to Adjourn Meeting:** Initiated by Janice Hight.

**Motion Seconded:** By Tim Kaelin.

**Vote:** Scott Rogers called for a vote to adjourn; it resulted in unanimous approval with all present members voting "aye."

Meeting adjourned at 8:03 p.m.

Respectfully submitted,



Angie Sowden  
Executive Assistant to the  
Town Administrator / Select Board

Link to recorded meeting online:

[Appropriations Committee Meeting – Thursday, February 15, 2024](#)

Documents used during the meeting:

- [February 15, 2024, Meeting Agenda](#)
- [October 11, 2023, Meeting Minutes](#)
- [Fiscal Year 2025 Proposed Municipal Operating Budget Presentation](#)
- [Appropriations Committee Proposed Meeting Schedule](#)