

**APPROPRIATIONS COMMITTEE****MEETING MINUTES**

63 Main Street

Selectmen's Meeting Room

March 1, 2023

7:00 PM

MEMBERS PRESENT: George Brenckle
Janice Hight
Robert D'Amico
Tim Kaelin
Rick Nieber
Tony Poteete

The meeting was called to order at 7:00 p.m.

APPROVAL OF MINUTES – FEBRUARY 22, 2023 MEETING

The approval of the February 22, 2023 meeting minutes will be postponed until the next meeting as they are not yet finalized.

REVIEW OF COMMUNITY PRESERVATION COMMITTEE PROJECT REQUESTS

Community Preservation Committee (CPC) member Jeff Leland was present. He indicated that for this year's Town Meeting, the Community Preservation Committee (CPC) is working from a budget of \$770,000 projected new revenue with State match + \$1,050,576 in the CPA reserve accounts. The CPC considered ten applications based on the customary criteria of: 1) Applicability to CPA guidelines and the goals described in the Northborough CPA procedural sheet; 2) Community support; 3) Affordability; and 4) Urgency to fund this year. The CPC also considered the potential future needs for CPA funds to support the White Cliffs re-use proposal or other projects resulting from the Downtown Revitalization study. Mr. Leland reviewed the following CPC warrant articles:

White Cliffs Bond Payment (\$188,000)

This is the 6th payment required for the bond on the White Cliffs purchase, and this also covers the requirement that at least 10% of new revenue be allocated toward Historic Preservation. The CPC voted 7-0 to fund this from new revenue.

CPA Administrative Expenses Account (\$38,500)

In accordance with the CPA legislation, the CPC may allocate up to 5% of new revenue to the administrative account for expenses such as legal fees, appraisals and consultant fees related to CPA projects. Unused amounts from a given year go back to the CPA Unreserved fund. The CPC voted 7-0 to allocate 5% of the projected \$770,000 new revenue.

Affordable Housing Reserve Fund (\$77,000)

Since there is no other application this year for Affordable Housing, the CPC voted 7-0 to allocate the required minimum of 10% of new revenue toward the Affordable Housing Reserve Fund.

Northborough Dog Park (\$347,500)

The CPC believes this application for the construction phase of this project is a top priority to bring to Town Meeting in 2023. This project also covers the minimum 10% allocation required for open space and recreation. The CPC voted 7-0 to fund this from new revenue.

Mr. Coderre reported that the Town of Northborough was awarded a Stanton Foundation Grant in the amount of \$25,000 for the purposes of obtaining required permits, producing final construction-ready design plans and associated bid specifications relative to this project. He added that he is cautiously optimistic that another \$200,000 Stanton Foundation Grant will be awarded for this project, which would be in addition to the \$347,500 in CPA funds.

Construction of ADA Accessible Trail at Senior Center (\$370,000)

The CPC believes this application for the construction phase of this project is a top priority to bring to Town Meeting in 2023. The CPC voted 7-0 to fund this with \$119,000 from new revenue and \$251,000 from the Unreserved fund. Mr. Leland noted that the project will result in the construction of the Town's first ADA accessible trail.

First Parish Church Steeple Repairs (\$200,000)

The CPC felt that the scope of work and cost estimates for this project are not fully defined at this time, and that there is not the same urgency to fund the project this year compared to several other projects and obligations. The CPC voted 7-0 to deny funding for this application.

Window Restoration and Preservation of Historical Society Building (\$71,300)

The CPC felt that there is not the same urgency to fund the project this year compared to several other projects and obligations. The CPC voted 7-0 to deny funding for this application.

Funding the Historic Reserves Account (\$350,000)

In support of the CPC efforts to plan for future needs for CPA funding and allow flexibility across all categories of historic preservation, affordable housing, open space and recreation, the CPC feels it is wise to keep reserves in the Unreserved Fund at this time rather than allocating to just one fund. The CPC voted 7-0 to deny this application. Both the Committee's representative from the Historic District Commission (HDC) and the HDC Chair were in attendance. Both agreed with this decision.

Library Historic Marker (\$5,060)

The CPC has been supportive on prior projects for historic markers, as they contribute to enhancing the community and supporting the goals in the Master Plan and Historic Preservation Plan, all at relatively low cost. The CPC voted 5-2 to fund this from the Unreserved Fund.

Aqueduct Multi Use Trail Feasibility Study (\$100,000)

Although this project has strong community support and has been a priority for the Open Space Committee for several years, a recent communication from the Massachusetts Water Resources Authority (MWRA) states that they will not allow pavement or stone dust surface improvements to the aqueduct at this time. Since the surface improvements are a major element of the proposed trail design study, the applicants withdrew this application.

ARHS Athletic Complex Project – Tennis Court Restorations (\$352,701)

The CPC felt that there is not the same level of urgency and community support to fund the project compared to several other projects and obligations. Also with the CPC's goal of maintaining adequate reserves for the potential needs for White Cliffs and the Downtown Revitalization project, the CPC voted 7-0 to deny funding for this application.

Conservation Fund (\$77,000)

To plan for future needs for CPA funding and allow flexibility across all categories of historic preservation, affordable housing, open space and recreation, the CPC feels it is wise to keep reserves in the Unreserved Fund at this time rather than allocating to just one fund. In addition, the Conservation Fund currently has a balance of approx. \$664,000 from CPA funds approved at prior Town Meetings. The CPC voted 7-0 to deny this application. The Committee's representatives from the Open Space Committee and the Conservation Commission both agreed with this decision.

Mr. Coderre clarified that although Mr. Leland reviewed 12 projects that the CPC considered for funding, only 6 of them were approved and will be included on the Town Meeting Warrant. He noted that all CPC projects are funded without any additional tax impact. He also explained that CPA funding is limited to the protection and acquisition of open space, recreation, preservation of historic resources, and the creation of affordable housing.

Following a couple of questions from Committee members, Mr. Leland ended his presentation stating that if all of the CPC recommendations are approved at Town Meeting, the amount unallocated from projected new revenue would be \$0 and the amount remaining in the Unreserved Fund would be \$591,653. The Affordable Housing Reserve Fund would increase to \$279,863.

Committee members thanked Mr. Leland for his presentation on the CPC recommendations.

FINANCE OFFICE FY2024 BUDGET

Finance Director Jason Little and Treasurer/Collector Lisa Troast were present. Mr. Little indicated that the Finance Department includes the Treasurer/Collector Division, the Assessing Division and the Accounting Division.

Mr. Little noted that overall, the Finance Department's FY2024 budget is up \$62,954, or 7.8%. Increases contained in the Treasurer/Collector's budget reflect a change in where funds for postage of tax bills are budgeted. In order to more accurately reflect the costs of running the department, these funds have been relocated to the Treasurer/Collector's budget from the Public Buildings budget in FY2024. This accounts for approximately \$21,000 of the increase to the overall Finance Department budget.

Mr. Little indicated that the Treasurer/Collector's budget also reflects an increase of approximately \$10,000 for the inclusion of contractual services for an attorney to assist with handling Tax Title cases. Previously, funds for this purpose were budgeted in the Town Counsel line item. He added that another increase of \$10,000 is added to the Assessing Division for contractual services to provide for commercial appraisals to defend the Town's values at the State Appellate Tax Board (ATB).

Mr. Coderre noted his appreciation to Mr. Little for his hard work in bringing onboard highly qualified candidates Treasurer/Collector Lisa Troast and Principal Assessor Lee Keomanivong and especially for his efforts during the pandemic in complying with the Cares Act and American Rescue Plan Act (ARPA) reporting requirements. Mr. Little also shared his appreciation to Ms. Troast and Mr. Keomanivong.

UNDISTRIBUTED EXPENSES – FY2024 DEBT SERVICE BUDGET

Mr. Little indicated that for FY2024, the total Debt Service budget for the General Fund is \$2.14 million, an increase of \$197,767. The largest component of the Debt Service budget in FY2024 is for the Lincoln Street School, which is \$973,975, a decrease from the FY2017 peak of \$1,144,882. Since that project was completed on time and approximately \$1.38 million under budget, the surplus bond proceeds from this project were used to fund the next phase of the Fire Station building project approved at the 2019 Town Meeting. He added that in preparation for the Fire Station project, and other more significant building projects, issuance of debt for smaller capital projects has been curtailed to minimize the tax impact.

Mr. Coderre noted that Northborough's legal debt limit is \$181 million. As of June 2022, the Town's debt issuance is \$22 million, which on a percentage basis is below 5% of the operating budget and is well within the Town's internal debt policy. He added that the Town is well positioned to take on the next large building project, which will be the new Fire Station.

UNDISTRIBUTED EXPENSES – FY2024 EMPLOYEE BENEFITS BUDGET

Mr. Little summarized the key increases in the Employee Benefits Budget for FY2024 as follows:

Worcester Regional Retirement Assessment

Mr. Little indicated that the Town participates in the Worcester Regional Retirement System. The Municipal Relief Act of 2010 extended the requirement for full funding of the pension system's liability to the year 2040, while the system's actual funding schedule targets full funding by 2036. He noted that the FY2024 General Fund increase of \$63,192 represents a 2.32% rise in retirement costs. This is much lower than the system-wide increase of approximately 10%, which is primarily due to implementation of the funding schedule designed to eliminate the unfunded pension liability by 2036. He added that Northborough's lower than average increase within the system is driven by actuarial factors, which include the ages of covered employees and retirees. Given the turnover in public safety positions, the newer staff costs have positively impacted the Town's FY2024 assessment.

Health Insurance

Mr. Little indicated that within the Health Insurance budget, the Town covers retirees. Through December, 2022 the Town offered a comprehensive Tufts Medicare Complement plan, for which the Town received notice from Tufts that it would discontinue the plan upon the January 2023 renewal. The Town successfully navigated all 50 retirees (in addition to 30 covered spouses) onto alternative plans, which resulted in cost savings for them and a FY2023 budget savings of approximately \$300,000 that carried over into FY2024.

Mr. Little noted that the Town underwent an RFP process with the Regional High School district and the Town of Southborough and awarded a contract to Harvard Pilgrim Healthcare (HPHC) for FY2023. Due to favorable claims data along with the larger group afforded by the Joint Purchasing Agreement (JPA), the new contract with HPHC resulted in a modest premium increase for FY2023 and FY2024.

Mr. Little indicated that the FY2024 Health Insurance budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2023. He added that although for FY2024, HPHC's premiums are still unknown at this time, the rates reflect an estimated increase of 7% over the prior year. However, the overall budget increase is estimated at 0%, due to enrollment trends and cost-saving changes made to the senior plans during FY2023.

Mr. Coderre reiterated that in order to maintain sustainable health insurance budgets over the years the Town has periodically made changes to plan design, employee contributions, carrier consolidation, and most recently forming the informal JPA. The overall effect has been an average health insurance budget increase of just 2.69% since FY2010.

In addition to the key budgets mentioned above, undistributed expenses for FY2024 include an OPEB Trust Fund contribution, life insurance, unemployment compensation and workers' compensation insurance; comprehensive building and liability insurance; non-appropriated expenses such as State Assessments and reserves for abatements; stabilization fund contribution; a reserve fund for extraordinary and unforeseen expenses; and various Town Meeting special warrant articles.

Lastly, Mr. Coderre noted that the Governor's House Budget forecasts a 2% increase in FY2024 State Aid. He added that the State Legislators will attend the March 13th Selectmen's Meeting to discuss the Town's legislative priorities. He encouraged Committee members to read the legislative priorities letter that was recently emailed to them and to watch the March 13th Selectmen's meeting.

Mr. Little and Mr. Coderre responded to questions and comments from Committee members throughout the presentation.

REVIEW OF ANNUAL TOWN MEETING WARRANT ARTICLES

Mr. Coderre noted that a summary of the Annual Town Meeting Warrant Articles was presented to the Board of Selectmen at its February 27th meeting. He reviewed the draft summary of the 51 warrant articles for the Annual Town Meeting. He noted that at this stage the initial draft of the Warrant often contains incomplete information and placeholders. He added that the Board of Selectmen will vote to close the warrant at its March 13th meeting. It will then be reviewed and finalized by Town Counsel and posted prior to Town Meeting.

Mr. Coderre referred to the draft Financial Planning Committee (FPC) report that was recently emailed to Committee members. He noted that historically, the FPC only provides recommendations regarding the Community Preservation Committee (CPC) articles that would otherwise qualify for inclusion in the Capital Budget, adding that the Appropriations Committee will provide recommendations on all capital and CPC articles because they are of a "financial nature."

Chairman Kaelin noted that the FPC report includes a statement recommending that the Board of Selectmen release ARPA funding for the Fire Engine and the Tight Tank. In response to a question by Chairman Kaelin, Mr. Coderre stated that the Appropriations Committee can include a similar statement in its report. He then reviewed the structure and content included in the Appropriations Committee report that will be finalized by the Committee at a future meeting.

MEETING SCHEDULE

Mr. Coderre indicated that Town Planner Laurie Connors will attend an upcoming Committee meeting to present her project update on downtown revitalization, economic development and MBTA zoning. He noted that the written downtown revitalization update from Ms. Connors was recently emailed to Committee members for their review.

Based upon the mediation session with the Joint Labor Mediation Committee (JLMC) and the Fire Union scheduled for March 8th, Mr. Coderre proposed to postpone discussion of the Fire Department budget until March 15th in case a settlement is reached. He also noted that the Governor just released her budget, which will likely result in a revised ARHS Operating Assessment. He added that the Finance Director has also requested a meeting to discuss potential FY2023 Reserve Fund Transfers due to some unexpected expenses, including a boiler failure at Town Offices that had to be replaced.

Lastly, given the mandatory Joint Budget Hearing between the Appropriations Committee and the Board of Selectmen on March 27th, Committee members agreed to meet on March 29th to vote on its recommendations for Town Meeting.

<p>Wednesday 3/8/2023 7PM</p>	<p>Assabet Valley Regional Technical HS; Police Budget Presentation; Planning Director (downtown project update, Economic Development update, and MBTA Zoning)</p>
<p>Wednesday 3/15/23 7PM</p>	<p>Fire Budget Presentation; Finalized Health Insurance and Revised ARHS Assessment based upon Governor’s Budget; Any Other Presentations, if needed; Reserve Fund Transfers FY2023; Discussion regarding Committee Recommendations</p>
<p>Monday 3/27/2023 7PM</p>	<p>Joint Meeting with Board of Selectmen – Budget Hearing (Charter 6-5)</p>
<p>Wednesday 3/29/23</p>	<p>Finalize Committee Recommendations and Report</p>
<p>Monday 4/24/2023</p>	<p>6pm at ARHS Auditorium</p>
<p>June 2023</p>	<p>Wrap-Up; Year-end Transfers as needed</p>

OTHER BUSINESS

None.

ADJOURNMENT

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

The meeting was adjourned at 8:35 p.m.

Respectfully submitted,

Diane M. Wackell
Executive Assistant

Documents used during meeting:

1. March 1, 2023 Meeting Agenda
2. Information packet – CPC Project Requests
3. Information packet – Finance Office and Undistributed Expenses FY2024 Budget