



## **APPROPRIATIONS COMMITTEE**

### MEETING MINUTES

Thursday, February 15, 2018

Selectmen's Meeting Room

7:00 p.m.

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**MEMBERS PRESENT:** Chairman, Elaine Kelly  
Bob D'Amico  
George Brenckle  
Rick Nieber  
Tony Poteete

**ABSENT:** Janice Hight

**ALSO PRESENT:** John Coderre, Town Administrator

#### **APPROVAL OF JUNE 22, 2017 MEETING MINUTES**

Mr. Nieber moved the Committee vote to approve the June 22, 2017 meeting minutes; Mr. D'Amico seconded the motion; all members voted in favor.

#### **APPROVAL OF DECEMBER 14, 2017 JOINT MEETING MINUTES**

Mr. Nieber moved the Committee vote to approve the December 14, 2017 joint meeting minutes; Mr. D'Amico seconded the motion; all members voted in favor.

#### **REVIEW OF FY2019 CIP AND BUDGET INSTRUCTION MANUAL**

Mr. Coderre reported that all departments were provided with the CIP Instruction Manual for upcoming Fiscal Years 2019-2024. Departments were instructed to review, update and resubmit all existing requests for FY2019-2023 and add any new requests for FY2024. At this time, a FY2019 Capital Budget has been drafted; however projects in the out years are still under review and some budgets are still being firmed up.

Mr. Coderre reported that all departments were provided with the Budget Instruction Manual for FY2019. Departments were instructed to submit a budget request sufficient to maintain the current level of services, with no additional personnel or significant service expansions. If departments feel that they have an overriding need, they were asked to provide a supplemental budget request detailing such needs. Budget requests were due in the Town Administrator's Office by October 16, 2017.

#### **DISCUSSION OF PRELIMINARY FREE CASH PLAN**

Mr. Coderre presented the preliminary FY2019 Free Cash Plan for consideration and use during the upcoming budget process. The FY2019 year-end Free Cash was certified at approximately \$2.8 million. Free Cash is a result of positive actual performance in both appropriations not spent as well as revenues realized in excess of the budget.

**DISCUSSION OF PRELIMINARY FREE CASH PLAN CONT. . .**

Mr. Coderre reviewed the preliminary Free Cash plan in conjunction with the draft FY2019 Capital Budget. It is anticipated that the Free Cash Plan will allow for approximately \$1.5 million in FY2019 pay-as-you-go capital investments with no additional tax impact.

**OVERVIEW OF PRELIMINARY FY2019 CAPITAL BUDGET**

Mr. Coderre reviewed the draft FY2019 Capital Budget, which consists of the following projects:

Police Cruiser Replacements (Free Cash)	\$ 87,000
Fire Station Phase 2 (Repurposed Bonds)	1,300,000
GIS Aerial Photography (Free Cash)	140,000
One-Ton Dump Truck w/ Plow & Hotbox (Free Cash)	140,000
Street Sweeper (Free Cash)	231,000
Skid Steer Replacement (Free Cash)	105,000
Roadway Improvements/Maintenance (Free Cash)	300,000
Excavator (\$96K – Water Enterprise / \$64K Sewer Enterprise)	64,000
Excavator (\$96K – Water Enterprise / \$64K Sewer Enterprise)	96,000
Repair & Replace Water Mains (Water Enterprise Fund Bonds)	350,000
Zeh School Boiler Replacement (Free Cash)	<u>357,000</u>
<b>TOTAL FY2019 CAPITAL BUDGET</b>	<b>\$3,170,000</b>

**FY2019 CAPITAL BUDGET FUNDING SOURCES**

Free Cash	\$1,360,000
Repurposed Bonds (from Lincoln Street School project)	1,300,000
Water Sewer Enterprise Fund Free Cash	160,000
Sewer Enterprise Fund Bonds	<u>350,000</u>
<b>TOTAL</b>	<b>\$3,170,000</b>

With the exception of the water service upgrade project, all other projects can be completed using available funds with no additional tax impact.

**UPDATE REGARDING FY2019 STATE AID**

Mr. Coderre reported on Governor Baker's address at the MMA Annual Meeting. Governor Baker pledged to increase Unrestricted General Government State Aid (primarily lottery funds) by 3.5%. The impact on Northborough will be minimal since the majority of Northborough's aid comes in the form of Chapter 70 School funding.

As a point of reference, Mr. Coderre indicated that the FY2019 budget model assumes a 1% increase in State Aid, which is approximately \$52,000.

Mr. Coderre indicated that the Governor's budget as described at the MMA Conference could mean an increase of approximately \$70,000, but added that the Town has no information regarding State Assessments. It's the net effect of more State Aid and increased assessments that determine if the Town is better off. He added that additional information will be forthcoming as the Legislation takes up the budget.

**UPDATE REGARDING FY2019 HEALTH INSURANCE BUDGET**

Mr. Coderre informed the Committee that the health care plans for active employees and non-Medicare retirees are set to renew on July 1, 2018. Last year, the Town and the employees worked collaboratively to reduce costs by moving to slightly higher co-pays and a higher health reimbursement arrangement (HRA) for hi-tech imaging.

Based on actual claims data, the loss ratios for two of the three main health insurance carriers are much higher than in previous renewals. With these higher loss ratios, it is anticipated that the FY2019 Health Insurance Budget would increase by \$927,000 based on premium increases alone, exclusive of any increases in enrollment, health reimbursement account (HRA) expenses or flexible spending account (FSA) expenses.

Mr. Coderre indicated that the Insurance Advisory Committee (IAC) met in November 2017 to discuss various options, which included potential plan design changes and the addition of a deductible. The IAC unanimously recommended the Town issue a Request for Proposals (RFP) to bid out health insurance under one consolidated carrier, with the primary goal of reducing costs, while maintaining the current plan design. Based upon the bid results, Fallon was the carrier brought forward to the IAC for recommendation. Since the Fallon plan is a lower cost option, but maintains the rich plan design currently enjoyed by employees, consolidating to Fallon allows the Town to maintain the current plan design in FY2019 without the introduction of a deductible. At its meeting on January 30<sup>th</sup>, the IAC formally recommended consolidating to Fallon. Mr. Coderre stated that he and the School Superintendent are hopeful that all of the unions will ultimately vote in favor of the consolidation, as the change must be negotiated separately with each bargaining unit for their approval.

Mr. Coderre ended his update, stating that overall, the Town's FY2019 health insurance budget will still require a 3% budget increase due to increased enrollment and other expenses associated with HRA reimbursements and FSA expenses.

**UPDATE REGARDING WHITE CLIFFS**

Mr. Coderre informed the Committee that the Re-Use Committee was formed and held its first meeting on January 18, 2018. The next order of business is to issue a Request for Qualifications (RFQ) for architectural services to evaluate the existing conditions and perform a code compliance assessment of the facility.

**REVIEW OF TOWN MEETING CALENDAR**

Mr. Coderre reviewed the Town Meeting Calendar and noted that all warrant articles were due to the Town Administrator by February 5, 2018. Annual Town Meeting will be held on April 23, 2018. He reminded the Committee that the Joint Public Hearing on the Budget is scheduled for March 26<sup>th</sup> at 7 p.m. and all members are required to attend.

**UPDATE ON THE FIRE STATION FEASIBILITY STUDY COMMITTEE**

Mr. Coderre reported that the Fire Station Feasibility Study Committee has begun to meet. Architects were interviewed and the Committee's final selection was Johnson Roberts Associates. The architect will begin assessing the programmatic needs of the Department concurrent with an existing conditions review of the station.

**NEXT MEETING DATE**

The next committee meeting will be held on Saturday, February 24, 2018 at 9 a.m. where the FY2019 Northborough K-8 School and Algonquin Regional High School budget presentations will be made by School Superintendent Christine Johnson and Business Director Matthew Wells.

**ADJOURNMENT**

Mr. Poteete moved the Committee vote to adjourn; Mr. Brenckle seconded the motion; all members in favor.

Meeting adjourned at 8:10 p.m.

Respectfully submitted,

John W. Coderre  
Town Administrator

Documents used during meeting:

1. February 15, 2018 Meeting Agenda.
2. June 22, 2017 Meeting Minutes.
3. December 14, 2017 Joint Meeting Minutes.
4. FY2019-2024 Capital Improvement Plan Instructions.
5. FY2019 Budget Instructions.
6. Preliminary FY2019 Free Cash Plan.
7. Preliminary FY2019 Capital Budget.
8. Update on State Aid Packet.
9. Health Insurance Info for update on FY2019 Operating Budget.
10. White Cliffs Update.
11. 2018 Town Meeting Calendar.
12. Fire Station Feasibility Study Committee update.