

PRESENT: Selectmen Stephen C. Themelis, Melissa M. Tzanoudakis and Roland P. Nutter; Mark Andrews, Town Administrator; Peggy Mazzola, Administrative Assistant; Finance Committee members John Ladik, Sean McGinty, Robin Buxton, Mark Vasapolli

The meeting was called to order at 7:03 PM. The Pledge of Allegiance was said. Mr. Themelis announced that the meeting is being broadcast live and recorded for rebroadcast.

1/30/2017 - Minutes

1. **Acceptance Of Minutes**

1.1. January 9, 2017 Minutes

On a motion by Mr. Nutter and seconded by Ms. Tzanoudakis, the minutes of the meeting of January 9, 2017 were unanimously approved as submitted.

2. **Approve Warrant And Sign Purchase Orders**

The Board signed the warrants.

3. **Public Communications**

Ms. Tzanoudakis announced the Annual Town Meeting will be held on Monday, May 1st. Articles are due to the Board of Selectmen no later than Thursday, March 16th. Further information can be found on the Town's website.

Ms. Tzanoudakis read a notice announcing several committee vacancies.

Mr. Nutter read a notice from the Town Clerk announcing nomination papers for the April 24, 2017 election will be available in the Town Clerk's office beginning Monday, January 9th. A list of available seats was read, and the information is available on the Town's website.

Ms. Tzanoudakis announced the Pepperell Garden Club will be holding their February meeting on Wednesday, February 8th at 6:45 PM at the Pepperell Senior Center. The public is welcome to attend.

Mr. Nutter announced NM Cares will be "shocking" pizza boxes that go out on Super Bowl Sunday with stickers reading "Substance Use Disorder is a Disease of the brain." Mr. Nutter read a list of pizza shops participating.

Mr. Themelis announced the next Veterans' Breakfast will be held on Saturday, February 11th at the Pepperell VFW from 8:30-10 AM and will be sponsored by the Pepperell Lions Club. All veterans and their families are invited to attend this free breakfast.

4. **Town Administrator's Report**

Mr. Andrews provided an update on the budget process. We are at a pivotal point in budget process. Finance Committee members introduced themselves.

The budget process is complete; under the charter we have fulfilled that prerequisite. A balanced budget is being submitted. Mr. Andrews attended a meeting at the Nashoba Valley Technical High School meeting with Mr. Themelis, Ms. Tzanoudakis and Mr. Ladik. The budget number for North Middlesex is a place holder. This is the third year we have submitted a balanced budget.

We have filed a grant application for a Community Compact State Grant for IT services and the Master Plan. Mr. Andrews thanked members of the Planning Board and Steven Parker. We should hear before budget process is complete whether we've received grants.

Mr. Andrews attended the Massachusetts Municipal Association's annual meeting and trade show in Boston on January 20-21. Governor Baker announced he will submit a budget with an additional 3.9% increase in unrestricted general local aid and increase the Community Compact Program, District Local Technical Assistance and Capital Grants by \$8.8 million.

An update on the FY 2017 Capital Improvement Program was reported by Mr. Andrews.

Mr. Andrews provided information on the town's participation in a regional "SolSmart" Energy Program.

Mr. Andrews reported he has built into the budget a number of reviews of staff positions, and commissioned HRS Inc. to provide the study. This is a solid basis for building the FY 2018 budget. Sandy Stapczynski from HRS Inc. is present, and will go through her position review during the budget portion of the meeting.

5. Appointments / Resignations

5.1. Joint Appointment: Planning Board Associate Member

Planning Board members present were Rich McHugh and George Clark. Steve Parker, Town Planner, was also present. Ms. Tzanoudakis read the memo requesting the appointment of Paul J. Lonergan. Mr. Lonergan was present and gave an overview of his background and experience as well as his desire to get involved in the Town. A question and answer session followed.

Mr. Clark remarked that Mr. Lonergan has attended several meetings and they had thrown some questions at him, and fees he's cut out for the position.

Hearing no further questions or comments, and on a motion by Ms. Tznoudakis and seconded by Mr. Nutter, it was unanimously voted to appoint Mr. Lonergan to the position of Planning Board Associate Member, term to expire 6/30/17.

6. Action Items

6.1. Discussion And Action: Presentation Of The FY 2018 Town Administrator's Comprehensive Budget (Operating And Capital) To The Board Of Selectmen And Finance Committee

Mr. Andrews began review of the background on the budget contained in his Town Administrator's FY 2018 Budget Message and Comprehensive (Operating and Capital). Mr. Andrews stated he is hopeful for a \$55,000 increase in local aid. Our revenue is very strong. Mr. Andrews discussed our economic development, employment and credit rating. Mr. Andrews reported on major grants awarded to the Town, including a District Local Technical Assistance Grant with Northern Middlesex Council of Governments to review the "Main Street" corridor as well as an overall "Master Economic Development Strategy" for the Town. These studies are included in our basic assessment from Northern Middlesex Council of Governments (NMCOG) and there is no additional charge for these professional services. Our Economic Development Advisory Committee (EDAC) has been instrumental in coordinating these important grants. In addition, the Town filed a third grant application to use District Local Technical Assistance (DLTA) funds for funding for a "Master Plan" that is needed for our town's planning efforts.

This grant application was filed in conjunction with a "Best Practices" application under the Commonwealth's Community Compact Cabinet grant program and reflects the Town Administration's

strong commitment to aggressively pursue grant opportunities.

In addition, the town received a Moody's Investors Service signal in their "Issuer Comment" dated December 31, 2016, that reported the following on Pepperell's "Economy and Tax base"—"the economy and tax base of the town are very healthy and are a modest credit strength when compared with its Aa3 rating." Moreover, under the section entitled "Credit Overview", Moody's assessed Pepperell's credit rating as "very healthy, and its Aa3 rating is equal to the median rating of Aa3 for US cities. Key credit factors include a moderate pension liability with a negligible debt burden." This is a solid financial assessment for the Town of Pepperell as reported by Mr. Andrews.

As far as the town's debt position, over the past two fiscal years, the Town has worked to reduce its long term debt. In part, this has been directly tied to the refinancing of long term debt with a goal of gaining the benefits of lower interest rates and reducing interest expenses now, and in the future. The town's General Fund long term debt has been reduced from \$141,413 in FY 2017 to \$121,173 in FY 2018, which is this is a reduction of \$20,240 or 14.3%. The Town's General Fund short term debt is static at \$36,187. In the "Issuer Comment" dated December 31, 2016, Moody's Investors Service indicated that the "Town has small debt and pension burdens, which are favorable when compared with the assigned rating of Aa3." This is a positive sign for the town's debt position as reported by Moody's Investors Service.

The Town Administration and Treasurer/Collector have worked closely over the past two years to present to the Board of Selectmen a multi-year long term debt plan to reduce interest costs and lower our outstanding debt. Further, the Board of Selectmen authorized the issuance of bonds or notes for the purpose of refunding all or any portion of its bonds under Chapter 44, Section 21A of the Massachusetts General Laws. This plan was guided by UniBank, the town's financial advisor. The Town reduced its debt by \$153,151 through reduced interest savings over the entire term of the plan.

For FY 2018, the Town of Pepperell's estimated portion of long term debt service (as a Debt Exclusion) for the North Middlesex Regional School District is \$578,842 in total (e.g. Nissitissit at \$316,450; Varnum Brook at \$0; and the New High School at \$262,392). Additionally, the town has long term debt associated with the Nashoba Valley Technical School District (Debt Exclusion at \$134,212). The Town Administration is exploring alternative methods of long term financing for larger capital items (e.g. a new fire ladder truck, ambulances, heavy equipment) with UniBank, our Financial Advisors. The Town Administrator has worked closely and collaboratively with the Leadership team on this long-term Capital Plan.

The FY 2018 municipal budget is balanced. Our FY 2018 operational and capital budget is \$24,192,874 (please see budget highlights, supplemental budget documents and pertinent attachments). The local budget formation was based upon local revenues and the best state estimates of local and school aid as of the writing of this budget message. It is imperative that the town keep a close watch on State aid for both the town and our regional schools.

\$235,470 in capital requests have been recommended for funding with "certified free cash", an appropriate funding source for one-time capital expenses. The capital budget recommendation for FY 2018 represents a significant investment in capital improvements for the town. Also, it continues a solid process for financing capital items on our Five Year Capital Improvement Plan. In addition, as a designated "Green Community", the Town received and completed \$152,910 of energy conservation improvements in both town buildings and our schools in Pepperell. This was a monumental step forward that will better position the Town for additional grants in the future.

Another strategic budgetary initiative centered upon our efforts to collect delinquent back taxes owed to the town. During FY 2016 and FY 2017, Mr. Andrews has worked closely with Debbie Nutter, Town Tax Collector/ Treasurer to place delinquent tax accounts into tax title and collect monies due the town.

Finally, we have continued to use the standard "historical trending" in FY 2018. This format is effectively used as a budgetary tool that looks back eight (8) fiscal years and compares final budget to actual financial data. In addition, these reports function as "Financial Appropriation and Accountability Reports" (FAAR) for appropriate use throughout the fiscal year to track expenditures and continue our "Zero Based Budgeting" action plan. This new financial reporting mechanism assisted the town in budgetary planning and was instrumental in communicating various fiscal trends with our local State Legislative Delegation and their colleagues on Beacon Hill.

The Nashoba Valley Technical High School (NVTHS) FY 2018 total budget is \$1,740,503. In essence, our operating assessment for FY 2018 is \$1,606,291 and the debt service is \$134,212 for the total of \$1,740,503. This assessment is based on a modest increase of two (2) students and other factors based on the current State funding formula. A municipal officers meeting was held on January 27, 2017 to review the assessments for Nashoba Valley Technical High School.

The Town of Pepperell worked closely with our partners at the North Middlesex Regional School District (NMRSD) Leadership and School Committee to reduce the town's assessment. Mr. Andrews has included our best estimate of \$13,159,439 or a 3% increase of \$383,285 over \$12,776,154 for FY 2017. The Town's estimated portion of school debt remains at the same levels we projected and are funded in the FY 2018 budget. Our unparalleled coalition of local and regional leaders committed to quality education along with joint grant opportunities have established a solid foundation for financial parity and overall success. For example, the town and NMRSD partnered in the application for designation as a "Green Community" in 2015. On December 22, 2015, the Town of Pepperell and NMRSD received this special designation and an initial Green Communities grant award of \$152,910. As of the writing of this report, all 11 town and school projects have been completed. Our joint "municipal and schools" partnership provided \$52,912 of grant funds for a long needed upgrade of the energy management systems, demand control ventilation and front end upgrade at the Nissitissit Middle School; and \$30,231 of the grant funded the weatherization at the Varnum Brook Elementary School. This pioneering joint effort is aimed at securing available State grant funds while investing in our buildings and infrastructure. Also, it ultimately will improve the learning environment for our children and reduce our overall energy costs. I hope and trust that we can continue to build on this important working relationship for the future to reduce energy costs.

New Budget and Finance Model under Development: In FY 2016, the towns of Pepperell, Ashby and Townsend joined together with the North Middlesex Regional School District to collaborate on a new budget model that will assist and guide the towns and school district in this important process. This budget study is underway and is expected to be reported to each entity in the at an upcoming joint budget meeting.

Mr. Nutter announced that he would be formally recusing himself from any and all actions relative to all proceedings relative to the Town of Pepperell's Treasurer/Collector's Office (Line Item #100-1450-51112 through #100-14500-57749; Line Item #100-15800-52304 through #100-15900-54425; and Line Item #100-71700-59110 through #100-91600-51177) regarding the FY 2018 Budget. This action pertains to any and all budgetary, personnel and administrative matters relative to the Treasurer/Collector's Office, where my wife, Debbi Nutter, is the Town of Pepperell's Treasurer/Collector. My intent is to fully disclose this matter and my intentions are open and transparent. Mr. Nutter left the meeting room.

Operational Budget Highlights Include:

Recommended One Full Time Police Officer at \$80,906 to the Police Department (includes, wages, health care estimate and union contract obligations) to be presented at our Fall Town Meeting.

Funded the Strong Fire Chief position at \$80,000 which required an additional \$3,519 for this position. This recommendation was made via a human resources study.

Added \$41,600 for Per Diem services for Ambulance coverage on "Tuesdays – Thursdays – Saturdays

and Sundays” which has been a challenge to get “on-call” coverage.

Added \$2,500 for an upgrade for all Ambulance “on-call” coverage. (Adds \$1.00 per hour x 2,233 hours).

Maintained our strong commitment to meet the State requirement for local support in FY 2018 for the Lawrence Library. This is the second year of fully funding our library, which added \$45,053 from FY 2016 to FY 2018. The result: the Town will not have to apply for a waiver in FY 2018.

Added \$2,800 for 14 non-union Staff Members increase of \$200 for Longevity.

Funded \$5,539 for a specialized Senior Center Outreach Worker.

Funded a human resources report that made recommendations for upgrades to the “Finance Team”-- Town Accountant, \$8,800; Town Assessor, \$2,500; Town Treasurer Collector, \$2,000. Also, we funded recommendations for \$2,000 for the Town Clerk (position studied as a transition from elected to appointed 2016).

The Board recognized Sandy Stapczynski, HRS Services, Inc., who gave her report on upgrades to several finance team positions as well as Town Clerk. Ms. Stapczynski distributed her report to the Board of Selectmen and Finance Committee. Ms. Stapczynski highlighted the data in her report, which includes base pay only, and doesn't take into consideration other benefits, longevity, etc.

Discussion ensued relative to the title of the Administrative Assessor; Ms. Stapczynski stated usual title is Principal Assessor in other towns. Mr. Themelis and Ms. Tzanoudakis both agreed the title should be changed, and Ms. Stapczynski recommended a title change.

Mr. Andrews remarked that Ms. Stapczynski has done work in Pepperell for a couple of decades and is very familiar with our system. Mr. Andrews remarked he wants to do a system wide study.

Ms. Tzanoudakis asked how Ms. Stapczynski chose comparable towns. Ms. Stapczynski replied she looked at population, equalized evaluation per capita, and similar positions.

The Board thanked Ms. Stapczynski for her report and for attending meeting.

Funded \$13,000 for a Personnel Classification Study of all non-union personnel (not previously studied). The last Personnel Classification Study was conducted in 2009.

Funded \$50,000 for a full-time Building Inspector for a comprehensive code enforcement and safety program.

Funded \$69,500 for a full-time certified Town Planner (first full fiscal year).

Funded \$3,000 for new auditing requirements for OPEB.

Capital Plan Budget Highlights Include:

Funded the third year of a 5 Year Capital Plan at \$235,470 including:

\$50,000 for One New Police Cruiser.

\$26,000 for the Replacement of Bulletproof Vests.

\$5,000 for the Replacement of New Fire Hose.

\$11,000 for IV Pumps for Ambulances.

\$7,000 for One Toughbook Computer for Ambulance.

\$12,000 for New Computer Equipment.

\$15,000 for Capital Adaptation & Renewal.

\$10,000 for MS4 Storm Water Federal EPA Compliance.

\$1,000 for Public Outreach for MS4 Storm Water Federal EPA Compliance.

\$45,000 for the Replacement of One Highway Department Six Wheel Dump Truck.

\$3,370 for One Ton Static Roller for the Highway Department (lease payment)

\$7,820 for the Board of Health Landfill Closure Monitoring Required by the Massachusetts Department of Environmental Program

\$7,247 for the Board of Health Hazardous Waste Disposal Program – Mass Toss Program

\$5,033 for Library Elevator Repairs – Door Sensors

\$30,000 for a Master Plan (MGL, Chapter 41, Section 81D as Required)

Major Capital Improvement Grants:

\$152,910 of Green Communities Grant funding for Weatherization Improvements, Lighting Upgrades and Energy Management Systems (State Funded and Completed). A new \$250,000 Grant Application is in process.

A lengthy discussion and question and answer session between the Board and Mr. Andrews ensued relative to the particulars of the FY 2018 Budget.

Mr. Nutter rejoined the meeting following the budget discussion.

6.2. Discussion And Review: Commonwealth Of Mass. Best Practices And Community Compact Local Technical Assistance (DLTA) Grants Submission

Mr. Andrews reported on this in his Town Administrator's report. Mr. Andrews recommended to the Board that we take an action to authorize and support. On a motion by Ms. Tzanoudakis and seconded by Mr. Nutter, it was unanimously voted the Board of Selectmen authorize and support the State District Local Technical Assistance (DLTA) and State Community Compact Cabinet (CCC) Grant Applications prepared by the Town Administrator. Further, the Town Administrator is authorized to make any modifications, adjustments and/or changes to these Grant Applications and he will keep the Board of Selectmen fully informed of any changes and/or modifications.

7. **Old/New Business***

7.1. Discussion And Action: Adoption Of Harrassment And Anti-Discrimination Policy

Mr. Andrews stated he had gone over this at a previous meeting; the policy was reviewed by labor counsel, and a more inclusive policy is now before the board. Following a brief discussion, and on a motion by Mr. Nutter and seconded by Ms. Tzanoudakis, it was unanimously voted to authorize and establish the Anti-discrimination and Harassment policy as prepared by Town Counsel and the Town Administrator. Further, the Town Administrator is duly authorized to make any modifications, adjustments and/or changes to these policies and he will keep the Board of Selectmen fully informed of

any changes and/or modifications.

7.2. Discussion And Action: Strengthening Regional Greenhouse Gas Initiative

Mr. Andrews remarked this was an inquiry made asking the Board of Selectmen to send a letter of support. Ms. Tzanoudakis asked if there is any financial impact to the Town. Mr. Andrews remarked this is just a request to support the initiative. Mr. Nutter stated if they want him to support something he'd like then to come in and talk to the Board. Ms. Tzanoudakis agreed, as we don't know what their agenda is. Mr. Themelis suggested that we invite Ms. Hassett to attend a meeting to discuss this initiative with the board.

Item #3 – Any other old/new business:

Mr. Ladik asked that the Finance Committee be permitted to comment on the budget. Mr. Ladik stated the Finance Committee met three times on the budget, and spent over 11 hours listening to department heads. Mr. Ladik thanked them all for the insight into how they run their departments.

Mr. Ladik remarked that Mr. Andrews did good job putting together a balanced budget even if he doesn't agree with it. Under the Town Charter the Finance Committee can only make recommendations, and doesn't approve anything. Mr. Ladik invited the other Finance Committee members to speak, and he would provide closing comments.

A lengthy discussion and question and answer session between the Finance Committee, Board of Selectmen and Mr. Andrews ensued relative to the particulars of the FY 2018 Budget.

There was no other business before the Board.

8. Executive Session

ADJOURNMENT: On a motion by Mr. Nutter and seconded by Ms. Tzanoudakis, it was unanimously voted to adjourn the meeting at 9:15 PM. On a motion by Mr. McGinty and seconded by Ms. Buxton, it was unanimously voted to adjourn the Finance Committee meeting at 9:15 PM.

Respectfully submitted,

Peggy Mazzola, Administrative Assistant

APPROVED – BOARD OF SELECTMEN:

Stephen C. Themelis, Chairman

Melissa M. Tzanoudakis, Clerk

Roland P. Nutter

APPROVED – FINANCE COMMITTEE:

John Ladik, Chairman

Robin B. Rose Buxton

Sean McGinty

Mark Vasapolli