



RECEIVED & FILED

APR 03 2017

LUNENBURG TOWN
CLERK OFFICE

**BOARD OF SELECTMEN
MINUTES**

**Middle School Collaborative Room
1025 Massachusetts Ave.
March 15, 2017**

The Board of Selectmen met in Middle School Collaborative Room D132, with Jamie Toale, Chairman; Tom Alonzo, Clerk; Paula Bertram, Member; and Town Manager Heather Lemieux
Not present: Robert Ebersole, Vice Chairman and Phyllis Luck, Member
Others attending: Karen Brochu, Finance Director; John Londa, Facilities Director; Frank Seretti, Powers and Sullivan

The meeting commenced at 7:00 p.m. with the Pledge of Allegiance.

PUBLIC COMMENT

Mr. Alonzo gave a shout out to the Lunenburg Ledger which has been in business for twenty years. He wanted to thank them for their coverage of the town events. He announced the Lunenburg Boys and Girls Club 5th Annual "Are You Smarter than Our Sixth Graders?" live game show will be on Friday, March 31st at 7:00 p.m. at the Lunenburg High School. They are looking for sponsors and team members. It is free but donations are welcome.

Mr. Alonzo announced he would not be seeking another term as Selectman due to other commitments. He encouraged others to run for the seat, stating it's an excellent opportunity to get involved. Ms. Bertram stated she enjoyed working with Mr. Alonzo and wished him well. Mr. Toale acknowledged Mr. Alonzo's service to the Town. He encouraged anyone interested in running to attend the caucus on March 20th at the Turkey Hill Elementary School.

Mr. Toale reported he attended the girls' high school basketball championship last Saturday at WPI where Lunenburg won in their division. He also watched them play Monday in the state semi-final game. They lost that night but they had a terrific season.

Appointment by Town Manager- Kayla Ledger- Full-time Police Officer

Police Chief Marino presented Kayla Ledger who has been a reserve police officer. He was recommending she be appointed as full-time police officer. She is currently enrolled in the Criminal Justice program at Mount Wachusett Community College. She will fill the vacancy created by the resignation of Officer Pete Lekaditas who is going to work for the Boston Police Department.

Motion: P. Bertram

2nd: T. Alonzo

To ratify the appointment of Kayla Ledger to full-time police officer effective April 21, 2017

Vote: All in Favor

Officer Ledger stated she appreciated the opportunity to work in Lunenburg. The Board congratulated her.

APPOINTMENT

Powers & Sullivan- Audit for year ending June 30, 2016

Frank Serretti of Powers & Sullivan thanked the Finance Director and the Treasurer/Collector as well as the rest of the finance team for all their cooperation and assistance received during the course of the audit. The auditors came out the week of June 13th, 2016 for their preliminary fieldwork and were auditing the federal awards, budget and long-term debt; testing transactions and reviewing internal controls. They came back in October to perform year end review work and to wrap up any loose ends from their preliminary work. The overall results of the engagement concluded in an unmodified opinion on the financial statements. This is the best opinion you

can get; it means the financial statements are fairly stated in accordance with generally accepted accounting principles. He stated reporting deadlines were met, information that was provided was accurate and we received timely responses to our questions and inquiries. We did not note any significant deficiencies or material weaknesses on internal controls.

Significant audit areas:

Cash: from an audit standpoint, cash is considered to be a high risk area. One of the most important controls in cash is the reconciliation; we look at this in a very detailed manner, at all the reconciling items. We did not note any issues with cash reconciliation.

Receivables: the Town had \$16.9 million receivables in total, of which \$6.3 million was special assessments related to the water and sewer infrastructure projects and another \$6.4 million for the Massachusetts School Building Authority projects (\$3 million for the primary school and \$3.4 million for the new school).

OPEB: Other Post Employment Benefit; the Town recognized an additional \$2.0 million of obligations as of June 30, 2016; liability totalled \$20.8 million.

Net Pension Liability: there was also an additional \$2.8 million of obligations related to the net pension liability; totalling \$15.3 million. This is the second year that liability is required to be reported on the financial statements.

Outstanding Long Term Debt: the Town has \$44.2 million outstanding for governmental activities (\$38.2 million is related to school construction; \$1.1 million to water infrastructures, \$3.5 million to town building projects; \$641,000 to unamortized debt premiums and \$800,000 is related to other projects); the Town issued another \$4.1 million to finance the construction of the school.

Sewer Enterprise Fund: the Town has outstanding long-term debt totalling \$8.4 million which funded various sewer infrastructure projects and another \$1.2 million was issued.

Financial Highlights

Lunenburg continues to maintain a AA+ credit rating. You also refunded \$1.7 million of existing debt; this saved the town \$174,000 in future debt payments.

General Fund/Operating Fund: a \$1 million surplus was created that was due to a revenue surplus totalling \$643,000. The main element of that is related to tax liens amounting to \$401,000 and motor vehicle excise taxes which was \$206,000 over budget. Expenditures came in under budget by \$290,000; that was mainly related to state and county charges, a charter school assessment and school choice assessment.

Mr. Serretti stated as an auditor, these tell me your operations are structurally sound and you have good budgetary controls in place. At the end of the year, your general fund was \$3.0 million, while total fund balance reached \$4.3 million. \$487,000 of that was restricted for future debt service; \$250,000 was committed for specific purposes by Town Meeting vote and \$638,000 was assigned to encumbrances.

The unassigned \$3 million fund balance is about 9% of your operating budget. Credit agencies recommend AAA rated communities maintain 10% or higher of reserves. Lunenburg is very close to that number. The \$3 million includes \$1.7 million in stabilization funds; \$1.5 million is related to the general stabilization fund and you added another \$100,000 in during 2016 and you have \$228,000 in the zoning stabilization fund. Real estate and personal property collections are excellent at 98%. Sewer operations increased by \$216,000 due to expenditures being under budget. Betterments fund totaled \$432,000. Solid waste/recycling fund had an \$8,400 fund balance at the end of the year. You added \$33 million to your governmental capital assets. \$30 million is from the construction of the new Middle/High School, 1.3 million for road resurfacing, \$500,000 for equipment and \$1.2 million is for sewer infrastructure. Mr. Alonzo asked if the \$2 million increase to OPEB was standard for a community the size of Lunenburg. Mr. Serretti stated yes.

Report on Federal Award Programs

This report is required of entities who spend more than \$750,000 in federal funding in a fiscal year. The town spent about \$924,000; \$175,000 for the school lunch program, \$692,000 for education grants, \$49,000 for homeland security grants (mainly snow and ice removal) and another \$7,000 in highway safety. We audited the special education cluster which is a special education grant and it was tested as a major program. The results of that audit enabled us to issue an unmodified opinion; there were no weaknesses and internal controls noted.

Management Letter Items

Write off Uncollectible Ambulance Receivables- receivables increased by \$75,000 in 2016 and totaled \$711,000 at year's end; a \$159,000 increase from the prior year. This also reflects \$194,000 of which is not anticipated to be collected. We are recommending the town review its collection procedures and consider writing off what accounts they deem uncollectable.

Fraud Risk Assessment- a recommendation was made to perform a risk assessment to identify, analyze and manage the risk of asset misappropriation. This assessment should be documented as well as the controls set in place to prevent or detect fraud.

Document Key Administrative and Financial Functions- a recommendation was made to create a formal manual that identifies and documents key areas of administration and operations to reduce the risk to the Town in the event that personnel have extended absences.

Management of Student Activity Funds- a recommendation was made to implement policies and procedures to comply with the MGL audit requirement and the guidelines established by the Department of Elementary and Secondary Education.

Fixed Assets- a recommendation was made to develop procedures to account for fixed assets additions, retirements and depreciation.

Password Security- a recommendation was made to establish written policies and procedures concerning the assignment, modification and deletion of user passwords.

Develop a Reimbursement Policy and Formalize Procedures- this relates to reimbursement of employee business expenses; a standardized form is recommended as well as standardizing procedures.

Centralization of Procurement Documentation- currently supporting documents are located in various places. They are recommending a central location for all procurement documentation.

Old Receivable Balances- currently the town is carrying old receivable balances in motor vehicle excise and personal property taxes, a recommendation was made to write off balances older than five years old, dating back to 1997.

Also included in the management letter were two informational comments concerning documentation of internal controls and future GASB (government accounting standards board) statements for OPEB.

Mr. Alonzo stated it would be helpful in the audit if the severity of each item was rated for those reading the reports. Ms. Lemieux stated she would meet with the team, review each item and see where we can improve. The Board thanked Mr. Seretti and he exited the meeting.

Net Metering Credits Distribution Recommendations

Facilities Director Londa reported he started working on electricity use projections for FY2018. With the net metering project at 225 Industrial Park Road in Fitchburg coming online soon, he presented recommendations for percentages of distribution for the net metering credits to the various town accounts. The DPW garage and Public Safety building cannot take any net metering credits from this project because they are already getting supplied from solar and the Nexamp net metering project. The middle/high school rooftop solar array is still under construction. Lighting has been upgraded to led lighting at the Teen Center, the Public Library and Lunenburg Primary School for additional savings. Mr. Londa stated he brought this proposal because the original idea was a 50/50 split and what he was presenting was not. he was seeking feedback from the Board. Mr. Alonzo asked of all the energy used in all the town buildings, what percentage is now covered by either onsite solar/power purchase agreements or net metering credits. Mr. Londa estimated the FY'18 budget projection total for the town and school combined is around \$400,000 before the Nexamp net metering, the Clean Footprint net metering and the two solar projects. That would take the amount down to roughly \$275,000 - \$290,000. Mr. Alonzo clarified that he wanted to know amount of energy usage not cost. How many megawatt hours are we purchasing? How much more net metering does the town have available? Mr. Londa stated the only net metering we can take on is a large scale, Class 3 solar facility (2.5 megawatts) or a very small project.

Mr. Alonzo stated the whole purpose of the net metering was to be as equitable as possible; this proposal is two thirds/one third. Mr. Londa stated part of his rationale was the school uses a lot more electricity than the town. He also noted some town buildings like Town Hall, Ritter Building, TC Passios have RFPs out on them. Mr.

Londa stated the allocation was based on dollars and then he assigned the percentage amount. He also considered things that have been done to the buildings such as savings from installing the led lighting. Ms. Bertram suggested Town Hall be included as she did not anticipate we would be selling that within the next year. Mr. Londa stated that would be a good building to spend some money on as the Town Hall is our worst energy performing building. Mr. Toale asked about the TC Passios and Ritter Building. Mr. Londa stated he had left TC Passios off because it is being funded by its tenants. Mr. Alonzo thanked Mr. Londa for all the detail and work he has put into this, but he would like to get the split closer to a 50/50. He suggested changing the Public Library percentage to cover their costs and to increase street lights percentage. Ms. Bertram requested to see some amount assigned to the Town Hall as well. She echoed Mr. Alonzo's thank you noting the amount of work and time that has gone into saving the town money. Mr. Londa will return with an amended distribution proposal.

Mr. Lonzo reported Clean Footprint (225 Industrial Park facility) has requested an assignment of their contract to an entity called Fitchburg Solar LLC. Clean Footprint is headquartered in Cape Canaveral, Florida. He has requested a W-9 on Fitchburg Solar, LLC. The contract with Clean Footprint does allow for assignment of the contract by both the buyer and the seller. Mr. Alonzo also suggested asking for some financial background on them. Ms. Lemieux reported this has been referred to legal counsel. She had this happen in her previous community and the new company terminated the agreement following the new assignment. Mr. Londa stated our contract protects against that happening.

CURRENT BUSINESS

Follow up Discussion on Legal Services: Report on References and Evaluation of Non-Price Proposals

Ms. Lemieux reported as a follow-up to the discussion at the March 7th meeting, a list of questions was compiled and she has contacted all the references but is still awaiting responses. Once she receives a response from all 16 references she will send them to the Board. The Board was sent evaluation forms to fill out and return to her to compile which firm held the ranking of highly advantageous, advantageous, etc. Due to the fact that not all five board members will be present on March 21st and the inability of all four firms to attend on April 4th or 11th, Ms. Peterson is checking if all four firms can attend April 18th. Transition of legal counsel services would be effective on July 1st.

Update on MS4 Permit

Ms. Lemieux reported in response to the notification that the Town's NPDES PII Small MS4 General Permit Annual Report is due by May 1st. The Board asked for an update on the status of the report and the associated costs. This was addressed at the Storm Water Task Force meeting this past Thursday, which she attended and it was agreed that Ed Himlan and consultant DCI would compile the report with the assistance of the DPW Director due to their familiarity with the Town. This report is filed annually and this is the 14th year it will be filed. Mr. Himlan and DCI agree that it is not a complicated report and the deadline is not a concern. The associated costs are within the budget and will not exceed \$2,200. Ms. Bertram requested a copy of the report being sent. Ms. Lemieux also offered a copy of last year's report.

Minutes/Warrants/Action File Issues

The Board signed an accounts payable warrant in the amount of \$190,042.07 and a school construction warrant in the amount of \$129,192.04.

There were two letters of appreciation signed, one to Amory Phelps and the other to Peggy Stewart.

Ms. Bertram stated she attended the MPO meeting today and one of the things that was emphasized was making sure we have a realistic timeline for all projects. She stated she heard from MassDOT that we are in good shape for advertising the Summer Street project in August. She will reach out to Trish Domigan at VHB but suggested putting this on an agenda. She also would like an update on Chase Road.

Committee Reports:

Ms. Bertram continued on the MPO report. She stated both projects, Summer Street and Chase Road, have been approved for funding. They went through several scenarios for the next Transportation Improvement Plan (TIP),

which is 2018-2022. One thing she noted was Lunenburg does not have any other projects in the running and we should consider what we want to do next and get it in the TIP appendix. The Unified Planning Program is being drafted for next year and they are looking for projects that are related to transportation. MRPC will be sending out traffic count letters to each community, up to five locations will be permitted. We should reach out to the DPW and Planning Board for recommendations.

The timeline for public comment has been changed from 30 to 21 days to coincide with meeting schedules. Bonnie Mahoney of MART has been contacted by Trish Domigan of VHB asking if they want to place a bus stop on Summer Street in Lunenburg. A location will have to be determined.

MRPC is looking to move their offices and they have received two responses to their RFP. They are also advertising for a new principal planner. Devens is soliciting businesses to assist starting up a bus route from Leominster and Fitchburg.

The Planning Board met and reviewed two articles for annual town meeting. They will be holding a public hearing on April 10th on those changes. There was discussion about removing a bylaw that has not been enforced for ten years which requires all new homes' corners to be pinned. The building permit for 250 Whalom Road, which is a 40B project, has been issued.

Mr. Alonzo reported Cable Advisory Committee met. The cable contract expires September 2017. A public hearing will be scheduled after town meeting. Following that hearing, negotiations with Comcast will occur. Finance Committee met last Thursday. Budgets for Lunenburg Public Schools and the Sewer Commission were presented. Finance Committee meets again tomorrow and PACC and the Administration, Unclassified and Debt Service budgets will be presented.

School Building Committee has not met but there was some snow damage to the new school roof over February vacation. All the repairs have been done. When they meet again there will be a discussion on the liability and how to prevent this from happening again.

Mr. Toale reported the RFPS for the town buildings are due on the 25th.

Town Manager Report:

Update on Regionalization and Efficiency Grant Submissions:

We received notification that the grant request submitted by the City of Fitchburg, as lead community that includes Lunenburg and Townsend was awarded in the amount of \$42,257. The grant award will be used to design a regional animal control building, as well as the administrative portion of regionalizing such as drafting an Intermunicipal Agreement between the towns/city. We will be meeting with Fitchburg and Townsend in the near future to discuss next steps.

We had submitted a separate grant application in the amount of \$100,000 for E-Permitting software under the Efficiency Grant but were notified it was not awarded. The Deputy Commissioner of Local Services, Sean Cronin, did recommend that we submit this same application under the IT Grant that we are now eligible to apply for since entering into the Community Compact Program. Ms. Lemieux spoke with IT Director Malandrinos about this and he agreed that it would be the best application at this time.

Ms. Bertram asked what specifically they were seeking. Ms. Lemieux replied the e-permitting software could be used by most of the boards for licensing and permitting. There is also an online application for applicants. Ms. Lemieux stated there is also training provided. Ms. Bertram asked if she had spoken to the pertinent departments. Ms. Lemieux stated she had met with Land Use Director Burney and it was identified as a capital need. Ms. Bertram suggested reaching out to the other departments who would be using the software as they are the people who actually do the permitting.

Building Commissioner Position:

After advertising and conducting interviews with two of the four applicants, the Land Use Director and Ms. Lemieux felt it was in the best interest of the Town to re-advertise for this position. They hope to solicit a larger pool of applicants that would be the best fit for the Town. The Interim Building Commissioner, Garry Rhodes, is able to stay on until we finalize this process. Ms. Lemieux will keep the Board updated on the status of this position as they move forward.

Quarterly Financial Report

Ms. Brochu reported everything in this report goes to the end of December. She hopes to have the third quarter report ready for the Board by the middle of April.

Revenues:

Local receipts: Total collections were 49.55% of FY'17 estimated revenues. We have collected 32.72% of the FY'17 local receipts estimate. We should see the percentage increase in the third quarter when motor vehicle excise taxes are collected. A few departmental revenues are running over target; Schools 87.37%, mainly due to reimbursement for students who require special services. Fees were at 52.89%, License and permits were at 56.16% and Special Assessments were 55.26%.

Taxes: At this time we have collected \$12,025,247.48 (48.83%) of the levy.

State aid: We have collected \$3,805,586.00 (49.32%) of our state aid estimate.

Expenditures:

Ms. Brochu reported we have expended/encumbered \$18,102,555.30 (49%) of our budgeted expenditures as of 12/31/2106.

Elections and Registration/Census: we have expended 73.8% of the elections appropriation and 72.4% of registration/census appropriation. This is due to the increased number of elections and town meetings in FY'17.

Wiring Inspector: to date we have expended \$13,550.62 (67.8%). Based on estimates, we will need an additional appropriation of \$5,076 prior to the close of the fiscal year.

Animal Control: to date 77.5% of the appropriation has been expended. This is due to the increased cost of care/custody of two pit bulls placed in care of the Animal Control Officer since July 1 pending a court case. An adjustment of about \$10,000 will need to be made prior to close of the fiscal year.

Snow Removal: there is a deficit balance of \$14,646.28 in the appropriation as of December 31st. This account will require a supplemental appropriation once final costs are determined.

Unemployment Compensation: the full appropriation of \$10,000 is still available as there are no open claims at this time.

Principal/Interest Loans: there will be an internal transfer from serial loans interest to interest temporary loans to eliminate the \$5,213.60 deficit in the temporary loans account. There are sufficient funds in the overall appropriations to cover all FY'17 debt service.

Ms. Bertram reported at the MPO meeting they were giving out Fitchburg/Leominster System maps and schedules. The Lunenburg schedule is printed on them.

Motion: T. Alonzo

To adjourn the meeting at 8:50 p.m.

2nd: P. Bertram

Vote: All in Favor

Respectfully submitted,



Elaine M. Peterson

Executive Assistant to the Town Manager

RECEIVED & FILED

APR 12 2017

**LUNENBURG TOWN
CLERK OFFICE**