
Board of Selectmen/Planning Board/Finance Committee
Minutes of Triboard Meeting of March 23, 2016

I. Call to Order/Roll Call

Chair Mary O'Donoghue called the Triboard Meeting of the Board of Selectmen, Finance Committee, and School Committee to order at 6:00 P.M. in the 3rd Floor Meeting Room at Memorial Hall Library. Present from the Board of Selectmen: P. Salafia-Y, A. Vispoli-Y, R. Landry-Y, and M. O'Donoghue-Y.

Finance Committee Chair S. Jon Stumpf opened the meeting for the Finance Committee. Present from the Finance Committee: J. Marden-Y, M. Kruse-Y, L. Anderson-Y, E. Moffitt-Y, Y, J. Barry-Y, G-Serrao-Y, B. Taylor-Y, and S. Jon Stumpf-Y. B. Zahorik arrived after the meeting opened.

Planning Board Chair Zach Bergeron opened the meeting for the Planning Board Members: J. Doherty-Y, J. Duff-Y, A. Knowles-Y, A. Simko-Y, and Z. Bergeron-Y.

Also present: Town Manager Andrew Flanagan, Finance Director Donna Walsh, Paul Materazzo
The meeting was duly posted and cablecast live.

II. Opening Ceremonies/Moment of Silence/Pledge of Allegiance

The meeting began with a moment of silence followed by the Pledge of Allegiance.

III. Tax Increment Financing (TIF)

The TIF Group met weekly working on a preliminary arrangement to take to the respective boards and to talk about the financial opportunities for Andover. The approval of the TIF for Pfizer will be dependent upon a vote at Town Meeting.

Gil Stevens, Pfizer Andover, explained the project being presented to the Town for approval of a TIF and spoke about the site where the new building would be located at their Andover campus, the background of the Biotechnology Facility, their involvement in the community, and their plan to be fully operational by January 2019. Mr. Stevens provided information on Personal Property Taxes and Real Property Taxes Pfizer paid to the Town in 2015 in addition to the \$25M spent on supplies and services from Mass vendors; 55% of capital was spent in the Merrimack Valley using local vendors.

Impacts: Capital investment of \$200M, Future Real Prop Tax Revenues for Building E estimated at \$674K, Potential Economic Multipliers total tax of \$2.8 M in Local Taxes, and an estimated 150 -200 new jobs created during the building process.

Evaluating 2 other sites:

Pfizer Andover is competing with two other sites: Grange Castle, Ireland and Chesterfield, Missouri (also offers a TIF). Competitor locations have been evaluated for suitability, and various factors including labor costs, construction costs, and tax costs.

Critical site selection factors include qualified labor and suppliers, to realize operational synergies, construction and operation costs, the speed, ease, and predictability of permitting, and the cost offsets via tax and non-tax incentives. A mutual beneficial Tax increment Financing Agreement (TIF) would help present a strong case to the Executive Committee for project approval. Certain tax incentives in Massachusetts make Andover a viable option.

The Town Manager and Andover's TIF Working Group, Pfizer representatives, and **Peter Milano from the Massachusetts Office of Business Development**, have been meeting weekly to discuss the elements of the TIF. The Planning Board has approved the project and there is a current placeholder in the Annual Town Meeting Warrant knowing this request could be a possibility. If the warrant article is approved at Town Meeting and Pfizer doesn't build Building E the Warrant Article will become null and void.

A TIF program is designed to leverage investment for economic development projects in a manner than enhances the benefits accrued to the public interest. All TIFs have to be approved by the State, a 5-year agreement (minimum), provides incremental tax relief (100% in years 1-3, 65% in years 4 and 5), with personal property taxes and building fees collected at 100%. The TIF would begin the first full fiscal year of occupancy. Prior to starting the TIF, incremental taxes will be paid by Pfizer. The incremental value, which is taxable, is a \$26M minimum investment during life of TIF.

The 5-year TIF benefit would equal \$2,905,682 (capped) and a 10-year TIF benefit to Andover of \$3,851,718 (numbers are conservative); projections assume no increase in the tax rate. The Town's total collections associated with the project are \$10,609,118, with Permitting fees projected to be \$417,742 and not included as part of the TIF. The TIF wouldn't go into effect until building is built, but Pfizer would continue to pay incremental taxes. When not paying taxes for first 3 years revenue is not counted as new growth but at year 4, it is.

Procedure question: Do we need Town Meeting approval to negotiate? *Have a working arrangement supported that will move onto TM to ratify at that time.*

Selectman Vispoli moved that the Board of Selectmen recommend approval of Warrant Article P-46 the TIF for Pfizer as outlined for Town Meeting. The motion was seconded by Selectman Salafia and voted 5-0 to approve.

On a motion by A. Knowles and seconded by J. Doherty, the Planning Board voted 5-0 to approve.

The Finance Committee will vote at their meeting at 7:00 P.M tonight.

Discussion on FY-17 Budget

A budget gap of \$1.8M remains between the School Department FY-17 Budget and the Town Manager's Recommended Budget. The Town Manager is recommending increasing the appropriation by \$600K (savings from health insurance and revenue) creating a new gap of \$1.2M. The School Department would lower their request by \$1.2M by delaying the high school schedule at a savings of \$300K, finding \$500,000 in savings within the school budget, with the remainder of coming from Circuit Breaker Reserve. The Finance Committee is not in favor of using any health insurance savings towards the School Department Budget.

Alex Vispoli said this represents a series of patchwork financing and is concerned about how to sustain that number through growth going forward in 2-3-4 years when you have the increase of the arc going up more than growth planned.

Andrew Flanagan said the agreement to exhaust the entire Circuit Breaker fund assumes it will be replenished to the level of \$1.7M next year. In the years following they will pull a separate article for Out-of-District (OOD) tuition spending; they need to begin to develop factors to offset items that are out of our control. Health Insurance Plan Design is a one-time savings and one of the greatest areas of concern. After Town Meeting they are going to go the process of developing a Financial Plan - not just on an annual basis but steps and mechanisms that will be put into place.

Jon Stumpf feels the community needs to know the cost of Out-of-District placements and why there is a rise in OOD attendees and what we can do to mitigate that rise in-house.

VI. **Adjournment**

At 6:57 P.M. on a motion by Selectman Salafia and seconded by Selectman Vispoli the Board of Selectman moved to adjourn from the March 23, 2016 Triboard Meeting and move to the Board of Selectmen's Regular Meeting Roll call:

At 6:55 P.M. on a motion by Linn Anderson and seconded by Greg Serrao the Finance Committee moved to adjourn from the Triboard meeting and move to their Finance Committee meeting scheduled for 7:00 P.M.

At 6:50 P.M. The Planning Board adjourned from the March 14, 2016 Triboard Meeting.

Respectfully submitted,

Dee DeLorenzo
Recording Secretary