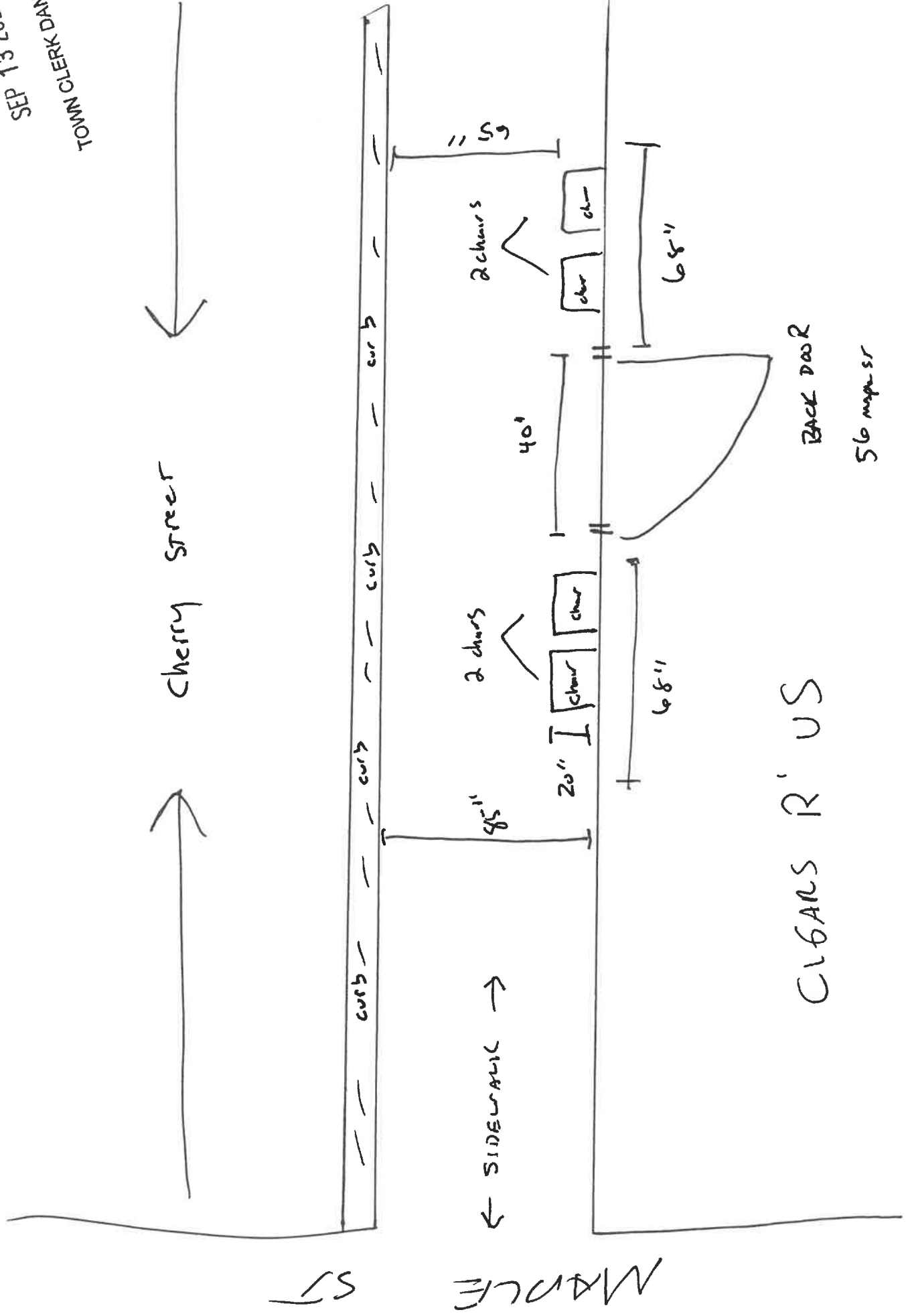


POSTED

SEP 13 2021

TOWN CLERK DANIEL WEAVER



ST

MAIDLE

CLGARS R' US

BACK DOOR

56 meters



Town of Danvers

Director of Administration and Finance

Rodney Conley | Director of Administration and Finance
1 Sylvan Street, Danvers, Massachusetts 01923 | p: 978-777-0001 | f. 978-777-1025
www.danversma.gov | rconley@danversma.gov

M e m o r a n d u m

To: Steve Bartha, Town Manager
CC: Jill Summit, Treasurer/Collector
From: Rodney Conley, Director of Administration and Finance
Date: September 16, 2021
Subject: September 16, 2021 Bond Sale

In this week's packet will be a Select Board vote to approve the sale of the Town's September 30, 2021 \$13,050,000 general obligation bond issue. Morgan Stanley & Co, LLC was the winning bidder on the Bonds with a true interest cost (TIC) of 1.86%. The Town received a total of 6 bids on the Bonds. Bond proceeds will be used to finance various municipal projects such as the Smith School project and our ongoing Water and Sewer capital improvement programs.

The packet also will include a Select Board vote to approve the sale of a \$3,000,000 bond anticipation note issue also dated September 30, 2021. Piper Sandler & Co. was the winning bidder on the notes with an interest cost of 0.24%. This issue was also for the Smith School and will provide the cashflow needed to complete the project as we work through closeout with the Massachusetts School Building Authority.

These are great results for this sale which again benefitted from great market conditions and the strong credit profile of the Town. As part of the process, S&P again affirmed the Town's AAA rating. The rating agency cited the Town's very strong economy; very strong management with strong financial policies and practices; very strong budgetary flexibility; and very strong liquidity as positive credit factors.

Please let me know if I can provide any additional information.



BOARD VOTE

Voted: that the sale of the \$13,050,000 General Obligation Municipal Purpose Loan of 2021 Bonds of the Town dated September 30, 2021 (the "Bonds"), to Morgan Stanley & Co. LLC at the price of \$14,349,498.27 and accrued interest is hereby approved and confirmed. The Bonds shall be payable on September 1 of the years and in the principal amounts and bear interest at the respective rates, as follows:

| <u>Year</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Amount</u> | <u>Interest Rate</u> |
|-------------|---------------|----------------------|-------------|---------------|----------------------|
| 2022 | \$245,000 | 5.000% | 2035 | \$515,000 | 2.000% |
| 2023 | 255,000 | 5.000 | 2036 | 515,000 | 2.000 |
| 2024 | 280,000 | 5.000 | 2037 | 515,000 | 2.000 |
| 2025 | 305,000 | 5.000 | 2038 | 515,000 | 2.000 |
| 2026 | 590,000 | 5.000 | 2039 | 515,000 | 2.000 |
| 2027 | 590,000 | 5.000 | 2040 | 515,000 | 2.000 |
| 2028 | 590,000 | 5.000 | 2041 | 515,000 | 2.000 |
| 2029 | 585,000 | 5.000 | 2042 | 365,000 | 2.000 |
| 2030 | 585,000 | 5.000 | 2043 | 365,000 | 2.000 |
| 2031 | 580,000 | 5.000 | 2044 | 365,000 | 2.125 |
| 2032 | 520,000 | 4.000 | 2046 | 730,000 | 2.250 |
| 2033 | 520,000 | 3.000 | 2048 | 730,000 | 2.250 |
| 2034 | 515,000 | 2.000 | 2050 | 730,000 | 2.250 |

Further Voted: that the Bonds maturing on September 1, 2046, September 1, 2048 and September 1, 2050 (each a "Term Bond") shall be subject to mandatory redemption or mature as follows:

Term Bond due September 1, 2046

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2045 | \$365,000 |
| 2046* | 365,000 |

*Final Maturity

Term Bond due September 1, 2048

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2047 | \$365,000 |
| 2048* | 365,000 |

*Final Maturity

Term Bond due September 1, 2050

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2049 | \$365,000 |
| 2050* | 365,000 |

*Final Maturity

Further Voted: to approve the sale of \$3,000,000 1.00 percent General Obligation Bond Anticipation Notes of the Town dated September 30, 2021, and payable September 29, 2022 (the “Notes”), to Piper Sandler & Co. at par and accrued interest plus a premium of \$22,830.00.

Further Voted: that in connection with the marketing and sale of the Bonds, the preparation and distribution of a Notice of Sale and Preliminary Official Statement dated September 9, 2021, and a final Official Statement dated September 16, 2021 (the “Official Statement”), each in such form as may be approved by the Town Treasurer, be and hereby are ratified, confirmed, approved and adopted.

Further Voted: that in connection with the marketing and sale of the Notes, the preparation and distribution of a Notice of Sale and Preliminary Official Statement dated September 9, 2021, and a final Official Statement dated September 16, 2021, each in such form as may be approved by the Town Treasurer, be and hereby are ratified, confirmed, approved and adopted.

Further Voted: that the Bonds shall be subject to redemption, at the option of the Town, upon such terms and conditions as are set forth in the Official Statement.

Further Voted: that the Town Treasurer and the Select Board be, and hereby are, authorized to execute and deliver continuing and Significant events disclosure undertakings in compliance with SEC Rule 15c2-12 in such forms as may be approved by bond counsel to the Town, which undertakings shall be incorporated by reference in the Bonds and Notes, as applicable, for the benefit of the holders of the Bonds and Notes from time to time.

Further Voted: that we authorize and direct the Town Treasurer to establish post issuance federal tax compliance procedures and continuing disclosure procedures in such forms as the Town Treasurer and bond counsel deem sufficient, or if such procedures are currently in place, to review and update said procedures, in order to monitor and maintain the tax-exempt status of the Bonds and Notes and to comply with relevant securities laws.

Further Voted: that any certificates or documents relating to the Bonds and the Notes (collectively, the “Documents”), may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document; delivery of an executed counterpart of a signature page to a Document by electronic mail in a “.pdf” file or by other electronic transmission shall be as effective as delivery of a manually executed counterpart signature page to such Document; and electronic signatures on any of the Documents shall be deemed original signatures for the purposes of the Documents and all matters relating thereto, having the same legal effect as original signatures.

Further Voted: that each member of the Select Board, the Town Clerk and the Town Treasurer be and hereby are, authorized to take any and all such actions, and

execute and deliver such certificates, receipts or other documents as may be determined by them, or any of them, to be necessary or convenient to carry into effect the provisions of the foregoing votes.




Town of Danvers

Office of the Town Manager

Steve Bartha | Town Manager
1 Sylvan Street, Danvers, Massachusetts 01923 | p: 978-777-0001 f. 978-777-1025 www.danversma.gov | sbartha@danversma.gov

M e m o r a n d u m

To: Danvers Select Board
From: Steve Bartha, Town Manager 
Date: September 15, 2021
Subject: Management Compensation Plan for Fiscal Year 2022

This report provides the basis for implementation of the FY 2022 Merit Compensation Plan (MCP) for our senior management employees. The MCP is a merit-based compensation plan for managers that was established by Town Meeting in 1979 and has been administered since then by the Town Manager, subject to an annual review by the Select Board (DSB), as directed by the original Town Meeting vote. The MCP was not funded in FY 2021, due to COVID-19, but was approved as part of the for FY 2022.

Recent Plan Revisions

The MCP is built upon a classification grade-system (position evaluations/job descriptions) and compensation ranges for similarly classified positions. The current grades and ranges were reviewed/updated in 2018 as part of a broader study of roughly sixty non-union positions, which was funded by a Community Compact program best practices grant; moving forward, we plan to review/update these positions in smaller batches, based on logical position groupings.

Several key recommendations from 2018 study to update the MCP included (a) annual evaluation of the salary ranges to determine what, if any, inflation factor should be applied based on broader economic trends and (b) generally expecting a management team member's location on their respective range to correlate to years of service, with performance itself being a key variable.

Performance Evaluation

The FY 2021 performance of each management employee was evaluated during the months of July and August through self-reflection, dialogue, and supervisor observations. The evaluation process focused on three distinct areas of job performance:

1. Operational Performance Objectives (50%): An employee's performance in this area is measured across the five primary functions that they, as managers, must be proficient in: leadership and strategic planning; financial management; personnel management; customer service/community outreach; and general duties and responsibilities.

2. Strategic/Major Performance Objectives (40%): Performance in the development, advancement, and/or achievement of two, specific projects or strategic priorities, which relate to the following goals (adopted by the BOS in their FY 2021 Budget Policy):
 - a. Customer-driven organization committed to superior customer service.
 - b. High quality and affordable education, recreation, and cultural services.
 - c. Maintain and enhance infrastructure, capital equipment, and public facilities.
 - d. Long-term fiscal stability and a stable tax base through management and planning.
 - e. Continuity in planning and development and cost-effective public safety services.

3. Special Achievement or Discretionary Performance (10%): Those extraordinary items, unknown during the objective setting process.

Evaluation Process

In late 2020, each manager worked with his/her supervisor to review the five common operational performance areas and to develop the two strategic/major performance objectives on which their FY 2021 performance would be based. The manager's performance in these areas was monitored during the yearlong evaluation period, generally in the form of a bi-weekly or monthly supervisory conference. In the case of a department manager, the evaluation responsibility lies directly with the Town Manager. For division managers, the department manager is responsible for each of their division manager's evaluations, subject to a consultation and secondary review by the Town Manager. A partial listing of strategic/major performance objectives that were developed, advanced, or achieved during FY 2021 is attached as Exhibit A.

Recommended Guidelines for FY 2021

The following guidelines are recommended for use in the FY 2020 MCP.

1. Scope: This policy applies to 23 management positions under the supervision and direction of the Town Manager. In the case of the Town Manager, the DSB is responsible for the evaluation and compensation determination, which typically occurs after the MCP process.

2. Cost of Living Adjustment: Each year, the salary range charts are reviewed to see what, if any, inflation factor should be applied based on broader economic trends to ensure that the grades/ranges remain current and competitive. No adjustment was made in FY 2021 due to COVID-19; in FY 2022, a 2% COLA adjustment is recommended.

3. Merit Pay Increases: Individual performance evaluations and position placement within pay ranges will normally provide the basis for determining merit salary rates. In FY 2021, eligible employees will receive merit increases ranging from 1.0% (meets expectations) to 2.0% (outstanding), effective July 1, 2021.

4. Salary Range Charts & Management Classification/Grades: The FY 2021 Salary Range Charts (Exhibit C) and the Management Classification/Grades (Exhibit D) are attached.



Memorandum: MCP for FY 2022

September 15, 2021

Page 3

5. **Cost:** The FY 2022 budget includes adequate funding for these merit increases, although several account transfers may be required at the Annual Town Meeting to implement.

6. **Market & Pay Equity Adjustments:** Several market adjustments are recommended in FY 2022 to maintain both internal and external equity, as well as compliance with the 2018 Massachusetts Pay Equity Act. Affected positions include: Town Accountant, IT Director, Treasurer/Collector, Assistant Town Manager, Director of Land Use & Community Services, Director of Administration & Finance, and Assistant Utility Director.

7. **Town Accountant's Review:** The Town Accountant is appointed by the DSB on the recommendation of the Town Manager, serves as a member of the Finance Department, under the general supervision of the Director of Administration & Finance, and participates in the annual MCP program.

The distribution of management employees falling within the various performance levels in Fiscal Years 2017 through 2021 (except for FY 2020, due to COVID-19) are displayed below:

| Performance Level | FY 2017 | | FY 2018 | | FY 2019 | | FY 2021 | | Average |
|----------------------|---------|-----|---------|-----|---------|-----|---------|-----|---------|
| Outstanding | 3 | 15% | 1 | 5% | 3 | 15% | 5 | 26% | 15.0% |
| Exceeds Expectations | 9 | 45% | 13 | 62% | 10 | 50% | 9 | 48% | 51.3% |
| Meets Expectations | 8 | 40% | 6 | 28% | 7 | 35% | 4 | 21% | 31.3% |
| Needs Improvement | 0 | 0% | 1 | 5% | 0 | 0% | 1 | 5% | 2.5% |

Summary

The concept of merit pay for management employees remains firmly established in Danvers after its authorization by Town Meeting vote more than forty years ago. Its validity and reliability were affirmed after review by an independent consultant in 2002 and again in 2018.

The program continues to assist the Town Manager and Select Board in focusing the management team on (1) the development and implementation of strategies to improve the quality and cost effectiveness of the services provided to Danvers taxpayers and ratepayers and (2) finding new and creative ways of providing quality customer service as efficiently and effectively as possible. The MCP also continues to have a positive impact in terms of employee performance and understanding of job expectations between management employees and their supervisors.

No evaluation system is perfect, but I am confident that ours remains an effective management tool in meeting the challenges that face us in Danvers and in helping to assure that our residents continue to receive good value for the investment they make in their municipal government.

- Enclosures:
- | | |
|---|-------------|
| 1. Partial List of FY 2021 Work Objectives | [Exhibit A] |
| 2. FY 2022 Management Classification/Grades | [Exhibit B] |
| 3. FY 2022 Management Salary Range Chart | [Exhibit C] |

Partial List of Work Objectives Achieved by Management Team in FY 2021

1. Establish uniform and consolidated personnel files in the HR Office
2. Plan and implement COVID-19 compliant senior programming
3. Plan and implement COVID-19 compliant recreation programming
4. Develop a GFOA Budget Award eligible budget document & submit for consideration
5. Update the professional standards section of the Police Department website
6. Begin planning for the establishment of a Storm Water Utility
7. Respond to DEP Notice to Complete relative to Water Management Act permit renewal
8. Begin feasibility study for eventual Commercial 1 Zoning updates along Endicott Street
9. Prepare regulatory process updates to Zoning Bylaw for Fall 2021 Special Town Meeting
10. Begin datacenter update planning and virtualize DPW Business Office environment
11. Oversee core switch replacement for Town's IT infrastructure
12. Enhance community outreach through strategic use of social media platforms
13. Expand crisis intervention and mental health awareness training for Police Department
14. Begin planning comprehensive update to the Town's Emergency Management Plan
15. Update Fire Department's Mutual Air Card System (circa 2008)
16. Develop a succession plan for the Fire Prevention Office
17. Update policies and procedures in the Treasurer/Collector's Office
18. Review current bank allocation distributions and recommend changes, as needed
19. Update utility metering data management and AMI software
20. Implement outage management system (OMS) software in Electric
21. Operationalize new modules in fleet management software
22. Ensure that the Smith School achieves substantial completion, on time and on budget
23. Undertake feasibility study for Consolidated DPW Yard options
24. Develop strategy for creation of a Clean Energy / Climate Action Plan
25. Deliver report of the Welcoming Community Working Group to the Select Board
26. Report out lessons learned from COVID-19
27. Prepare draft Civic Space Zoning Districts for regulatory board consideration

**DANVERS MANAGEMENT
CLASSIFICATION/GRADES**

| |
|--|
| POSITION/GRADE |
| M-1 |
| <i>No position assigned</i> |
| M-2 |
| <i>Town Clerk</i> |
| <i>Director of Public Health</i> |
| <i>Senior & Social Services Director</i> |
| <i>Director of Planning & Economic Development</i> |
| M-3 |
| <i>Chief Assessor</i> |
| <i>Director of Inspectional Services</i> |
| <i>Recreation Director</i> |
| <i>Town Accountant</i> |
| <i>DPW Business Manager</i> |
| <i>Treasurer/Collector</i> |
| M-4 |
| <i>Deputy Fire Chief</i> |
| <i>Director of Land Use & Community Services</i> |
| <i>Director of Information Technology</i> |
| <i>Police Captain (Administration)</i> |
| <i>Police Captain (Operations)</i> |
| <i>Town Engineer</i> |
| M-5 |
| <i>Assistant Town Manager / Communications Director</i> |
| <i>Director of Human Resources / Civil Service Administrator</i> |
| <i>Director of Operations (DPW)</i> |
| M-6 |
| <i>Assistant Utility Director (Electric)</i> |
| <i>Director of Administration & Finance</i> |
| M-7 |
| <i>Chief of Police</i> |
| <i>Fire Chief</i> |
| M-8 |
| <i>Director of Public Works & Utilities</i> |

DANVERS SALARY RANGE CHART

Exhibit C

| | |
|----------|-----------------------|
| \$73,868 | Starting Annual Wage |
| 2.00% | FY 2022 COLA Increase |
| 33.50% | % between MIN - MAX |

| % Between Grades | Grade | MIN | MID | MAX |
|---------------------------------|--------------|------------|------------|------------|
| 6.5% | M1 | \$73,868 | \$86,241 | \$98,614 |
| 10.5% | M2 | \$78,670 | \$91,847 | \$105,024 |
| 6.5% | M3 | \$86,930 | \$101,491 | \$116,052 |
| 6.0% | M4 | \$92,581 | \$108,088 | \$123,595 |
| 6.0% | M5 | \$98,135 | \$114,573 | \$131,011 |
| 6.5% | M6 | \$104,024 | \$121,448 | \$138,872 |
| 10.0% | M7 | \$110,785 | \$129,342 | \$147,898 |
| | M8 | \$121,864 | \$142,276 | \$162,688 |