

Special Town Meeting
Supplemental Information Handout
October 6, 2015

The following is a summary of proposed Special Town Meeting Actions and balances in funds being proposed for utilization during Town Meeting and how those actions relate to the Board of Selectmen's Overall Financial Management Policy.

Board of Selectmen Overall Financial Management Policy after Free Cash Certification:

- At least \$600,000 will be set aside for potential snow and ice deficit (Funds set aside)
- At least \$350,000 will be set aside to be transferred into the Other Post-Employment Benefits Trust Fund (Request presented in Article 9)
- At least 25% of the remaining certified free cash will be used to fund the capital budget and one-time capital expenditures; 25% of remaining FY16 Free Cash is \$518,664 of which \$437,500 is proposed to be expended at STM on capital budget and one-time capital expenditures. This goal was not met when Certified Free Cash was allocated for FY16 since there was an emphasis on transferring as much Free Cash into the Stabilization fund to replenish what was spent at Annual Town Meeting in May 2015.
- At least 25% of the remaining certified Free Cash will be placed into the Stabilization Fund; 25% of remaining FY16 Free Cash is \$518,664. The amount of \$1,637,157 is proposed to be transferred from Free Cash into the Stabilization Fund in Article 10.

Definition - Raise and Appropriate: A phrase used to identify a funding source for expenditure or expenditures, which refers to money generated by the tax levy or other local receipt. (For Special Town Meeting additional funds were available to raise and appropriate since State Aid was higher than projected; local receipts were increased based upon previous year's collections. In addition new growth, which is tax revenue generated by development and new construction in the community was also higher than projected.)

Definition - Free Cash: Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Department of Revenue's Director of Accounts.

Definition - Retained Earnings: An equity account reflecting the accumulated earnings of an enterprise fund that may be used to fund capital improvements, to reimburse the general fund for prior year subsidies, to reduce user charges and to provide for enterprise revenue deficits (operating loss).

Definition - Other Post-Employment Benefits (OPEB): Employees of state and local governments may be compensated in a variety of forms in exchange for their services. In addition to a salary, many employees earn benefits over their years of service that will not be received until after their employment with the government ends. The most common type of these post-employment benefits is a pension. Post-employment benefits other than pensions generally take the form of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including in some cases their beneficiaries. They may also include some type of life insurance. As a group, these are referred to as OPEB. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

Definition - Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose (MGL Ch. 40§5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them, in any year, an amount not to exceed ten percent of the prior year's tax levy. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into or from the stabilization fund.

Raise and Appropriate Articles

Article 1

School:	\$681,706
Town:	\$456,165

Article 1 School Breakdown

Salaries, Part-Time Aide	\$18,607
Operating, Legal Services	\$30,000
Operating, Maintenance Contracted Services	\$37,532
Operating, Summer Services	\$35,000
Capital Outlay, Text Books for Math K-6	\$200,000
Health Ins. costs for Employees previously in a Grant and Cafeteria Fund	<u>\$360,567</u>

Total School Raise and Appropriate **\$681,706**

Article 1 Town Breakdown

COA Operating: \$31,000

For repairs to the electronic wall in the large meeting room, new windows in the older section of the building, repairs to the walk-in refrigerator, purchase of a new snow blower and miscellaneous building repairs.

Police Capital Outlay: \$28,735

\$21,823 will be used to fund a firearms training system and software which the Department has used for the past four years inside the Middlesex Sheriff's Mobile Training Center, but the available times and dates are very limited and it is becoming harder to acquire annually. This new system would be installed in the basement of the Police Department in a locked room that would give the Department the opportunity to provide much more training to Officers. This type of scenario based training incorporates de-escalation techniques, less lethal encounters, as well as deadly force encounters while our Officers are using the same weapons system they are issued at the Department. Also included in the increase is \$6,912 for the Department to purchase their fourth police vehicle for FY16 since the cost of cruisers was higher than previously projected.

Fire Salaries: \$118,117

The budget appropriation is needed to fund the full year salaries of three employees who planned to retire early in the Fiscal Year but decided to stay. Also, the funding adjusts the budget to reflect employee costs that should have been in the original budget.

Fire Operating: \$31,000

\$24,000 will fund the purchase of a new Fire Channel 2 repeater/receiver at Ames Hill to replace the current obsolete piece of equipment. Also \$7,000 is needed to repair the South Station to stop water/ice dam problems.

Computer Services Capital Outlay: \$10,000

Funds will be used for the purchase of new computers to replace those that are on Windows XP.

Town Hall Annex Capital Outlay: \$10,000

Funds are needed for carpet replacement in the Annex. At a previous Town Meeting \$10,000 was approved for new carpeting. After securing bids another \$10,000 is needed.

Community Development Operating: \$75,000

The appropriation will be used to update the Zoning By-Law and an update to the Town Open Space and Recreation Plan.

DPW Administration Salaries: \$10,313
 Funding will allow a part-time clerical position in the DPW Administration to go from part-time to full-time and to fund a portion of vacation buy-back for a retired employee.

DPW Administration Capital Outlay: \$10,000
 Funds will be used to renovate space vacated by Community Development when they move to the Town Hall. The renovations will include, but are not limited to new office walls and painting.

DPW Fleet Maintenance Capital Outlay: \$132,000
 Funds will be used to purchase two vehicles and associated attachments for the DPW. One vehicle is a new road service pick-up truck for Fleet Maintenance to replace a 2002 Dodge Pickup with an estimated cost of \$65,000. The other vehicle is a new S740 T4 Bobcat Skid Steer Loader with attachments for the Highway Division to replace a 1994 Bobcat. The estimated cost of the new vehicle with attachments is \$67,000. Proposed attachments include: a broom, loader forks and road planner/grinder for patching roads.

Article 2: \$117,000

The appropriation will fund a new labor agreement with the International Association of Firefighters AFL-CIO, Tewksbury Firefighters Local 1647 and implement the labor agreement and distribute funds in Fiscal Year 2016. The contract is for three (3) years, the salary increase is 2.5% for each year of the contract which is consistent with other Town employees. Total cost of the salary increase and other benefit changes is estimated to be \$332,325 over the three year period.

Article 3

Town unpaid bills: \$1,624
 School unpaid bills \$28,590

Total Amount Raise and Appropriate all Articles:

School: \$710,296
Town: \$574,789

Transfer Retained Earnings Sewer Enterprise Fund and Water Enterprise Fund

Sewer Enterprise Fund Retained Earnings Balance July 1, 2015 \$6,170,282
 Article 4: (\$65,000)
Remaining Balance: \$6,105,282

Water Enterprise Fund Retained Earnings Balance July 1, 2015 \$3,419,615
 Article 4 (\$65,000)
Remaining Balance: \$3,354,615

Article 4

This article will allow the Town to utilize funds from both Water and Sewer Retained Earnings that were considered available as of July 1, 2015, to purchase a 2016 Ford F-550 Utility Truck with a 52"x23" compartment body to store equipment, parts and tools and the vehicle will include a crane to lift heavy equipment such as pumps and motors. The vehicle will be used by the Water and Sewer Divisions for various operations including water breaks and pump station maintenance and will cost \$130,000.

Free Cash Balance Summary:

FY15 Certified Free Cash:	\$3,024,657
Set aside \$600,000 for Snow and Ice:	<u>(\$600,000)</u>
Total Free Cash Available:	\$2,424,657
Article 5	(\$220,000)
Article 6	(\$207,500)
Article 8	(\$10,000)
Article 9	(\$350,000)
Article 10	<u>(1,637,157)</u>
Total Remaining Free Cash:	\$0.00

Free Cash Use Explanations:

Article 5

\$220,000

Funds will be used for the demolition of the former police station including hazardous material removal and all related site work. In addition to these funds, a previous warrant article appropriated \$50,000 for this work, but based upon projected costs for hazardous material it was not sufficient and further funding was needed. The project has been advertised and bids will be opened on October 15. Also funds will purchase a new 2016 John Deere 410L Backhoe Loader with attachments and accessories for the DPW Highway Division to replace a 1998 backhoe.

Article 6

\$207,500

Funds will be used to purchase a new F350 Ford truck with plow and sander which will cost \$49,000: The School Department currently has three Ford F350 trucks in their fleet. One was purchased in 2012 and the other two in 2013. The vehicle from 2012 has approximately 80,000 miles/engine hours on it. The School Department has four employees that can operate plows, but there are only three vehicles. With the addition of the sander to the new truck the School Department can supplement DPW sanding of parking lots as needed to keep them open and safe.

Funds will also be used to replace hot water heaters for Ryan and Wynn Schools: Both water heaters are past their useful life. Currently the water heater at the Wynn has a slight leak and State certification is being withheld until repairs are made. The cost of replacing the boilers is \$70,000.

Pipe work and repairs at the Dewing is needed in areas that have rotted out and are in need of being replaced to prevent any leaks which would cause freeze ups in the winter and pitting of the tubes inside the boilers. The cost of this work is funded with the article and is \$70,000.

Funding from this article will purchase a water tank for the back of a School Department truck which will be used to supplement the watering of the islands and trees at the Tewksbury Memorial High School. The cost of the tank is \$3,500.

Also within this article is \$20,000 to fund a new Wynn Middle School Presentation System in the Classrooms: This will allow the School Department to purchase 85 units to upgrade the 10 year old computer systems that operate the Smartboards in each classroom.

Finally \$50,000 will be used to fund a feasibility and condition study for the Center School which houses the School Administration. The building is in need of upgrades and repairs. The architectural firm HKT will be used to undertake the study. The services include analysis of the building envelope, finishes and building systems, and compliance with all code including life safety and accessibility. The report will summarize findings, provide recommendations and cost estimates for all needed work.

Article 8

\$10,000

This Article has a Scrivener’s error in the Executive Summary. Funds are not being utilized from a surplus in the Assessors Overlay Reserve - instead, funds are being transferred from Certified Free Cash.

This article will add funds to the Senior Tax Relief Program/Veterans Tax Relief Program that allows eligible Senior Citizens /Veterans of the Town to work for Town and School offices and receive a reduction in their property tax bill. Currently the Town has \$25,000 for the program but has more applicants and work than the original appropriation can support. \$10,000 will allow additional Seniors and Veterans to take advantage of the program’s benefits while at the same time provide needed work for Town and School offices.

Article 9

\$350,000

This Article has a Scrivener’s error in the Executive Summary. The unfunded liability of \$166 million should be \$161 million.

Funds in this article will be transferred from Certified Free Cash into the Other Post-Employment Benefit Account to fund the Town’s outstanding unfunded liability of \$161 million. The current amount in the OPEB fund is 740,423.73.

Article 10

\$1,637,157

This article transfers the remaining Certified Free Cash to the Stabilization Fund to be used for future emergencies or one-time purchases or projects.

Stabilization Fund:

Stabilization Fund Balance:	\$1,727,367
Proposed to be transferred in:	<u>\$1,637,157</u>
Total Stabilization Fund:	\$3,364,524

Community Preservation Act Fund Summary

Community Preservation Act

CPA Undesignated Fund Balance:	\$755,059
CPA Open Reserve/Recreation Balance:	\$185,707
CPA Historic Reserve Balance:	\$407,100
CPA Housing Reserve Balance:	\$182,947

Transfer CPA Undesignated Fund Balance

Article 11	(\$202,125)
Article 12	<u>(\$100,000)</u>
Remaining Balance:	\$452,934

Transfer CPA Open Space Reserve

Article 12	<u>(\$100,000)</u>
Remaining Balance:	\$85,707

Article 18

Scrivener’s Error: In the paragraph Y(1) “permitted use” should be “permitted as of right”