

**Annual and Special Town Meeting
Supplemental Information Handout
May 4 and 6, 2015**

The following is a summary of proposed Annual and Special Town Meeting Actions, balances in funds being proposed for utilization during Town Meeting, Article amendments and scrivener errors and supplemental information to certain articles. Also attached is the Town's Overall Financial Management Policies adopted by the Board of Selectmen.

Annual Town Meeting Articles that have Scrivener Errors

Article 10

Under Capital Expenditures FY16 Recommended \$235,300 should read \$235,000 and Net Deficit/Surplus after Capital should read \$330,081 instead of \$329,781.

Article 18

Delete the following words on the second line after Town Manager "from Water Enterprise Fund Retained Earnings".

Article 21

Within the Motion and the Executive Summary the amount should be \$13,100,000 instead of \$13,100,100.

Article 44

Section 8630 instead of VMOD it should read VROD

**Annual Town Meeting Articles that will be Amended or Withdrawn
(Deleted language shown with strikethrough and added in bold)**

Article 5

To see if the Town will vote to raise and appropriate **\$101,754** ~~or transfer from available funds the sum of money~~ needed to fund and implement the Collective Bargaining Agreement between the Town and the Tewksbury Massachusetts Police Patrolman's Association (NEPBA) beginning July 1, 2015; or take any other action relative thereto.

Article 6

To see if the Town will vote to raise and appropriate **\$46,412** ~~or transfer from available funds the sum of money~~ needed to fund and implement the Collective Bargaining Agreement between the Town and the Tewksbury Police Department Superior Officers beginning July 1, 2015; or take any other action relative thereto.

Article 7

This Article will be withdrawn.

Article 8

To see if the Town will vote to raise and appropriate **\$80,738** ~~or transfer from available funds the sum of money~~ needed to fund and implement the Collective Bargaining Agreement between the Town and Local 833, the American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) beginning July 1, 2015; or take any other action relative thereto.

Article 26

The Article is only amended in Section 5

5) No later than September 30 of each year the Treasurer/Collector shall annually report to the Board of Selectmen, **Finance Committee** and Town Manager the total amount of receipts and expenditures for the Tax Title Revolving Fund for the prior fiscal year.

Article 29

To see if the Town of Tewksbury will vote to appropriate and transfer the sum of \$100,000.00 \$31,500 as compensation for and subject to a Historic Preservation Restriction being recorded at the Middlesex North Registry of Deeds for the Marshall Homestead located at 379 Pleasant Street, Tewksbury MA; said Historic Preservation Restriction to preserve the historic resource in perpetuity.

To fund such Historic Preservation Restriction, \$100,000 \$31,500 shall be transferred from the Tewksbury Community Preservation Historic Reserve Fund.

These CPA funds shall not be transferred to the owner of 379 Pleasant Street, Tewksbury until such time as the Historic Preservation Restriction, as approved by the Massachusetts Historic Commission is recorded at the Middlesex North Registry of Deeds, Lowell, MA.

Pursuant to Massachusetts General Laws, Chapter 44B or any other enabling authority, said funds to be expended under the direction of the Town Manager and the Community Preservation Committee; or to take any other action thereon.

BACKGROUND INFORMATION

Article 4

The following chart is a summary of expenditures and revenues for Fiscal Years 2014, 2015 and 2016. Within the Uses of Funding section, the Appropriations include the budget and all other financial articles approved at previous Town Meetings and those being proposed. Cherry Sheet Offsets, Other Local Expenditures and State and County Charges are areas that need to be accounted for in addition to Town Meeting appropriations. The \$3,142,646 surplus in Fiscal Year 2014 became part of certified Free Cash and eventually a portion was spent at previous Town Meetings and a portion transferred into the Stabilization fund.

Summary Expenditures and Revenues

	<u>Actual Budget FY14</u>	<u>Approved Budget FY15</u>	<u>Projected Budget FY16</u>	<u>Appropriation Inc(Dec)</u>
<i>Uses of funding (Amounts to be Raised)</i>				
Appropriations	94,624,097	101,679,970	98,894,005	(2,785,965)
Cherry Sheet Offsets	45,156	54,616	54,616	-
Other Local Expenditures	2,212,059	1,670,813	1,560,248	(110,565)
State and County Charges	1,564,610	1,648,314	1,813,145	164,831
Total Uses of Funding	98,445,922	105,053,713	102,322,015	(2,731,698)
<i>Sources of Funding</i>				
Property Taxes	60,918,872	63,552,891	65,944,005	2,391,114
Debt Exclusion	7,611,775	7,891,361	8,245,844	354,483
State Estimated Revenues	15,740,514	16,116,404	16,116,404	-
Local Estimated Revenues	10,294,055	8,170,578	8,343,270	172,692
Other Available Funds	7,023,352	9,322,479	3,672,493	(5,649,986)
Total Sources of Funding	101,588,568	105,053,713	102,322,015	(2,731,698)
Source(Deficit)	3,142,646	-	-	-

General Fund Budget Classification Budget Summary	FY2014 Expended	FY2015 Budgeted	FY2016 TM Rec	Budget Inc(Dec)
Total Town Budget Net Allocations	29,302,203	30,294,881	31,020,193	725,312
Total Exempt Town Debt	4,254,029	4,604,468	4,775,021	170,553
Total School Budget Net Allocations	44,021,118	48,590,759	50,309,958	1,719,199
Total Exempt School Debt	3,087,786	3,033,099	3,217,099	183,999
Shawsheen Tech	5,970,959	5,838,185	5,671,070	(167,115)
Essex North Shore Agricultural and Tech. School District	-	154,107	160,271	6,164
Total Budget Net Allocations/Offsets	86,636,094	92,515,499	95,153,612	2,638,113

Raise and Appropriation General Fund

<u>Article 4</u> : FY16 General Fund Budget	\$95,407,336
<u>Article 5</u> : Police Patrolman's Collective Bargaining Agreement	\$101,754
<u>Article 6</u> : Police Superior Officer's Collective Bargaining Agreement	\$46,412
<u>Article 8</u> : AFSCME Collective Bargaining Agreement	\$80,738
Total Amount to be raised at Annual Town Meeting	\$95,636,240

Raise and Appropriation Sewer Enterprise Fund

<u>Article 9</u> : FY16 Sewer Enterprise Budget	\$5,937,648
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Transfer Retained Earning Sewer Enterprise Fund

Sewer Enterprise Fund Retained Earnings Balance May 2015	\$4,691,159
<u>Article 22</u> : Design and Eng. Andover St. Force main	(\$120,000)
Remaining Balance:	\$4,571,159

Raise and Appropriation Water Enterprise Fund

<u>Article 10</u> : FY16 Water Enterprise Budget	\$6,110,505
<u>Article 18</u> : FY16 Water Capital Expenditures	\$235,000
Total Amount to be raised at Annual Town Meeting	\$6,345,505

Transfer Retained Earnings Water Enterprise Fund

Water Enterprise Fund Retained Earnings Balance May 2015	\$1,949,353
<u>Article 20</u> : Water Distribution Improvement	(\$400,000)
Remaining Balance:	\$1,549,353

Transfers Stabilization Fund

Stabilization Fund Balance May 2015:	\$3,443,624
<u>Article 11</u> : FY16 General Government One-time Expenditures	(\$117,500)
<u>Article 12</u> : FY16 Police One-time Expenditures	(\$50,811)
<u>Article 13</u> : FY16 DPW Tree Removal	(\$140,000)
<u>Article 14</u> : FY16 Fire One-time Expenditures	(\$339,741)
<u>Article 15</u> : FY16 School Out of District Tuition	(\$725,000)
<u>Article 16</u> : FY16 School One-time Expenditures	(\$255,723)
<u>Article 2 Special Town Meeting</u> : Property Revaluation	(\$100,000)
Total all Articles:	\$1,728,755
Remaining Balance:	\$1,714,849

Transfer Free Cash:	
FY15 Certified Free Cash:	\$600,000
Special Town Meeting Article 3 Snow and Ice	<u>(\$600,000)</u>
Balance Free Cash:	-

Community Preservation Act	
CPA Undesignated Fund Balance:	\$1,725,055.86
CPA Open Reserve/Recreation Balance:	\$134,696.87
CPA Historic Reserve Balance:	\$249,297.70
CPA Housing Reserve Balance:	\$81,936.87

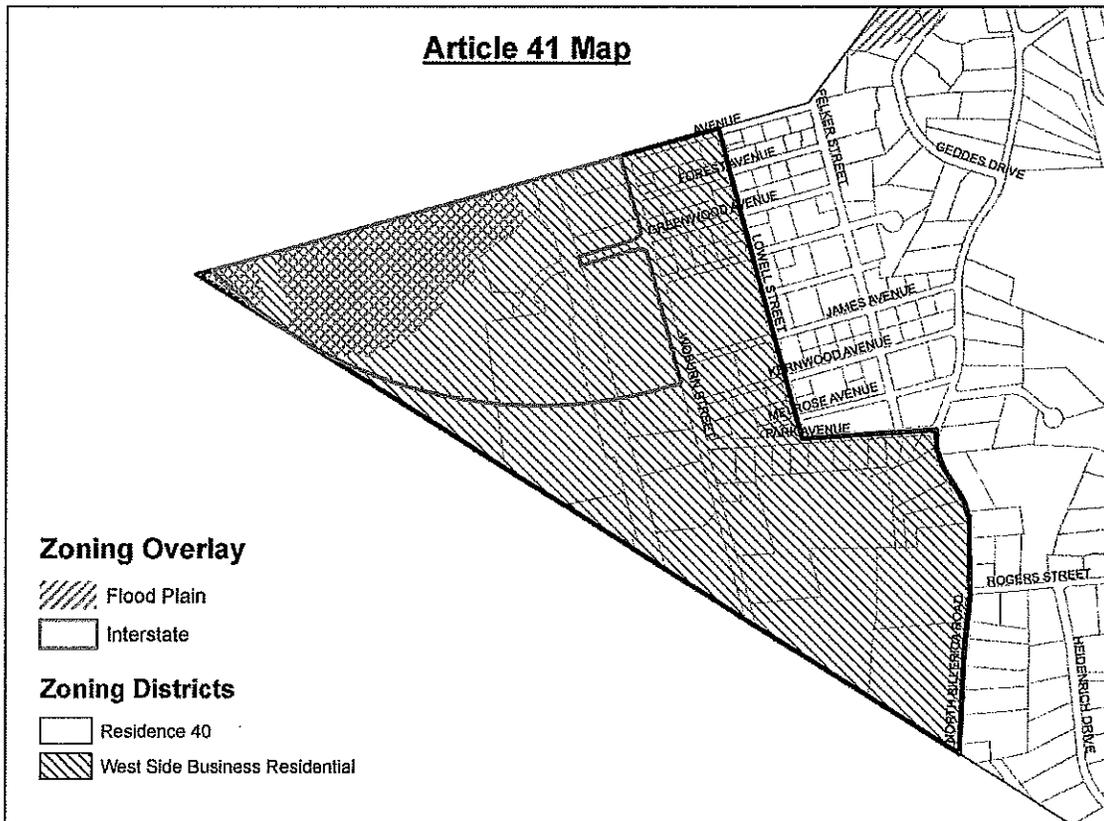
CPA Balances are prior to any action taken at May 2015 Town Meeting.

Transfer CPA Historic Reserve	
<u>Article 29</u> : Historic Preservation Restriction	<u>(\$31,500)</u>
Remaining Balance:	\$217,797.87

Transfer CPA Open Space Reserve	
<u>Article 30</u> : Continue Rails Trails Study and Plan	<u>(\$45,000)</u>
Remaining Balance:	\$86,696.87

Information Article 41

The following Map is the same as in the Annual Town meeting Warrant but easier to read.



Article 21 Information: Overview of Evaluation Report and Design Phase of Water Treatment Plant

AECOM Evaluation Report Highlights:

- The Tewksbury Water Treatment Plant (TWTP) is a 7 MGD facility located on the Merrimack River.
- Originally constructed in 1988, the plant capacity was doubled with a plant expansion in 2000. A sludge dewatering building was added in 2005.
- Source water obtained from the Merrimack River can be variable due to the confluence of the Merrimack and Concord Rivers immediately upstream of the facility. Water quality is also impacted by the upstream Lowell Wastewater Treatment Plant, which can lead to the presence of ammonia and a correspondingly higher chlorine demand.
- The TWTP is a well operated and maintained facility. However, it is now over 25 years old and requires refurbishment and improvements.
- Water Treatment Plant Evaluation was completed in 2012 by AECOM Engineering with four primary goals:
 - Assess the existing TWTP capacity and the plant's ability to meet future demands,
 - Evaluate the effectiveness of the existing chemical treatment processes to meet current and pending regulatory compliance,
 - Complete a facility condition assessment to determine what is required to extend the life of the plant another 20 years, and
 - Develop a capital plan for recommended improvements.
- The TWTP has sufficient capacity to meet projected flow demands through the 20-year planning period without expansion.
- Existing treatment processes and chemicals are providing excellent treated water quality. However, there are enhancements that could further optimize treatment.
- Treatment plant structures and equipment are between 10 and 27 years old. Treatment infrastructure is generally in adequate condition, but many of the pumps, venturi flow meters, and chemical tanks are nearing the end of their useful service life. Further, maintenance of precast concrete, topping slabs, and architectural finishes are required. Lastly, the existing laboratory is inefficiently designed and requires upgrading.
- The east side of the TWTP drains towards the building, resulting in flooding during periods of high rainfall. An interceptor swale should be installed at the base of the steep slope to the east of the building to divert runoff and prevent water from entering rear of the building.
- Structural components were found to be in good condition. Spalling and thin linear cracking on most exterior topping slabs require repair, as does spalling on exterior stairs.
- Although much of the architectural items are in relatively good condition, there are issues that require attention.
 - Integral copper gutters on both the pump station and main water treatment building are leaking in places, some windows require replacement, and a number of doors require refurbishment.
 - Joint sealant around all precast elements has reached the end of its life and requires replacement.
 - Most of the interior walls and floors require cleaning and/or refurbishment.
 - The laboratory layout is inefficient, there is no dedicated space for the chemist, and cabinetry and flooring require replacement. Rather than simply refurbishing the existing laboratory space, it is recommended to move the outside building wall of the laboratory and break room to the east and renovate the larger spaces.

- Most of the chemical systems, including metering pumps, transfer pumps, and storage tanks, are reaching the end of their service life and should be replaced.
- The current sodium hypochlorite tank is undersized and should be replaced with a larger tank.
- Currently, most of the chemical systems do not have day tanks, which should be installed as part of upgrades to comply with current state standards. The chemical fill station has no spill protection, and requires upgraded locking and labeling.
- Major unit processes, including the filters and the pretreatment trains, are in good condition but most of the mechanical equipment associated with the original plant, such as the flocculation mixers and the travelling bridges on the filters should be replaced and/or refurbished
- Venturi meters should be replaced with magnetic flow meters and flow metering capability should be added to the original pretreatment train.
- An equalization tank should be constructed to store and equalize spent washwater, water from the sampling table, and dewatering filtrate that are currently conveyed to the site pump stations and recycled back to the front of the pretreatment process. An equalization tank will improve chemical dosing, reduce loading on the facility during filter backwashes, and provide a location for carbon lost in backwash to settle out.
- Two of the original large raw water and distribution pumps have been replaced and the remaining pumps should now also be replaced. With the exception of the new filter building extension, the entire HVAC system is at the end of its life and requires replacement. The HVAC system in the pump station is in good condition.
- The electrical systems were found to be in good condition with a few areas of concern.
- The main switchgear is located outside within an enclosure that is rusting and allowing moisture to enter. This should be refurbished and a walk-in enclosure should be installed over the existing equipment.
- The automatic transfer switch also requires replacement.
- The existing generator does not have sufficient capacity to run the entire facility and should be replaced with a new 750kw generator.
- Individual RTUs and/or PLCs should be installed at various locations within the plant for start/stop and signal operation of equipment.
- The fire alarm system in the dewatering building should be migrated to the main plant system.

The Following Items were identified by AECOM after the Evaluation and during design:

- Since Lowell's Wastewater Treat Plant will not take the TWTP sludge in an emergency, a backup/emergency sludge storage is needed, in addition to improvements to the sludge delivery and processing equipment to avert the risk of failure.
- Addition of aeration to the clearwell to assist with water quality processing was piloted in the design phase and included in the final design.
- New and improved instrumentation and controls to operate the plant are needed since the current system is being discontinued by the manufacturer.
- Upgrades are needed to meet Fire Code including installation of a sprinkler system and overhaul of the existing fire alarm system.
- New variable frequency drives need to be added to the raw water pumps.
- Increased size of the generator, from 750kw to 900kw.

- Contingency for the replacement of lab equipment.
- New raw water vault and piping is needed.

	2012 Evaluation Report	90% Design
Estimated Construction Cost	5,324,000	9,684,000
Engineering and Contingency	2,130,000	2,766,000
Estimated for System Integrator	-	650,000
Total	7,454,000	13,100,000

Construction costs added after the Evaluation Report: Backup/emergency sludge storage, \$600,000; addition of Aeration \$300,000, new instrumentation and controls, \$850,000; Fire Code issues such as a sprinkler system and fire alarm, \$350,000; new variable frequency drives to raw water pumps, \$100,000; increased size of the generator \$175,000; lab equipment, \$325,000; raw water vault, \$250,000; cost increase for inflation for 2016 dollars instead of 2012, \$550,000; increase Contractors General Conditions and incidentals, 860,000.

Supplemental Information Article 46 Energy Aggregation

What is Energy Aggregation? It is a process in which cities and towns seek competitive bids from power suppliers for the bulk purchase of the combined electrical energy load for all residents.

Governed by Mass General Law c.164 sec 134 Section 134 (a)

Any municipality or any group of municipalities acting together within the Commonwealth is hereby authorized to aggregate the electrical load of interested electricity consumers within its boundaries.

Energy Aggregation allows a community to take control of their electricity needs by leveraging the town’s collective purchasing power to create a buying group for the purpose of procuring electricity residents and businesses in bulk. Benefits of bulk purchasing with competitive bidding are:

- Save residents and business money with lower electricity rates
- Provide long-term budget certainty
- Continue to receive single bill and service from National Grid
- Continue to receive electricity distribution and service from National Grid
- National Grid would still be responsible for maintaining the poles and wires.
- Customers’ already purchasing electricity separately can opt-out immediately.
- Protection from unscrupulous direct marketers of electricity
- Individual residents and businesses can opt-out anytime with no penalty or termination fee and return to the NGRID Standard Service.
- Gain competitive choice
- Gain price stability and control for the term of the contract and protection from the volatility of local utility pricing;
- Can attract business to Tewksbury due to lower electric power rate.
- No costs to the town and subject to MA Ethics and Open Bidding Laws.

Special Town Meeting Articles that have Scriveners Errors

Article 4

Delete Town Hall – Utilities and replace it with Street Lights

Town of Tewksbury Overall Financial Management Policies

Introduction

The following financial principles set forth the broad framework for overall fiscal planning and management of the Town of Tewksbury's resources. In addition, these principles address both current activities and long-term planning. The principles are intended to be advisory in nature and serve as a point of reference for all policy-makers, managers and advisors. It is fully understood that Town Meeting retains the full right to appropriate funds and incur debt at levels it deems appropriate, subject of course to statutory limits such as Proposition 2 ½. The principles outlined in this policy are designed to ensure the Town's sound financial condition now and in the future. Sound Financial Condition may be defined as:

- Cash Solvency - the ability to pay bills in a timely fashion
- Budgetary Solvency - the ability to annually balance the budget
- Long Term Solvency - the ability to pay future costs
- Service Level Solvency - the ability to provide needed and desired services

It is equally important that the Town maintain flexibility in its finances to ensure that the Town is in a position to react and respond to changes in the economy and new service challenges without measurable financial stress.

Definitions

Fund Balance – The difference between assets and liabilities reported in a governmental fund. Also known as fund equity.

Undesignated Fund Balance – Monies in the various government funds as of June 30 that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

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.

Free Cash (Also Budgetary Fund Balance) – Remaining, unrestricted funds from operations of Policy Statements 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 Director of Accounts.

Overlay Surplus – Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. Within ten days of a written request by the chief executive officer of a city or town, the assessors must provide a certification of the excess amount of overlay available to transfer, if any. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is "closed" to surplus revenue; in other words, it becomes a part of free cash.

Net Assets Unrestricted (formerly 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).

Recurring Revenue Source – A source of money used to support municipal expenditures, which by its nature can be relied upon, at some level, in future years.

Non-Recurring Revenue Source – A one-time source of money available to a city or town. By its nature, a non-recurring revenue source cannot be relied upon in future years. Therefore, such funds should not be used for operating or other expenses that continue from year-to-year.

Policy Statements:

1. The Town Manager shall annually prepare a balanced budget and comprehensive Budget Message as required by state law town charter and by-laws.
2. Budgets will be established, and funds managed, using “generally accepted” accounting principles.
3. Finances will be managed to maintain financial stability over the long term.
4. Maintain facilities and provide services at a level that will ensure the public well-being and the safety of residents.
5. The town will avoid budgetary procedures that balance current expenditures at the expense of meeting future year’s expenses, such as postponing expenditures, accruing future years’ revenues, or rolling over short-term debt.
6. Ongoing operating costs will be funded by ongoing operating revenue sources. This protects the Town from fluctuating service levels and avoids concern when one-time revenues are reduced or removed. In addition:
 - a. Fund Balances such as Certified Free Cash, Stabilization Fund, Overlay Surplus and Water and Sewer Net Assets Unrestricted (formerly Retained Earnings) should be used only for one-time expenditures such as capital improvements, capital equipment and unexpected or extraordinary expenses. In all cases, use of Fund Balances should be avoided for routine and recurring operational expenses.
 - b. Annually, after Free Cash Certification:
 - At least \$600,000 will be set aside for potential snow and ice deficit
 - At least \$350,000 will be set aside to be transferred into the Other Post-Employment Benefits Trust Fund
 - At least 25% of the remaining certified free cash will be used to fund the capital budget and one-time capital expenditures;
 - At least 25% of the remaining certified free cash will be placed in to the Stabilization Fund;
 - c. New operating costs associated with capital projects should be funded through the operating budget but reflected in the capital improvement plan.

Fiscal conditions may affect the implementation of this policy. The allocations stated in this policy do not mean that additional funds cannot be allocated to the Stabilization Fund from Free Cash. It means that these are minimum amounts recommended for the certified Free Cash.

7. The Town will maintain a Stabilization Fund as its main financial reserve in the event of an emergency or extraordinary need and to be used to fund on-time expenses, capital projects or capital equipment. It shall be the goal of the town to achieve and maintain a balance in the Stabilization Fund of 3% to 5% of its operating budget.

8. Enterprise Funds pursuant to MGL Chapter 40, Section 39, shall be designed to generate sufficient revenues to support the full cost (direct and indirect) of operations and debt and provide debt service coverage, if applicable, and to ensure adequate and appropriate levels of working capital. Fees should be reviewed annually in relation to the cost of providing the service. Ongoing routine, preventive maintenance should be funded on a pay-as-you go basis. The term of debt for enterprise funds generally shall not exceed the useful life of the asset and in no case shall the term exceed thirty years. All enterprise funds shall maintain a reserve of Net Assets Unrestricted which is at a minimum from 3% to 5% of its operating budget.

9. Debt service payable, when taking into consideration debt, exempt from Proposition 2 ½ and financed directly with additional taxes, on an annual basis should be no more than 10% or less than 2% of the annual operating budget. The Town should strive to issue debt for shorter periods than the maximum allowable when the statutory limit exceeds 10 years. The requirements for debt financing shall be an expenditure of at least \$25,000 and a useful life in excess of five (5) years. The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed and, in no case, shall it exceed twenty years. Long-term debt should not be incurred without a clear identification of its financing sources. The General Fund Non-exempt Debt Service shall not exceed 10 percent of General Fund Revenues. Excess appropriated bond issues shall remain in the Capital Projects Fund at the end of a project completion until appropriated out by Town Meeting vote. Betterments may be assessed on all capital projects where applicable. The Town will attempt to maintain a long-term debt schedule so that at least 50 percent of outstanding principal will be paid within ten years.