

Special Town Meeting
Supplemental Information Handout
October 4, 2016

The following is a summary of proposed Special Town Meeting actions and balances in funds being proposed for utilization and how those actions relate to the Board of Selectmen's Overall Financial Management Policy. Not all articles are included in this handout since their Executive Summary is a sufficient enough explanation.

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 are set aside and will remain in Free Cash)
- At least \$350,000 will be set aside to be transferred into the Other Post-Employment Benefits Trust Fund (Request presented in Article 12)
- At least 25% of the remaining Certified Free Cash will be used to fund the capital budget and one-time capital expenditures. (The remaining FY16 Free Cash is \$3,966,361 and 25% of that amount is \$991,590. The proposed Special Town Meeting expenditures for the capital budget and one-time capital expenditures are \$1,223,890. This goal was met when Certified Free Cash was allocated for FY17.)
- At least 25% of the remaining Certified Free Cash will be placed into the Stabilization Fund; (The remaining FY16 Free Cash is \$3,966,361 and 25% of that amount is \$991,590. In Article 13, \$2,442,051 is proposed to be transferred from Free Cash into the Stabilization Fund. This goal was met when Certified Free Cash was allocated for FY17.)

Definitions:

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 and New Growth (which is tax revenue generated by development and new construction in the community) was also higher than projected.

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.

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).

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 and fund the liability.

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:	\$687,616
Town:	\$458,411

Article 1 School Breakdown

School Budget Salaries:	\$302,000
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These funds will be used for an Instructional Tech Specialist, a Math Coach, a Grounds Employee, an Aide, a Part-Time Secretary, and a Curriculum Coordinator.

School Budget Operating:	\$275,616
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These funds will be used for maintenance contracts, supplies for the additional Kindergarten classrooms, professional development associated with the Mobile Device Initiative, and transportation for late buses.

School Budget Capital Outlay:	\$50,000
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Funds will be used to purchase new textbooks for Science 6-8, Math K-6, Science K-2, and ELA K-6.

School Budget Health Insurance:	\$60,000
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Funds additional Health Insurance cost for new employees.

Total School Raise and Appropriate **\$687,616**

Article 1 Town Breakdown

Board of Selectmen Operating:	\$20,000
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Funding will be for the services of Special Counsel to represent the Town, along with other communities, to defend a lawsuit filed by Verizon challenging their assessed values.

Administrative Services Salaries:	\$3,339
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For a salary adjustment for the Human Resources Director.

Administrative Services Operating:	\$7,600
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Funds will be used for pre-employment physicals for new employees.

Elections and Town Meetings Salaries:	\$1,951
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For covering the projected cost of the newly adopted Early Voting Legislation

Elections and Town Meetings Operating:	\$900
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For covering the projected cost of the newly adopted Early Voting Legislation

Community Development Salaries:	\$48,006
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Funding will hire a Town Planner/Conservation Agent. The current Director of Community Development has been appointed Assistant Town Manager which still has responsibility for Community Development but has taken on additional duties.

Community Development Capital Outlay:	\$10,880
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Funds will used to purchase a new Plotter/Printer for large scale maps.

Building Department Salaries:	\$21,366
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This will increase the hours for the part-time Local Building Inspector from 20 hours per week to 40 hours.

Heath Department Operating: \$2,270

Funds will be used for Beaver Dam Control and trapping.

Police Capital Outlay: \$95,819

Funds will address priorities of the Police Department that were not funded during the FY17 Budget Process which include: \$26,719 to purchase 26 Active Shooter Kits (which include Ballistic Helmet and Rifle Grade Body Armor) for each department vehicle so that all sworn officers are better protected if they encounter an active shooter armed with an assault rifle; \$54,000 for new department Class A Dress Uniforms; \$7,000 to provide all sworn officers with newly designed Department badges; and \$8,100 to replace Traffic Safety Vests.

Fire Capital Outlay: \$72,252

For repairs to the Center, North and South Street Stations and to partially fund Fire Department Air Breathing Compressor System for self-contained breathing apparatus. The remaining funds are in Article 5.

DPW Administration Capital Outlay: \$30,000

These funds will be used to complete the renovations of the DPW office space at the DPW facility. Work will include upgrades to electric and plumbing to meet current building codes

DPW Engineering Capital Outlay: \$20,000

Conduct a traffic study to evaluate and review statutory speed limits along six (6) town arterial roads relative to their appropriateness for current traffic counts and housing densities. The arterials to be reviewed include: Whipple Rd, Shawsheen St, East St, Livingston St, North St and Andover St.

DPW Fleet Maintenance Capital Outlay: \$37,000

Provide funding to be added to an appropriation approved at 2016 Special Town Meeting, Article 4 to fully fund the purchase of a Ford-550 Dump Truck, and replacement of the Ford F350 Pickup to include a utility body. The cost of the vehicles is higher than original budget and an additional \$17,000 is needed. Funding will also be used for the purchase and installation of a 3-4 yard dump body, including hydraulics and mounting components to be installed on truck #86. The cost for the work is estimated to be \$20,000.00.

Parks Salaries: \$4,035

To increase position grade of one Heavy Motor Equipment Operator within the Parks Department to a Special Heavy Equipment Operator.

Parks Operating: \$23,000

Funds will be used for the maintenance and upkeep of the Recreation Fields. During this current Fiscal Year additional budgetary funds have been used for electric upgrades to Livingston Street which has impacted the budget. These funds will allow the Parks Department to have funding for the remainder of the fiscal year to address other priorities and needs such as fertilizing fields, slice seeding and repairs and maintenance to facilities.

Parks Capital Outlay: \$16,500

At Special Town Meeting May 4, 2016, Article 4, \$7,064 was appropriated for repairs to the Recreation Building and patio but it was not enough funding to repair the patio. Based upon quotes received for the needed work this additional funding is needed.

COA Operating: \$18,493
 Funds will be used to repair the HVAC system at the Senior Center.

Veteran’s Services Operating: \$25,000
 This budget is historically underfunded and this appropriation will address the issue.

Total Town Raise and Appropriate \$458,411

Article 2:

This \$1,300 appropriation will fund an unpaid bill for services rendered during a Holiday Lighting event.

Articles 3 and 4:

After the Fiscal Year 2017 budget was approved at Annual Town Meeting on May 2, 2016, the assessment for Lowell Sewer was reduced from its original appropriation, which allowed sewer rates to be reduced. In addition, the Sewer Enterprise Fund could now absorb additional debt without impacting sewer rates, so the Selectmen shifted only \$100,000 over to the tax levy, instead of the original amount of \$198,956. The Sewer Fund will now absorb this additional \$98,956 of sewer debt, instead of having it subsidized by the General Fund. The amount of debt originally appropriated in the General Fund Budget at Annual Town Meeting on May 2 can now be reduced, which is the intent of Article 3, and since the additional \$98,956 of sewer debt will be funded within the Sewer Enterprise Fund, the amount of sewer debt needs to be increased \$98,956 as shown in Article 4. The chart below provides further information.

Original Action taken on Sewer Debt			
	Sewer Enterprise Debt	General Fund Debt	
Original Debt Service Budget Prior to Sewer Debt Shift	3,035,658	3,440,343	A
Debt Shift Approved by the Board of Selectmen 3-29-16	(198,956)	198,956	B
Debt Approved at ATM May 2, 2016	2,836,702	3,639,299	
A Initial budget prior to the Selectmen's Sewer Debt shift			
B In order to allow for the debt shift a reduction needs to be made in Sewer Debt and that amount is added to the General Fund Debt.			
Revised Action taken on Sewer Debt			
	Sewer Enterprise Debt	General Fund Debt	
Original Debt Service Budget Prior to Sewer Debt Shift	3,035,658	3,440,343	C
Debt Shift Revised by the Board of Selectmen 6-21-16	(100,000)	100,000	D
New Debt Budget after revised Debt shift	2,935,658	3,540,343	E
Adjusted Amounts needed for each Budget	98,956	(98,956)	F
C Initial budget prior to the Selectmen's Sewer Debt shift			
D Since the Board of Selectmen revised the original debt shift both the General Fund and Sewer Debt has to be adjusted accordingly.			
E This is the new budget needed to fully fund Debt Service in the Sewer Enterprise Fund and the General			
F This is the adjusted amount needed for each budget			

Article 5

Engineering and Construction Demolition 984 Main Street: \$160,000

984 Main Street is a house owned by the town and leased to the Housing Authority. After a flood inside the house it was determined that the Housing Authority should move to another location and the house be demolished due to its condition. Currently the house is vacant and these funds will pay for the demolition of the house and restoration of the site.

Engineering and Construction new Floor at the Senior Center: \$30,000

The floor at the Senior Center was damaged after frozen pipe burst. The floor was replaced by a contractor hired by the Town's insurance company and it was installed improperly. The floor needs to be replaced but the town would like to install an impact resistance floor or shock absorption to protect the users especially during exercise classes. Insurance will not cover the cost difference between installing a floor similar to what exists and the upgraded floor. This article funds the cost increase.

Engineering and Construction Roof Replacement Police Station: \$125,000

The roof at the Police Station was damaged during the winter of 2015 from ice and heavy snow. A report by an engineering consultant recommended areas of the roof be repaired and replaced. A claim was filed with the Town's insurance carrier and the Town received a check in the amount \$151,690 to undertake the work. The Town engaged the services of another engineer to determine the condition of the overall roof and it was recommended that due to its age and condition the entire roof should be replaced. The funds within this article is the cost difference Town Meeting needs to approve spending the funds from the Insurance Recovery Account

Fire Department Breathing Apparatus Air Compressor System: \$20,000

The Fire Department received a grant to purchase a new Self-contained Breathing Apparatus, and a new Air Breathing Compressor System is needed to fill the tanks. These funds along with funds in Article 1 will pay for the new system.

DPW Sidewalk Improvements: \$250,000

Conduct an assessment and update of the former Ad-hoc Sidewalk Committee's Sidewalk Plan which will allow the Department to establish a construction schedule and budget for the continued installation and improvement of the pedestrian paths in town. Funds will also be used for the initial construction of new walks to infill missing sidewalk reaches that connect to each other.

DPW Stormwater Mapping: \$90,000

Provide funding to complete the mapping of the Town's storm-water drain system. The mapping is a requirement of the new National Pollutant Discharge Elimination System (NPDES) permit issued to the Town through the Environmental Protection Agency (EPA). The work would ensure the Town's compliance with its permit and provide a completed map of the Storm-water System including watershed sub-catchments for each of the existing (99) outfalls.

Park Department Tractor with Ballfield Groomer and Attachments: \$40,014

In order to properly maintain Town ballfields a new tractor with attachments is needed to replace the 1999 ballfield groomer and 2000 sweeper.

Park Department F-350 4x4 Platform Truck with Snowplow: \$48,876

Funds would be used to replace the current 2000 platform body vehicle used by Park personnel for field maintenance, plowing and moving equipment and other items.

Article 6

Technology: \$265,000

Mobile Device Initiative: The School District will be implementing a Mobile Device Initiative to meet the new technology based assessment requirements as determined by the Massachusetts Department of Elementary and Secondary Education (DESE). DESE has mandated technology based assessments for grades four, six and eight. Current technology deployment in the schools that house those grades, and the District as a whole, do not meet this mandate. In addition, technology deployment that supports daily instruction is significantly lacking throughout the District, putting Tewksbury's students at a significant disadvantage to achieve academic goals.

Building and Maintenance: \$150,000

Restructure Central Office: With the approval of an Assistant Director of Pupil Services, a Math Curriculum Coordinator, and an Assistive Technology Specialist (aka Digital Learning Specialist) the School Department needs to readjust office space within the building to accommodate all needs. There are multiple offices within the building where the heating units are not working. Funds will be used to adjust office areas and create new areas for all staff.

Fitness Center: Funds will be used to improve the Fitness Center at the High School to open up the area within the dance studio and weight room and replace broken weight room equipment and add cardio equipment within the space.

Storage Container: To place a permanent storage container outside the D Wing doors at the High School to hold gym equipment that is currently stored next to the stairs.

Ryan Courtyard/Front: To have a professional landscaper design and clean up the courtyard and front area of the Ryan School.

TMHS Pavers Design: To have a professional landscaper design and clean up the front entry to the Tewksbury Memorial High School.

Maintenance Utility Truck: \$45,000

A new maintenance position will be hired geared specifically towards grounds and an additional maintenance utility truck will be needed for transportation and carrying smaller equipment.

Article 10

Water Distribution Improvements \$700,000

Provide funding to upgrade the water main on Carter St. prior to paving. The current water main on Carter and extending on to Cart Path Rd is a (6") inch (AC) cementitious pipe that has experienced numerous water breaks. Prior to paving, this line extending 2,550 linear feet should be replaced.

Mobile Light Tower \$10,000

Provide funding for the purchase of a light tower to be used by the Water and Sewer Divisions. The light tower is used during night-time operations.

Free Cash Balance Summary:

Certified Free Cash Balance July 1, 2016:	\$4,916,361
Set aside \$600,000 for Potential Snow and Ice:	<u>(\$600,000)</u>
Total Free Cash Available:	\$4,316,361
Article 5 - Various Town Capital Expenditures:	(\$763,890)
Article 6 - Various School Capital Expenditures:	(\$460,000)
Article 9 - School Circuit Breaker Fund:	(\$275,420)
Article 11 - Senior Tax Relief:	(\$25,000)
Article 12 - OPEB Funding:	(\$350,000)
Article 13 - Transfer to Stabilization Fund:	<u>(\$2,442,051)</u>
Total Remaining Free Cash:	\$0.00

Free Cash Expenditures:

School:	\$735,420
Town:	\$763,890

OPEB Trust Fund:

OPEB Trust Fund Balance:	\$1,139,023
Proposed to be transferred in:	<u>\$350,000</u>
Total OPEB Trust Fund:	\$1,489,023

Stabilization Fund:

Stabilization Fund Balance:	\$1,349,868
Proposed to be transferred in:	<u>\$2,442,051</u>
Total Stabilization Fund:	\$3,791,919

Transfer Retained Earnings Water Enterprise Fund

Water Enterprise Fund Retained Earnings Balance July 1, 2016:	\$3,212,346
Article 10 - Water Enterprise Fund Capital	<u>(\$710,000)</u>
Remaining Balance:	\$2,502,346

Retained Earnings Sewer Enterprise Fund

Sewer Enterprise Fund Retained Earnings Balance July 1, 2016:	\$3,661,108
(No transfers are requested from Sewer Retained Earnings at this Town Meeting)	

Community Preservation Act Fund Summary

CPA Undesignated Fund Balance	\$1,101,444
Article 14 - Refurbish WWII Veterans Memorial:	(\$6,800)
Article 15 - High School Tennis Courts Drainage:	(\$9,500)
Article 16 - Rehabilitation State Hospital Cemetery:	<u>(\$125,000)</u>
Remaining Balance:	\$960,144
CPA Open Reserve/Recreation Balance	\$88,141
CPA Historic Reserve Balance	\$474,533
CPA Housing Reserve Balance	<u>\$261,881</u>

Total All CPA Balances:	\$1,784,699
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General Financial Information:

The following Chart is a summary of expenditures and revenues for Fiscal Years 2015, 2016 and 2017. 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 surpluses in FY15 and FY16 became part of certified Free Cash and Water and Sewer Retained Earnings. A portion was spent at previous Town Meetings and a portion transferred into the Stabilization Funds. The projected Surplus in FY17 will be from Water and Sewer revenue. The FY17 Special Articles and Transfers includes line includes \$5,501,615 transferred from Water and Sewer Retained Earnings into Water and Sewer Stabilizations Funds.

<i>Summary Expenditures and Revenues</i>	Actual	Actual	Projection	Budget
	<u>Budget FY15</u>	<u>Budget FY16</u>	<u>Budget FY17</u>	<u>Inc/(Dec)</u>
<i>Uses of Funding (Amounts to be Raised)</i>				
Appropriations	93,635,534	96,953,987	101,288,081	4,334,095
Water and Sewer Enterprise Fund Budgets	11,813,507	12,048,152	12,696,468	648,316
Special Articles and Transfers	8,260,372	6,012,097	15,405,501	9,393,404
Other Local Expenditures	54,616	36,780	36,135	(645)
Other Local Expenditures	1,670,813	2,195,408	1,450,593	(744,815)
State and County Charges	<u>1,648,314</u>	<u>1,554,026</u>	<u>1,481,964</u>	<u>(72,062)</u>
Total Use of Funding	117,083,156	118,800,449	132,358,742	13,558,292
<i>Sources of Funding</i>				
Property Taxes	63,555,127	66,812,920	70,083,243	3,270,323
Debt Exclusions	7,891,361	8,245,844	8,646,105	400,261
State Estimated Revenues	15,860,172	16,211,338	16,374,503	163,165
Local Estimated Revenues	10,507,399	12,225,596	8,634,251	(3,591,345)
Other Available Funds	<u>23,556,798</u>	<u>22,150,794</u>	<u>28,761,936</u>	<u>6,611,142</u>
Total Sources of Funding	121,370,857	125,646,491	132,500,037	6,853,546
<i>Surplus/(Deficit)</i>	<i>4,287,701</i>	<i>6,846,042</i>	<i>141,295</i>	<i>-</i>

The following Chart a summary of the General and Enterprise Budgets. The FY17 Budget includes all action being proposed at Special Town Meeting.

<i>General Fund Budget Classification</i>	Expended	Budgeted	Projected	Budget
<i>Budget Summary</i>	<u>Budget FY15</u>	<u>Budget FY16</u>	<u>Budget FY17</u>	<u>Inc(Dec)</u>
<i>Total Town Budget Net Allocations</i>	31,098,814	31,885,137	33,493,067	1,607,929
Total Exempt Town Debt	4,609,268	4,775,021	5,253,244	478,223
Total School Budget Net Allocations	48,325,450	50,991,664	53,361,883	2,370,219
Total Exempt School Debt	3,032,174	3,217,099	3,144,086	(73,013)
Shawsheen Tech	5,838,185	5,671,070	5,646,988	(24,082)
Essex North Shore Agricultural and Tech. School District	168,574	160,271	140,039	(20,232)
Water Enterprise Fund	5,602,373	6,110,505	6,890,460	779,956
Sewer Enterprise Fund	5,407,002	5,937,648	5,806,008	(131,640)
Total Budget Net Allocations/Offsets	104,081,839	108,748,415	113,735,775	4,987,360

The following Chart is a breakdown of funding that made up Certified Free Cash:

General Overview and Breakdown Free Cash FY16	
FY16 Budget Turn Back	\$811,836
Local Receipts Higher than Projected (see chart below for detail)	\$3,263,216
Transferred from Prior Year School Circuit Breaker Fund	\$275,420
Tax Title Revenue	\$313,748
Deferred Taxes Redeemed	\$57,811
Bond Proceeds	\$8,074
State Aid	(\$335)
End of Year Adjustments Closing Out FY16	\$186,591
Total Certified Free Cash as of July 1, 2016	\$4,916,361
Main Areas of Local Receipts	
Motor Vehicle Excise Tax	\$653,091
Hotel/Motel Tax	\$343,981
Ambulance Fees	\$239,224
Cable TV Fees	\$228,465
Treasurer Fees	\$548,811
Building, Wiring, Plumbing, Gas and DPW Fees	\$519,529
Supplemental Taxes	\$411,631
Medicaid Special Revenue	\$188,534
Other Misc Revenue	\$129,949
Total	\$3,263,216

The following Chart provides a breakdown of funding that made up Water Retained Earnings:

General Overview and Breakdown Water Retained Earnings FY16	
Previous Years Balance Retained Earning Carried Forward	\$1,000,000
FY16 Budget Turn Back	\$470,420
FY16 Revenue Above Projection From Rates	\$1,101,599
FY14 and FY15 Revenue Above Projection From Rates	\$202,133
Water Liens Compared To Projections	(\$82,572)
Interest, Connections and new Meters	\$256,685
NGRID Reimbursement	\$9,000
End of Year Adjustments Closing Out FY16	\$255,081
Total Water Retained Earnings Certified As of July 1, 2016	\$3,212,346

The following Chart provides a breakdown of funding that made up Sewer Retained Earnings:

General Overview and Breakdown Sewer Retained Earnings FY16	
Previous Year Retained Earnings Carried Over	\$1,777,282
Budget Turn Back	\$312,371
FY16 Revenue Above Projection From Rates	\$411,046
Revenue Above Projection From Exempt/Out of Town Rates	\$694,377
FY14 and FY15 Revenue Above Projection From Rates	\$298,268
Sewer Interest Demands and Liens Compared to Projection	(\$90,770)
Sewer Connections and Fees	\$144,604
Sewer Application Fees	\$11,900
Sewer Rate Relief State Aid	\$20,898
Bond Proceeds	\$830
End of Year Adjustments Closing Out FY16	\$80,303
Total Sewer Retained Earnings Certified As of July 1, 2016	\$3,661,108