

TOWN OF MILLBURY
BOARD OF SELECTMEN MINUTES
SELECTMEN MEETING ROOM

March 15, 2018

18 MAR 29 AM 11:04

6:30 pm

Selectmen Present: Chairman Francis B. King, Vice-Chairman Sandra Cristo, Mary Krumsiek, Scott Despres, Town Manager David Marciello, Andrew Vanni, Finance Director, Jen O'Connell, Greg Myers, superintendent, Jen Nietupski, Matthew Ashmankas, Katie McKenna, Christopher Naff, Susan Spencer-*T&G*, Steve Balistreri-*Millbury Sutton Chronicle*, and other concerned citizens

Absent: Jon Adams

Chairman King opened the meeting with the Pledge of Allegiance and turned the meeting over to the Town Manager for his budget presentation*see attached

Chairman King commended him on bringing the school's budget closer to what they need; but cautioned him that the Board doesn't like him using free cash. \$350,000 of the budget will need to be found next year.

Daniel Gale of 25 Tiffany Circle asked about the one-time money for the school; why is the school going down from a 3.5% increase?

Selectman Krumsiek asked about selectmen purchase of service and supplies went up- why? Two new selectmen are coming on so we will need to get them books, paper, ink.

Why does the TM budget have interns? He will be using Bridgewater University students to work on the Master plan and budgeting. What are all of the TM charges?

There is \$28,000 in the DPW for Asa Waters oil spill, what is that for? That is for a DEP report that needs to be done; if he doesn't have to spend that money he will give that money to the school department. Why are street lights going up? We just took on new developments so now they are our responsibility. Why is the Parks Commission have money? Secretary and seasonals. Selectman Krumsiek is afraid of leases being paid out of free cash.

8:11 pm Regular meeting began

Chairman King said that this is something that he really enjoys doing; recognizing many years of service to the historical part of town. Cyndi Burr has worked in this town since 1981; he thanked her and gave her a plaque for our appreciation.

Ms. Burr said that she has been in town for 40 years. Her daughter and her wife are in the house on Maple St., she and her husband downsized to a lovely refurbished loft in Worcester. She helped refurbish Cordis Mills and there is a stealth cell tower on the smokestack of the mill. We also fought 7 years to save the farmhouse on Greenwood Street. She is very proud of all that she and the others got accomplished.

Non-Binding Referendum Question: Presented by the Ponds & Lakes Commission. Mr. Marciello explained that this question would ask if the town is interested in establishing a town beach at Brierly Pond.

Motion made by Selectman Krumsiek to put the following information on the 2018 Warrant and Ballot: To see if the Town of Millbury has an interest in establishing a Town Beach on land located on the Westerly side of Brierly Pond. The land is owned by the Millbury Conservation Commission.

YES or NO?

A YES vote would allow the Ponds and Lakes Committee to form an exploratory sub-committee to seek grants and funding to create a Town Beach with appropriate facilities and parking either off Old Common Road or West Main Street.

Motion carried by roll call vote

Little League Parade: John O'Brien sent a request to have the Little League Parade on Sunday, April 29, 2018 beginning at 12:00 pm at the Felters Mill parking lot.

Motion made by Selectman Krumsiek to have the Little League Parade on April 29, 2018, seconded by Selectman Cristo.

Motion carried unanimously.

Poll Worker- Motion to appoint Margaret M. Houde as a Poll Worker for the 2018 election year made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

Drainlayer Renewal- Joshua Funari- Funari Corp, Millbury

Motion to renew the license to lay drains of Funari Corp in Millbury made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

Lions Club 4th of July Carnival & Fireworks-Letter from Joseph F. Coggans, Jr. requesting approval for the Lions Club Annual Carnival and Fireworks display beginning on June 30, 2018 through July 4, 2018; rain date of July 5, 2018 if it rains on the 4th.

Motion carried unanimously.

Boat Excise Tax Disbursement: 2017 Boat Excise Tax Disbursement \$1,798.95.

Motion to approve \$599.65 to Lake Singletary Watershed Association, \$599.65 to Ramshorn Lake Watershed Association and \$599.65 to Dorothy Pond Watershed Association.

Motion carried unanimously.

Continued Public Hearing from February 13, 2018, February 27, 2018 and March 13, 2018

Transfer of License- Mill Towne Tavern- 48 Elm Street-Perkins LLC to Andrew Eagleson

Motion to continue the public hearing again to March 27, 2018 at 7:15 pm

Motion carried unanimously.

Town Manager Report:

Mr. Marciello is appointing Christopher Naff to the Asa Waters Task Force

Motion to concur with the appointment made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

Chairman King wanted to let the manager know that the oil spill at the mansion was cleared up 4-5 years ago. Mr. Marciello would like to get a disposition from DEP; it may take \$25,000 for reports.

Matt Ashmankas said that the signoff is in the Conservation Commission office.

Selectman Krumsiek commended the DPW for the storm cleanups- She would like to know who would someone contact in the case of an emergency for an inspection? You can contact the TM could have called the building inspector. The police department also has contact numbers.

Selectman Cristo asked if the TM and DPW Director could do something about our recycling costs. Mr. Marciello explained that we have a contract with Casella for three years.

There is a tree down at the corner of John St. and Wheelock Ave. The DPW does have that on the radar.

She would like the town to do something for Earth Day.

Selectman Scott Despres entered 8:32 pm

Chairman King wanted to thank the DPW and the Director for their hard work during these recent storms; they did a great job.

Previous Minutes

Motion made by Selectman Cristo to approve the minutes of the February 13, 2018 regular selectmen meeting, seconded by Selectman Krumsiek.

Motion carried unanimously.

Chairman King read Dates to Remember:

Excise Tax bills are out and due tomorrow! Wednesday March 14, 2018

Saturday March 10th from 5 to 7 PM Youth Commission hosts "A Night of Skating" at Skylite Roller Skating in Worcester for Millbury residents Children & Adults

Saturday March 24th from 9 AM to 2 PM Blood Drive at the Senior Center sponsored by The Olive Branch Lodge of Masons

Saturday April 7th at 7 PM Millbury Dollars for Scholars 13th Annual Trivia Night at MHS

On a Good Note

Thank the DPW Director and the workers for letting Selectmen Krumsiek ride along during the storm.

Mail

DMV Info – the registry services will be closed beginning at 7pm on March 22 through 8am March 26, 2018. There are new guidelines for obtaining a license and an ID

Letter from Chief Richard Hamilton regarding donations received in the amount of \$125.00 in memory of Michael Krumsiek to the Fire Department.

Motion to accept the donation made by Selectman Despres, seconded by Selectman Cristo.

Motion carried unanimously.

Letter from Tim Cluett regarding donations of \$100.00 from Samara and \$100.00 from Village Knoll to the Youth Commission.

Motion to accept the donation made by Selectman Despres, seconded by Selectman Cristo.

Motion carried unanimously.

Mr. Marciello wished Selectman Krumsiek a Happy 29th birthday on March 18th.

Thank everyone for the patience during the storm.

Motion to adjourn by Selectman Krumsiek at 8:42 pm, seconded by Selectman Cristo.

Motion carried unanimously.

Respectfully submitted,

Tish Hayes, Secretary

Francis B. King

Sandy J. Cristo

Mary Krumsiek

Scott Despres

Jon Adams

Handwritten signatures of Francis B. King, Sandy J. Cristo, Mary Krumsiek, Scott Despres, and Jon Adams, each written over a horizontal line.

FEBRUARY 27, 2018



Slide 1

Mr. Chairman, members of the Board of Selectman, Superintendent Myers, School Board Chair, Nietupski, members of the School Committee and citizens of Millbury: pursuant to Article 6-4 of the Millbury Home Rule Charter, it is my honor to present to you my second Town Manager's annual budget message and financial plan. This is our Fiscal Year 2019 operational and capital budget.

In presenting you my budget:

- First I will outline some key areas to which I wish the Board to direct their attention.
- Then I will transition to a Power Point presentation displaying charts and graphs of the key points.
- And finally, I will conclude with a summation and questions.

I want to first thank the efforts of all of the Department Heads for their help in this process. In all fairness, this year's budget could only be completed because of the yeoman's work of our Finance Director, Mr. Andrew Vanni, with whom I shared many, many, late evenings dissecting and re-dissecting the budget looking for every option and

redoing every possible solution until we came to the budget before you: Some nights we didn't leave Town Hall until after 10:30 PM. There is no doubt that without his expertise and dedication to assist me on this budget, I could not have completed this task. I publicly thank you, Mr. Vanni, for your help.

Next I will tell you that our budget is balanced. However; our needs remain many and there simply isn't enough money to adequately go around to fully meet all of these needs. Because of this, we must prioritize our needs in relation to our resources and we must relook at our policies and every revenue source when thinking about addressing our needs.

I have two main focus points of this budget.

- 1) It's obvious to everyone that we have crumbling infrastructure.
- 2) The School Department, which is undeniably the largest portion of our overall budget, has requested a 5.2% increase to address their contractual obligations and operational objectives.

Attempting to balance these two factors required a hard look at how we allocate our resources and how we adjust our financial policies to address these needs. Policies get us to "best practices", but no policy is ever chiseled in stone. As I will explain throughout this report, I will ask the Board to reevaluate some policies as we try to balance our FY 19

budget, our stated objectives, and to meet all of our current Departments' needs. Expectedly, every department has fought for their portion of these scarce resources. However; there's only so much to go around and tough decisions had to be made.

Ultimately, the budget that you see before you substantially addresses our infrastructure needs in this fiscal year. It focusses much of our resources into our roads, bridges, culverts and drainage systems - as well as our asphalt. In total, I am directing hundreds of thousands of dollars towards these projects both through borrowing – WITHIN OUR LEVY LIMIT – WHICH DOES NOT REQUIRE ANY OVER RIDE OR DEBT EXCLUSION, and from our free cash to address capital and operational needs of the DPW. This plan will allow us to strategically and systematically address our roadways and infrastructure this year and throughout future budgets.

I have to reiterate: this plan is within our levy limit and does not require us to raise taxes or have any type of debt exclusion. However, it does require us to have a Town Meeting vote to authority us to go out and borrow to pay for this project. The borrowing will be paid each year within our levy limit and without raising taxes.

How will I do this?? It's a matter of function. Because I will not have a debt exclusion authorization, I will be required to use our available funding to pay for this loan each year. That's just the way that it is...

that's the way that the budget works. I will have no other option but to first pay our debts before I move forward with any other assessment.

But you've heard me state time and time again, I'm all about sustainability. And, I always have one eye down the road to make sure that we don't move faster than our resources. And, that's why I have a plan....

To make sure that we don't out pace our resources to fund this project, I'm going to ask Town Meeting to adopt a home rule petition to automatically set aside available funding that we will receive each year from our Host Agreement with Nature's Remedy. We've never seen these revenues before, neither have we had this road project before... thus I can dovetail the receipt of these new revenues into the need to fund the new road project.

As I receive the revenues from the Host Agreement, I will fund the road project and pay down the debt. This will allow us to utilize all other normally received revenues that we are accustomed to to deal with the rest of the budget - just like we always have.

How will this work you ask?? *Ultra -conservative* estimated revenues from our Host Agreement will well exceed the payments for this loan. Thus, as we receive the revenues, we can pay the principle and interest

and likewise make additional payments to pay down the loan as we see fit year to year.

The road project calls for us to procure a ten year B.A.N.. I anticipate the B.A.N. being paid off in five years. But even if the Host Agreement revenues fall short of projections, the 10 year pay off term is well within our ability to pay the loan with the free cash that we have each year.

In example: In the last decade, we have never had any less than \$700,000 in free cash, *even during the recession*. The payment for the loan is proximately \$150,000 per year... The revenue from Our Host Agreement should well exceed \$150,000 per year: 4 to 5 times. And if it doesn't, our free cash far exceeds this liability.

Let me get into more detail about the road project in particular and also into my methodology for completing this budget. This year is a departure from earlier budgets that you have been accustomed to seeing: I am dividing the road project and various revenue sources and expense lines into the capital budget items and the operational budget items. Not only is this methodology more transparent ; but it also simply makes more sense to me and is easier for me to explain what in our budget is a capital item – AKA a durable good or service and what is the cost of doing business AKA an operational item.

I realize that this is a departure from earlier methodology, so it may appear that I am reducing some lines when in fact I am not. I am merely dividing the money into capital budgets and operational budgets but it nets out to be the same amount spent- just divided into two groupings. I will explain this further, later on in this report.

As mentioned, I am substantially addressing our failing roadways but this project is a multi-year process. In the first year, we will address the underlying foundational causes of our road condition problems and in subsequent years we will be laying down far more asphalt. This year's budget is a first step in repairing more than just the pavement.... It's repairing our road-system, such as culverts, bridges, drainage systems etc.

We have millions of dollars of roadwork that needs to be done, however; most of the costs that make up these projects *is not asphalt*. To the contrary: Most of the costs are going toward the subsurface and supporting infrastructure. Asphalt is relatively cheap. The underlying subsurface systems are expensive. Basically, most of the initial costs are pretty much everything before we get to the asphalt. Of course we will asphalt too, but the other things cost far more than just laying down tar. So, first we must fix all the foundational structures before we can make our roadways smooth and black.

This is going to require that we reallocate all of our resources differently. This translates to not only reallocating the shares of the

monetary pie differently, but also making a procedural shift away from our existing policy to take a harder look at free cash in order to meet our immediate needs. I expect that this may come with some backlash. It pains me to make this suggestion as I will be the first to admit to you, it is unadvisable. Moreover, I do not want to do it, nor am I happy about it. And, most importantly it flies directly in the face of our financial policies.

But the harsh reality remains that I have looked at this budget from inside and outside and dissected it from every way to Sunday. Our Finance Director, Mr. Vanni, and I have come to the conclusion that we have IN THIS FISCAL YEAR, 2 outliers that create the unique opportunity for a one time deviation. I say this because this is a unique situation that accords us the opportunity to make this deviation without any significant financial effect on our standing with the bonding agencies. It's an outlier and we won't have it happen again in future years. But, nonetheless, we are fortunate to have it during a trying economic time.

Let me explain further:

The first situation is - that we will be guaranteed to see a very significant *one time* upward tick in new growth in FY19. The way that this will occur is that we are asking Town Meeting to adopt M.G.L. c. 59, Sec. 2A(a), which will align the calculation of new growth with the fiscal year instead of the calendar year. This will give us a one-time blip in new growth, half-again as much as what we would normally see. This is because in the first iteration, we will grab 18 months' of new growth

instead of 12. In other words, by resetting the calendar to calculate new growth in the fiscal year instead of the calendar year, ONE TIME, *on this initial readjustment*, we will be able to assess growth over 18 months and not 12. From that point forward we will have 12 month cycles set in alignment of the fiscal calendar. This will bring in a windfall of approximately \$150,000 in a one-time outlier. To get closer to the School Department's 5.2% request, I will allocate this one time new growth to the School Department in addition to the \$185,000 that I had originally allocated.

Next, in this fiscal year I have a very healthy certified free cash fund. It is \$500,000 more than I had last year and despite the fact that I have huge demands on this year's free cash amount, I can reduce the amount of stabilization to be deposited in half and I could then transfer the remaining \$100,000 (that would have gone into stabilization) and instead direct it into the School budget. Thus, I will still deposit \$100,000 into stabilization, but the other \$100,000 I will transfer into the School Department's operational budget.

Because I am still depositing a significant amount into stabilization, (\$100,000) it shouldn't trigger any repercussions from our bond rating companies:

Even though *it is* at odds with our free cash policy ...

1) it is less than 10% of our total free cash

and

2) I am still depositing a significant amount (\$100,000) into stabilization, so it shouldn't trigger any repercussions from the bonding agencies.

These two outliers, which only occur this year add an additional subtotal of \$250,000 into the School's budget on top of the original \$185,000 that I had planned on allocating. Additionally, I have been able to recoup some additional savings from the amount I budgeted for this year's insurance premium increase. This amount totals another \$100,000.

Thus, with the originally budgeted \$185,000 increase in the School Department budget, plus the aforementioned \$250,000 in one time revenues (growth and free cash), plus the \$100,000 insurance savings: the total increase to the School budget in fiscal year 2019 will be approximately \$535,000. Or 2.51%.

School Budget Allocation

\$185,000	Levy limit allocation
\$150,000	1 time new growth - from Overlay Abatement Account
\$100,000	1 time stabilization reallocation of free cash
<u>\$100,000</u>	insurance premium savings
\$535,000	2.51% increase

Slide 2

I've drained the well dry.... there simply is no more money to be had than that.

I say this with 2 caveats.

1) Town meeting must vote to adopt M.G.L. c. 59, Sec. 2A(a), or there will be no new growth and I will have to thus reduce the School Budget by \$150,000.

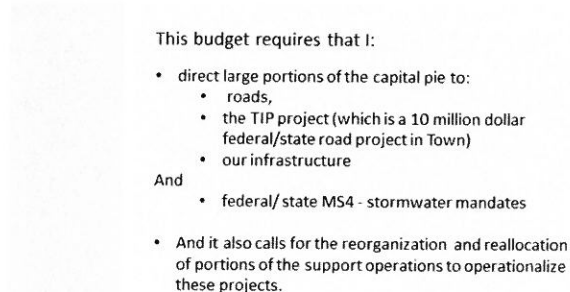
and

2) Any change in state aid, be it positive or negative from the Governor's stated figure will result in either a positive or negative adjustment to the School's budget.

In other words, even though I have no obligation to share in any of this unrestricted state aid, if I receive more than what is anticipated / promised by the Governor, then I will share whatever I receive with the schools. If, however, I receive a reduction, (which is highly unlikely) I will similarly have to reduce the School's budget accordingly.

So, this total increase to the Schools' budget is approximately 2.51% . And, to get to this 2.51% I am recommending a departure from our fiscal policy by transferring \$100,000 from free cash and also I am utilizing a one-time new growth of another \$150,000 that the Town will never see happen again. This means I am adding \$250,000 to the School Department's operating budget with one time revenues: \$150,000 in one time growth that we won't see a jump like that again- and \$100,000 in free cash: revenue that cannot be counted on in future years.

Now let's talk about some of the particulars:



Slide 4

This budget requires that I:

- direct large portions of the capital pie to
 - roads,
 - the TIP project (which is a 10 million dollar federal/state road project in Town)
 - our infrastructure
 - and
 - federal/ state MS4 - stormwater mandates
- And it also calls for the reorganization and reallocation of portions of the support operations to operationalize these projects.

To this end, I have therefore in this year's budget restructured our Highway Department and re- allocated much of our free cash towards the above listed areas.

As mentioned, the infrastructure project is a multi- year project so we must forecast our revenues and expenses in ways that can account for these needs while still keeping the Town operating efficiently and effectively in subsequent years.

THIS YEAR, we have a very healthy free-cash fund. That is a huge help for this year. But, if I'm going to complete this project without a debt exclusion to finance it, as I already explained- I will use funding from our Host Agreement to finance the project but I will also have to keep a constant eye on these revenues and carve out the project into chunks matching the available funds with the size of each year's project accordingly.

This means that, in addition to the aforementioned Host Agreement funding to pay off the loan, I will also utilize any available free cash that I have in any particular year to likewise pay down the loan and also do any additional road projects that can be afforded in that particular year.

This approach of chipping away at smaller projects as we find money each year, brings with it externalities that the Town must be made aware. The most obvious one is that since the projects are smaller in nature, you cannot leverage larger scale projects into batches and get cheaper rates... So there is a slight up-charge to doing it this way. Additionally, the patch-work approach means it takes far longer to get the project completed and while we're waiting for the next year's funding, each winter the roadways continue to get worse so the

projects grow in scope and cost. We will have to keep an eye on the landscape each year to project what we can afford and what we can get accomplished based on our resources and what is going on around us.

Doing this requires us to:

- Look at both positive and negative externalities that fall outside of our control but yet still affect our bottom line,
- Then we must make predictions and educated guesses as to where these forces could most likely end up in future years.

Slide 5

Doing this requires us to:

- look at both positive and negative externalities that fall outside of our control but yet still affect our bottom line.
- Then we must make predictions and educated guesses as to where these forces could most likely end up in future years.

Examples of outside influences and externalities that affect our bottom line are:

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- The expanding costs of healthcare,
- New residential, commercial and industrial growth,
- The cost of the hiring market,
- Trickle down effects of economic development,

And

- Grant opportunities.

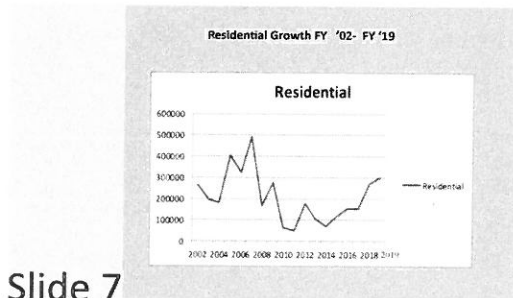
Slide 6

- The expanding costs of healthcare
- New residential, commercial and industrial growth
- The cost of the hiring market
- Trickle down effects of economic development
and
- Grant opportunities.

Just like everyone else, we have seen a dramatic increase in healthcare costs. It is only prudent for us to try to rein in these costs when we can. And to that end, we are currently in the second year of a locked-in rate with moderate increases. This stability has allowed us to balance our budget. When I created the FY 19 budget, I factored in a 7% increase in this line based on historical data. It was a conservative estimate and most likely not going to be overshoot.

I am now informed that the increase will be 4.65%, or \$100,000 difference. As I mentioned, I will direct the delta in these amounts to

the School Budget. Likewise I am reevaluating our liability insurance in hopes to also reduce this cost. And, assuming that I end up with any savings there, I will similarly share in this windfall with the Schools if I recoup any.



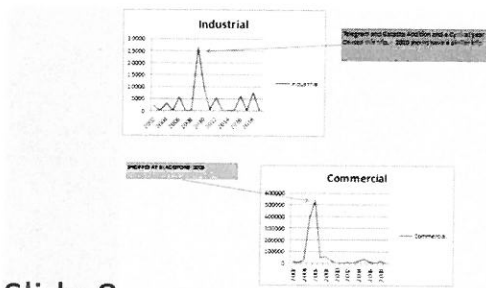
This slide displays the volatility of the residential market and its effects in Millbury over a 15 year period. Most recently we've seen a leveling off of new housing developments and other plans coming in to the planning and Building Departments. But, we still have a pretty significant backlog of inspections for the existing developments and projects. Basically, we're currently feeling the aftermath of the lull that occurred during the Recession.

Those developments which were put on the back-burner during the economic downturn, are now being built all at once. But, once these developments are completed, we're not seeing a lot of projects in que behind them. So, the caution of last year's review is panning out. I cautioned the Board then we had to keep a keen eye on the residential growth rate. What we are seeing over this year is that there appears to be a leveling off of residential development once this group of projects is completed.

But that doesn't get us through the task at hand right now. We still have *an immediate need* to address the projects before us right now and we don't currently have the manpower to address the backlog of permit applications.

To counter this, I have increased the inspectional services line to accommodate the increased demand by funding more temporary / on-call inspectors. I am not adding more bodies, but instead adding more money to the per diem, on-call inspectors who can be called in each week to accommodate the work-flow as needed. I will reassess the need and amount of funding in this line in each subsequent year adjusting accordingly.

As a side note, last year we increased our fee schedule which we are now seeing in our receivables. In essence what we are doing with the per-diem inspectors is simply operationalizing the fees to pay for the increased demand. I am in the process of auditing this schedule to see how it worked out, but of course we can't complete that audit until the year end.



Slide 8

Again, industrial and commercial growth continue to remain substantially flat. (with a few significant exceptions)

- #1 I have been informed that the Mall has lost one of its large box stores which will impact our revenues next year.
- #2 We have positive offsets with other commercial growth, so I am anxious to see how this comes out in the wash.
- #3 I am anxious to see how the Mall addresses their loss.

I am hopeful that the other commercial growth will offset the Mall's loss and still equate to a positive upswing over the next year. We will not see these tabulations on any charts until the revenues come in, but in particular:

- There is a rehab with 40 employees being constructed

- There is a new / expanded daycare being constructed,

And

- A medical and recreational marijuana dispensary is slated to open in the beginning of FY19.

Slide 9

- There is a new rehab with 40 employees being constructed
- There is a new / expanded daycare being constructed,

and

- A medical /recreational marijuana dispensary is slated to open in the beginning of FY19.
- There is, however; a negative offset of \$20,000 for the loss of YOU Inc.'s rent.

The predicted revenues for the Natures' Remedy establishment are encouraging but, again we will not see those numbers until June of 2019. However, as noted, we will see a negative offset next year with the loss of You Inc. thus reducing our receivables by \$20,000 in rent.

FY 2019 OPERATIONAL AND CAPITAL BUDGET

FEBRUARY 27, 2018

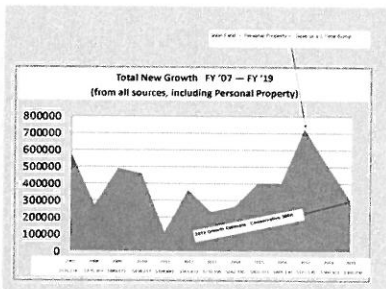


Slide 10

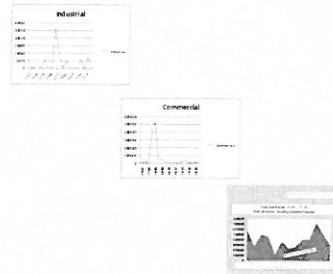
In addition to the factors that are already in place just mentioned, I am in the process of developing an RFP for large scale solar in Town. The

Planning and Economic Development Director and Energy Manager (under my direction) are both busily working on this as well as procuring numerous grant opportunities. It's safe to say that that Department has many balls in the air at the same time. And, again, I am anxious to see the fruits of their labors.

To date, Ms. Connor, and her staff's efforts have succeeded in garnering thousands and thousands of dollars in various grants in FY 18. She continues to work toward finding and procuring more. I am extremely satisfied with her and the Energy Manager's efforts and results. They have been two fantastically successful hires. I publicly thank Ms. Connors and Ms. Arp for their efforts and look forward to seeing their continued successes.



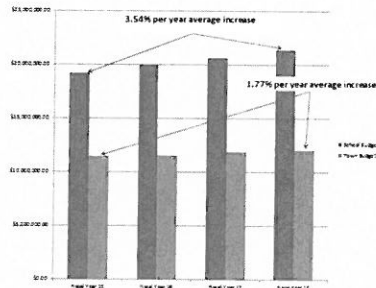
Slide 11



Slide 12

In summing up the economic development portion of this report: Simply put: we're financially growing and improving. Our residential growth seems to be leveling off and becoming more manageable, our commercial and personal property seems to both be on the rise and/or showing signs that they may improve over this next year and our financial standing currently is in a position of stability.

Slides 13



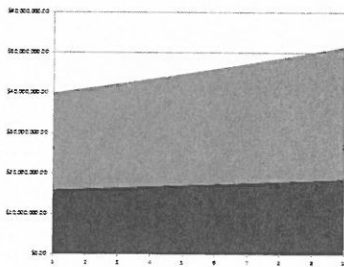
That being the case, even with a growing budget and a stable future-outlook, I still cannot sustain a 5.2% increase in a 21 million dollar budget. That’s over a million dollars. There is no possible way to absorb over a million dollars into the Town side of the equation. With increases such as that, the gap in the division of the economic pie will simply spread beyond any sustainable measure.

More exactly, if you look at the past three years, not including this fiscal year 19 budget, the School Department budget has increased by an average of 3.54% as compared to the Town’s 1.77%. That means that the School budget, over the past three years has grown at a rate of exactly twice that of the rest of the Town as a whole.

These next slides show the effects of a larger department receiving twice as much of an increase over a smaller department. Starting with a budget of 40 million dollars and a 60/40 split and then giving the larger portion a 3.54% increase and the smaller portion a 1.77% one can see how the divide systematically extrapolates larger and larger over time. It’s not a criticism; it is just a factual and mathematical truth.

This is what that looks like:

The effects of a larger budget getting 3.54% increases and a smaller budget getting 1.77% increases over a 10 year period



Slides 14

School Dept	Current Budget	Proposed Budget	% Change	Year
1	100%	100%	0.00%	2016
2	100%	103,540,000	3.54%	2017
3	100%	107,100,000	3.43%	2018
4	100%	110,660,000	3.32%	2019
5	100%	114,220,000	3.21%	2020
6	100%	117,780,000	3.10%	2021
7	100%	121,340,000	2.99%	2022
8	100%	124,900,000	2.88%	2023
9	100%	128,460,000	2.77%	2024
10	100%	132,020,000	2.66%	2025

Slide15

School Department Increases over the past 4 years

Fiscal Year	Budget	% Increase
FY 2016	\$748,891	3.89%
FY 2017	\$669,114	3.34%
FY 2018	\$698,573	3.38%
FY 2019	\$832,485	3.90%

This is a GREAT!R average increase than the 5.4% seen during the FY 15- FY 18 period:
 FY 15-18 the School Department grew at a TWICE the rate of growth for
 ALL other Town Departments combined over the same period
 This proposed amended budget WIDENS that gap even further!

Slides 16

This slide uses the School Department’s recent vote of 3.9% as a model. First of all, there is no possible way to fund a 3.9% increase in this year’s budget, Moreover, as evidence to the mathematical analysis that I just displayed, the 3.90% increase would up the School Department’s average increases from their current 3.54% to 3.63% over the past 4 years. Thus the divide would WIDEN at an even faster pace.

However, utilizing the 2.51% (\$535,000) increase (which is achievable in this year’s budget) the rate of increase over the 4 year period is

reduced to an average to 3.32% . But keep in mind, that even *THIS* divide is not sustainable as this rate of growth is still *well above* the Town's 1.77%.

As in the example of the DPW....

Trying to sustain a resource gap in this fashion has caused a major breakdown in operations as anyone can see driving over our roads.

So, this budget, addresses this situation by reorganizing the Public Works category of the budget.

As I've noted, the manner in which this year's budget is allocated looks slightly different than earlier budgets – mine has capital and operational separated, so the budget sheets need a little explanation so now I will explain now more definitely.

Op Code 420 – Highway Department

2018 Budget \$356,000	2019 Budget \$272,200 A reduction of \$73,800 or 21.33%
-----------------------	--

- How can that be???
- How can you be *REDUCING* the Highway line and say you're increasing the Roadway program??

Slides 17

What you see in this slide seems illogical. How can we be spending *more money* on the roadway projects and have the Highway Department's budget *reduced*? That seems patently illogical. The next slide explains it more completely.

Highway Department 420

Minus Capital Costs:
- \$124,000 in truck leases that are being shifted out of operational budget and into capital budget

Plus Operational Costs:
+ \$15,000 in professional services: for the road projects
for guard rails,
traffic lights,
line striping,
police details

+ \$15,000 supplies and maintenance
Equipment repairs
Redi-Rocks
Catch Basins
Construction Supplies

Slides 18

The FY 19 budget puts a major focus on our roads program. The roads program falls under the category of "Public Works" which includes divisions:

- Parks,
- cemeteries,
- highway,
- transfer station,
- and the diesel /gasoline line.

As you can see in this slide, I'm splitting out capital and operational. Additionally, I'm restructuring the Public Works category thus gaining more manpower in places that we need it most. It's both a cost savings and an operational streamlining.

Moreover, another way that I am able to recoup savings in this category is that this category has "fuel and diesel" within it. I agree this

is obviously an operational cost... you need fuel to do your day to day and I am not moving that into capital. However, *I am reducing* that line because I see an opportunity to recoup some savings.

Although I have no reliable measure on how much fuel will cost next year, I do have a pretty good benchmark on approximately how much we will most likely use. I've been looking for areas where I can reduce the budget and I believe that there is a savings available in last year's line based on this benchmark. Therefore, with the shifts in operations and a reduction in the fuel budget the overall "Highway" portion of the "Public Works" category budget reflects this reduction and the general "Public Works" category only shows a nominal change.

If you take a closer look at my budget sheets and inspect the individual departments and the sub categories and sub lines within each department, you'll see adjustments both in over-all percentage increases and in actual employee hires. This is due to these operational and capital shifts.

For instance, Op code 400- Highway Admin is being increased by 50.65% to cover things like surveys and engineering of our roadway projects. Moreover, as noted, we are reorganizing the operations division by shifting employees around, thus actually lowering the wage line but increasing the rolls by 2 workers. And, I am reducing the Op code 420 – "Highway Division" by 21.33 percent – which seems completely illogical if I'm trying to improve our roads. But to the

contrary, what it is, is that it makes the budget transparent because what I have done is I have removed \$175,000 out of the operational budget and placed it into the capital budget.

So, I'm actually spending MORE money on the roads, but allocating it differently. I'm moving operational into operational budgets and capital into capital budgets: it's cleaner and more transparent as you can see in this slide.

Minus Capital Costs:

- \$124,000 in truck leases that are being shifted out of operational budget and into capital budget

Plus Operational Costs:

+ \$15,000 in professional services: for the road projects

- for guard rails,
- traffic lights,
- line striping,
- police details

+ \$15,000 supplies and maintenance

- Equipment repairs
- Redi-Rocks
- Catch Basins
- Construction Supplies

This is a different manner to prepare the budget from prior administrations and one needs to realize that just because this year's overall General Government Budget it seems relatively flat, it's merely because it's hard to compare line to line from this year to last because many of the categories and/or departments show reductions or very slight increases when in fact the overall expenditure might be higher, just in a separate category.

Here's a straight forward example:

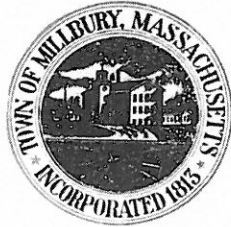
The Police Budget is showing a very moderate increase of \$19,000 even with the increase of 3 junior police officers. This is similar to what happened in the Highway Department.

1) by adding more officers, the overtime line is reduced. Thus by restructuring his operations, he benefits from a savings.

And

2) by taking 2 police cruisers out of the operational budget, and moving the cruiser to the capital budget, the line is automatically reduced by \$80,000.

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Slides 19

So, although, these types of analysis skew this year's comparisons between departments, that is why I'm spending so much time explaining them in a transparent manner. These discrepancies will not be occurring in future years (nor were they in prior years) as the comparisons will be... and/or, were in prior years... apples to apples.

This isn't a criticism of any prior administrations' way of budgeting. It simply is a different way of doing it. Because it is different, it makes it hard to compare apples to prior year's apples:

That is why I'm explaining the expenses the way I am now and why I used all similar metrics in my slides to make comparisons...

I.e. I compared all prior years to each other to look at how the Town and School budgets got to where they are today. All of those metrics that I displayed on my slides and the way that the budgets were comprised at the time were all the same during those periods. Thus

they are compared to each other, apples to apples and all of those comparisons and analyses are accurate.

The exercise that I just walked us all through is just a factual look at the historical data over a period of time - compared side by side. –

I want to state for the record:

I do not believe that the manner in which the percentage gap over this period of time occurred, was anything other than what was believed to be needed at that time to meet the needs as they were.

Nonetheless, using the School Department's actual budgets as presented in their budget-book and comparing them year to year, you'll see that their budget did increase an average of 3.54% over that time period of FY 15-FY18. Similarly, by taking ALL of the other department's total budgets - as they were calculated during those years with operational and capital in one pot- and looking at how much they grew; the remaining Town Departments grew by 1.77%. – Half as much as the School Department's budget.

The only adjustments that were made to this assessment were that the employee benefits were divided according to where those employees were assigned- school / Town ... We have these actual numbers. We

know who takes what insurance and how much it costs and where they work. 100% of that cost is paid for out of the general government funds.... However, 76% of those who receive the benefit of those costs work in the school system. Therefore it is a VERY easy calculation to assess those costs to the school system even though they are paid for by the Town. Also, BVT and the Sewer Enterprise fund were removed from the assessment as these costs are separate and distinct from the Town departments.

The Sewer is a pay as you go system. It neither effects positively or negatively the Town budget (with a very small adjustment for administration costs and a small amount of debt that the Town Carries) and the BVT is simply an assessment that we pay.

So, it is only logical that if we were to look at historical data over time and see that ANY one department were to grow at twice the rate of all of the other departments, of course the division of the pie would be skewed toward that one department. More directly, if that department were already started at a place where they were larger in the beginning, then that just extrapolates the division even more over time and at even quicker rate.

Again, this is not a criticism: it is just simple math. And again, I don't believe this was some sort of deliberate attempt to grow one portion of the budget at the expense of another. Instead, I believe it to be a

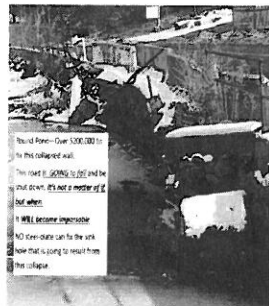
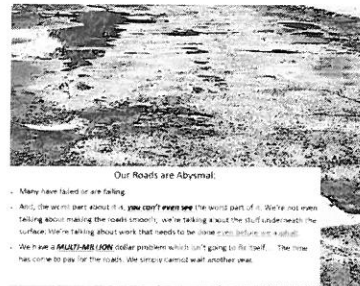
reflection of the necessity to weather the effects of the Recession in the way that this Town and the prior administrations saw fit.

However, as we know, the revenue-pie is only so big. And, in this case, over the past 3 years, it was mathematically evident that the pieces of the pie did in fact get shifted. Now our roads and infrastructure have suffered. It goes without saying: these situations do not improve with the passing of time. They only improve with the expenditure of resources including man-power and funding sources.

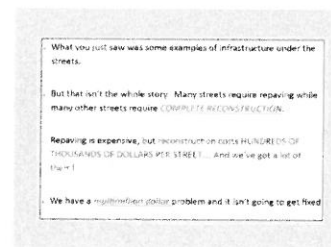
The Infrastructure

Slide 20

Slide 21



Slides 22-33



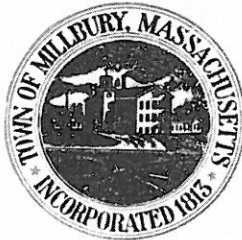
The roadways:

These slides show the state of our infrastructure. I have chosen merely a few examples of the state of our roadways, drainage and water flow systems. I could have displayed literally hundreds of examples. But

what I want you all to notice is that the majority of the issues that will be addressed this year, you don't even know are there. But, if I don't address them, they literally shut down access to portions of our Town for weeks at a time. If some of the walls, culverts, or pipes continue to collapse, the roads will be completely shut-down to everybody- police/fire/ambulance/ school bus/ COA van, or just you and me trying to get to where we are going.

FY 2019 OPERATIONAL AND CAPITAL BUDGET

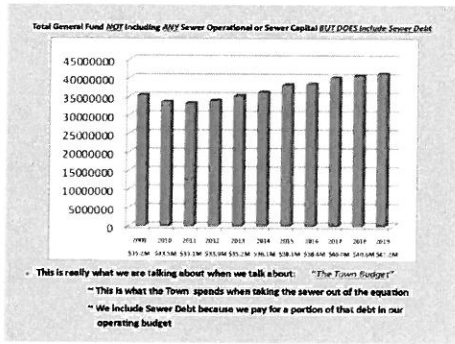
FEBRUARY 27, 2018



Slide 34

I have described the state of our roadways; the manner in which we viewed capital vs operational budgets in the past; how I plan on allocating our capital and operational budgets differently moving forward; and lastly I described our historical departmental growth from Fiscal year 2015 to Fiscal year 2018.

Now here are the remaining slides that describe the state of our Town over time and where we stand today:



Slide 35

This is a look at our total Town Budget. This is what I consider our real town budget because it doesn't muddy the water with any enterprise receivables or expendables. They end up a net wash and they honestly don't belong on the Town's ledger since they are a pay as you go. There is some overlap as we do have some charges to the enterprise fund to recoup some administrative costs. And, we do float some of their debt. Those are actual Town credits and debits, but other than that, the enterprise fund is funded by fees charged and it basically is an entity on its own. Thus what we are left with is what you see here in this slide.

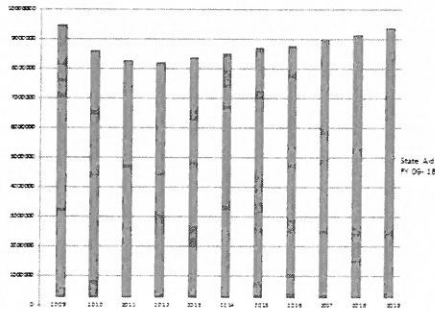
Sewer Systems Operations and Maintenance

Salaries and Wages (all)	\$ 272,477
General Expenses	\$ 355,839
UBWPAD Assessment	\$ 986,217
Sewer Expansion Project – Debt Service	\$ 52,000
Capital Outlay	\$ <u>1,066,000</u>
Total Sewer Enterprise Fund	\$2,712,533
O & M Costs and Charges	

Increase of **44.59%** ← It is reflective of the capital outlay this year – replacing pumping stations

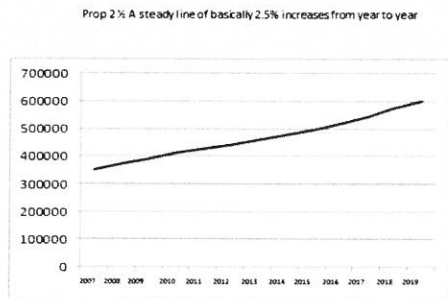
Slide 36

This year our Town Budget (not including sewer debt) is 41.2 million dollars. If you factor in the Enterprise fund that number inflates to \$44,161,032.



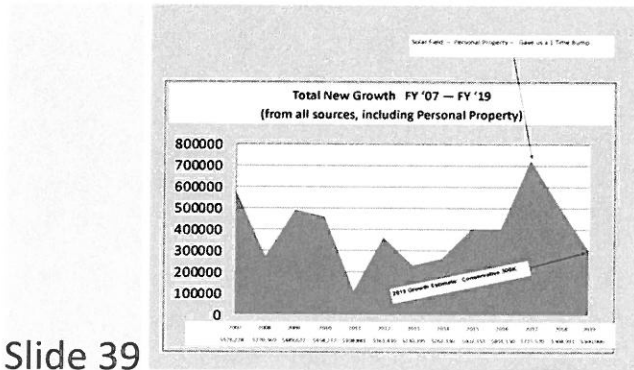
Slide 37

Next you see State aid over time. Our FY 19 state aid is \$9,369,342 or \$97,665 less than in FY09. We're getting closer, but we still haven't recouped all of what we lost in the Recession.



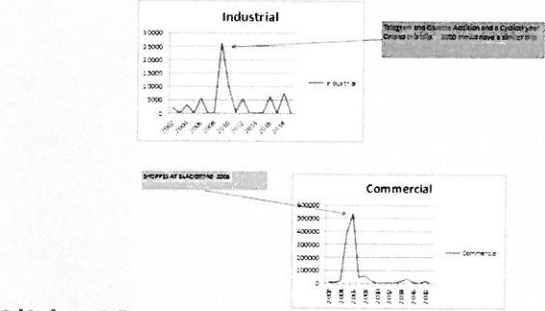
Slide 38

As you can see, in this slide, our Prop 2 1/2 is steady as it goes, it basically goes up 2.5% with very minor fluctuations from one year to another in the event that the town paid down the tax rate or didn't raise to the full 2.5% in any particular year.

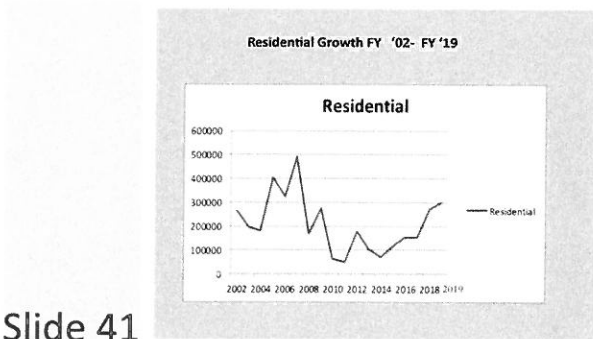


Slide 39

The next slide displays TOTAL growth, residential, commercial, industrial and personal. We are estimating a conservative \$300,000 so that we will not be penalized on our recap sheet in the fall. However assuming that Town Meeting votes in M.G.L. c. 59, Sec. 2A(a), which I have full faith that they will, we will see ½ again as much in the fall as I explained earlier.



Slide 40



Slide 41

The next two slides just break-out of the residential, commercial and industrial growth. As for personal property, next year we may see a jump with the addition of a solar project.

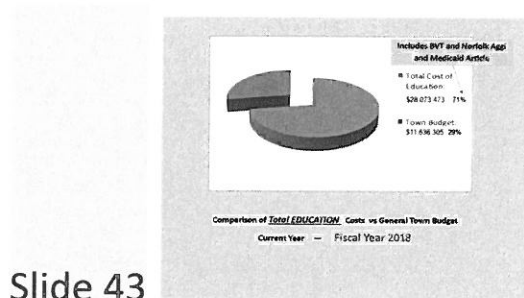


Millbury has a 3.44% combined GF/EF FY2019 growth

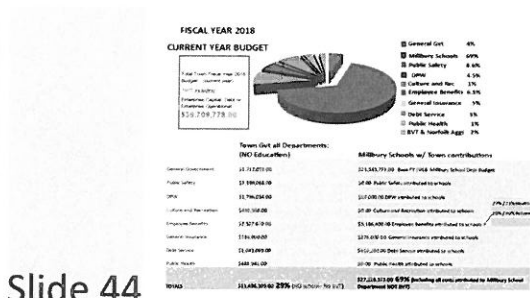
Slide 42

We have a balanced budget and a combined general fund and enterprise fund growth of 3.44%. This is down from last year's 3.80% growth, but this is reflective of what I described earlier as a slowing in residential growth rate.

But, that being said, I want to be perfectly clear: The pie is divided the way that it is because of the past choices that we made to get here and the choices we will make moving forward. This is not somehow a competition: Nor am I am criticizing our Schools or prior administrations for the decisions that were made to get us to where we are. Nor is this meant to be a fight, nor a line drawn in the sand. I am simply showing everyone involved, every stakeholder, the parents of school children, the residents without children, the Board of Selectmen and the School Committee and everyone else: this is where we are and this is where we are going.

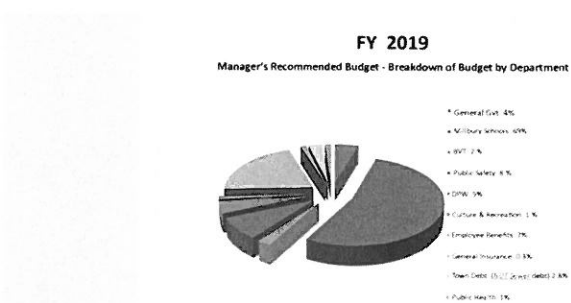


Slide 43



Slide 44

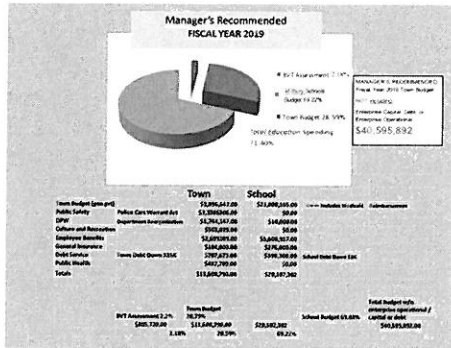
In these next two slides you see that this is where we are today in Fiscal year 2018 and how it breaks down by department. As you can see I have allocated those costs that are attributed to the Schools to the Schools. They have more employees and it is reflected in the allocation of employee benefits. Moreover, for discussion purposes, I have assessed them costs associated with DPW salting/plowing and insurance costs. This shows more accurately the costs associated with these services/ departments. In this slide I also show the debt service attributed to the School Department which is the actual debt that they have on the books attributed to the schools. This is not reflective of any other Town or Sewer debt - such as fire trucks or Ramshorn dam or sewer expansion, etc..



Slide 45

This slide shows you what I am recommending for FY 19. It is basically exactly the same as what we currently have. The pie, for all intents and

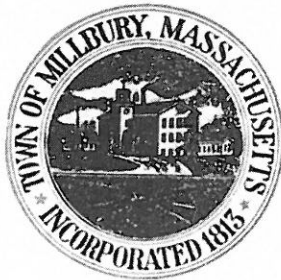
purposes, basically stays the same for all departments. You will see it more definitely in the next slide which breaks down the allocations by category.



Slide 46

What I want the Board to pay note to in this slide is the fact that our total budget is growing to \$40,695,892 (not including any enterprise debt, etc). But most importantly, what I need everyone to pay note to is that his number includes the extra \$150,000 worth of one time growth as well as \$100,000 of free cash that has now funded our operational budget. The new growth will be factored into the next year's levy limit, but the \$100,000 worth of free cash will not. So, basically... what we have done with this budget to achieve the 2.51% needed for the school department's budget is that we have grown our budget with a one-time revenue that we will not have next year.

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Slide 47

We have 13,250 residents and I have to the difficult task to balance the needs of all of them. My decision to allocate our resources in the manner in which I have outlined is simply a means to do that.

This is an extremely emotionally-trying part of my job. I want everyone to realize that I'm in no way trying to punish the schools, criticizing the schools or am anti- public education. Public education is all around me and it's from whence I come. If one believes that I am somehow anti-school, nothing could be farther from the truth.



Slide 48

This is my wife, Heather. She's a public school teacher. She went to public schools and a state university. These are my children Nick, Jess and Ali: All are products of public education. I'm the product of public education. I went K-12 in my town's school system. I got my undergraduate at U.Mass and my Masters in Public Administration at Bridgewater State. The only reason I got my juris doctorate at a private law school was because at the time, in 1992, there was no public law school in Massachusetts. That has now changed as UMass now has a law school... but that wasn't the case in the 1992.

I don't hate public education nor am I coming after it with some sort of vendetta. I believe in the public school-system mission and I support their objectives. However, I'm placed in a difficult position to try and balance our needs for *every* department and I have the daunting task of trying to fix our roads without the benefit of a debt exclusion and that is what this year's budget is doing, nothing more, nothing less... if I continue to ignore our infrastructure...





Slide 49

...this is the BEST that they will look like going forward.

Here's how I'm addressing our immediate infrastructure and other capital needs:

FY 2019 Capital Plan		AMOUNT	Remaining
DEPT	REQUEST		\$1,521,136.00
Manager	Stabilization	\$100,000.00	\$1,421,136.00
Manager	Town Hall Roof	\$20,000.00	\$1,401,136.00
Schools	Operational	\$100,000.00	\$1,301,136.00
Schools	Track records of Athletic bus or Maint truck	\$55,000.00	\$1,246,136.00
DPW	\$3M Road LG&M - 10 year S&M - (no debt exclusion, borrow w/in Levy Limits)	\$200,000.00	\$1,046,136.00
DPW	Road Projects	\$300,000.00	\$746,136.00
DPW	TIP Project	\$300,000.00	\$446,136.00
DPW	Roll-off Trailer for Transfer Station	\$100,000.00	\$346,136.00
DPW	Lease of Vehicles (will be listed on Warrant)	\$150,000.00	\$196,136.00
FD	Gear Washer and Dryer	\$28,000.00	\$168,136.00
Police	Radio Repeater	\$20,000.00	\$148,136.00
Police	Cruiser	\$40,000.00	\$108,136.00
Clerk	Knip System	\$24,000.00	\$84,136.00
Library	HVAC	\$21,000.00	\$63,136.00
Library	Roof	\$10,000.00	\$53,136.00
Planner	Wollie World Rehab	\$25,000.00	\$28,136.00
Assessor	Vision v8	\$20,000.00	\$8,136.00
		Total Expenditure	Balance Remaining
		\$1,513,000.00	\$8,136.00

Slide 50

Thank You...

Questions??

Slide 51