

BUDGET MESSAGE FISCAL YEAR 2013

The budget document contains several different sections for the Selectmen and Advisory Finance Committee's review. These include:

- Budget Summary – This spreadsheet is presented in a slightly different format but includes the information as required by the Town Charter. I began working on the database format as suggested by the AFC, but this is going to take more time than available during the budget process, so this will be a goal for FY14.
- Five Year Forecast – There is a separate executive summary that provides a general overview of the spreadsheets.
- Detail budget information – This is presented in the same format that has been used in the past and provides the backup information on each specific line item that make up the “Salaries/Wages” and “Expenses” accounts.
- Capital Expenditure Planning Committee Report – The process is relatively the same process that I initiated a few years ago using a priority-based ranking system and contains an executive summary that explains the recommendations for Town Meeting. There are some differences, such as the criteria have been reduced from 10 criteria to 8 criteria at the suggestion of the Assistant Town Manager and the rating has gone from a 0 – 10 scale to a 0 – 5 scale to eliminate some subjectivity at the suggestion of the AFC as part of the Financial Policies that were adopted earlier this year.
- Road Management System – This is the second year of having a Road Management Plan to prioritize the future work of the DPW. Roads that were rated in 2010 have been updated to reflect current condition and work that has been accomplished over the past year.

The Fiscal Year 2013 budget as presented, including other amounts that need to be raised is recommending total expenditures of \$93,537,564. This is an increase of \$3,229,031 (3.6%) from the Fiscal Year 2012 budget of \$90,308,533¹. All departments were requested to provide a budget that would provide level services from FY12.

Revenues

- Revenue estimates include additional property tax revenue in the amount of \$2,000,043 which includes a new growth estimate of \$500,000; an increase in local receipts of \$194,291; and a projected level funded state aid figure of 5,578,837. This may be affected once the Governor releases his budget in late January.
- Operating revenues are sufficient to cover operating expenditures. State aid is level funded given the situation that state revenues are coming in above projections; I don't believe state aid will be reduced further in FY13.

¹ Does not include expenditures for warrant articles, Water, Sewer or Country Club articles, Ch. 90 or transfers.

Expenditures

The General Fund FY13 budget is proposed to increase by \$3,045,980 over the FY12 budget (which is approximately \$1,472,000 less than the increase between FY11 and FY12). The School budget that is included in the proposed budget is the budget as voted by the School Committee on 12/14/11. The major increases (over \$50,000) in the budget are as follows:

Table 1
Major Increases (Over \$50K)

<u>General Fund</u>	<u>FY13 over FY12</u>
Insurance	526,100
Debt Service	1,006,643
Westborough School Dept	1,300,056
Total:	2,832,799

The following are the largest decreases in the budget:

Table 2
Top 10 decreases in the FY13 Budget

<u>General Fund</u>	<u>FY13 under FY12</u>
Buildings and Grounds Salaries	(99,347)
Library Salaries	(35,204)
Assessors Salaries	(8,908)
Police Department Salaries	(5,068)
Personnel Board Salaries	(3,691)
Animal Control Expenses	(2,878)
Central Purchasing Expenses	(2,325)
<u>Other Funds</u>	
Sewer Debt	(22,701)
Water Debt	(75,524)
Country Club Expenses	(31,524)

All other departments had minimal increases/decreases. The following is a summary explanation of each increase and notable decrease:

Increases

- Insurance – This line item contains all of the Town's various insurance coverages. Most were level funded with the following exceptions:

- Group Life Insurance – was decreased by \$4,800 to reflect changes the Assistant Town Manager made by moving the group life insurance account to Boston Mutual, at the same time, providing improved benefits for the employees.
- Group Medical Insurance (Health Insurance) – This line item is projected to increase 12.5% over the FY12 amount or approximately \$565,000. This is one of the smaller increases in health insurance costs over the past several years. We based the 12.5% figure on an average 9% increase but then did not add in the additional amount we have been using for net new subscribers. We will not have the actual rates until sometime late in January and at that time, we may opt to have them provide revised rates in February or March as it may be more advantageous to gain two additional months of experience this year.
- Casualty/Property/Workers Compensation – This line item is budgeted to decrease by \$30,000 based on the credits from the MIIA Rewards Program the town has received and past final costs.
- The Debt Service budget is budgeted to increase by \$1,006,643 which is solely related to the Wastewater Treatment Plant (+\$1,294,114) and Certification of Notes (+\$30,000). The debt related to the treatment plant is paid by Shrewsbury, Westborough and Hopkinton and therefore does not affect the General Fund or property taxes (paid through the Sewer Fund). The remaining difference is from retirement of certain debt (see detailed budget).
- The Westborough School Committee voted on their budget on 12/14/11 and the final figure is down approximately \$800,000 from their original proposed budget.
- The Wastewater Treatment Plant expense increase is related to the higher electrical usage of the new equipment in the plant and the adjustment for the Consumer Price Index for the contract with Veolia.

It's important to note the General Fund is proposed to increase by \$3,045,980 and that the three items above account for \$2,868,799, or slightly over 94% of the total increase in the General Fund. As stated above, approximately half this increase will not be placed on the property tax, but will be split between the three towns that use the Wastewater Treatment Plant.

Decreases

- Buildings and Grounds Salaries – This line item reduction reflects the proposal to contract out the remaining custodial positions and adding two part-time (10 hours per week each) positions to provide assistance to the Buildings and Grounds department to move boxes, furniture and to undertake various tasks in the Town Hall, Library, Forbes Municipal Building and Senior Center. Overall, contracting out custodial services will save the Town \$157,104. This line item is being reduced by an additional \$99,347 (over what was reduced at the Fall 2011 Town Meeting); the rest is part of the Library Budget. The contracted rate will be set for a three year period with no escalation.
- Library Salaries – This line item is being reduced by \$35,204 (net) to reflect the contracting out of the custodial services.
- Assessors Salaries – This reduction reflects the retirement of a long-time employee.

- Police Department Salaries – This reduction reflects the retirements of three long-term employees and net of any increases in the collective bargaining agreement.
- Personnel Board Salaries – The new Administrative Assistant in the Selectmen/Town Manager's Office now provides the AA support for the Personnel Board allowing for this reduction.
- Animal Control Expenses – The Town is now contracting for kennel services with a kennel in Westborough as opposed to the kennel in Northborough that was previously used. The reduction reflects the lower cost of the kennel.
- Central Purchasing Expenses – The reduction reflects minor decreases in various line items in the budget.

In total these decreases equal over \$157,000.

Acomplishments

Similar to the past several years, as Tables 1 and 2 above indicate, Town and School departments have continued to provide level services and/or increases in services with little or no increases in their department budgets. As part of the budget process this year, I've requested that department heads highlight changes they have made that have either increased services, reduced costs or met new needs of the community with little or no additional funding. The following is a summary of these accomplishments (in order of the department as they appear in the budget):

- The Moderator recommended eliminating the quorum requirement for Town Meeting which allows the Town to start the Town Meeting on time, reducing the likelihood of having to carry the Town Meeting over to another day with the costs associated of having a second day of Town Meeting.
- The Selectmen/Town Manager's Office accomplished the following:
 - Saved \$10,000 per year by changing the Firefighter's Insurance from VFIS to MIIA.
 - Changed the Long Term Disability Carrier and Life Insurance Carriers to Boston Mutual which saved the *employees* \$42,454 per year and provided *improved* options for these optional insurance coverages.
 - Changed the mandatory life insurance coverage to a new carrier saving the Town \$4,243 and the employees another \$2,285 per year.
 - Earned \$35,465 in insurance credits (the most to date) through MIIA's Rewards Program for holding insurance loss control programs.
 - Submitted reimbursements of \$143,000 to the Early Retirement Reinsurance Program through the Federal Government.
 - Contracted out the cleaning of Town Hall saving approximately \$39,000 per year. This is planned to be expanded in FY13 to include all town buildings for a total savings of approximately \$162,000.

- Undertaken full building energy conservation studies of the Library, Senior Center and Gibbons Middle School at no additional expense to the town.
- The Advisory Finance Committee has increased the amount of information being presented to voters without increasing costs by reducing the amount of meetings its Administrative Assistant attends. The AFC now includes additional information in its recommendations to Town Meeting voters and reduced the printing costs of their Town Meeting Report and Recommendations.
- The Treasurer/Collector's Office has:
 - Continued and expanded some of the online bill payment options.
 - Additional bill printing is now being outsourced, saving staff time and is offset by the reduction in cost of toner cartridges for printers.
 - Payroll has been switched to bi-weekly and through direct deposit saving \$17,000 per year.
- The MIS/GIS Department (Management Information Services/Geographic Information Services) has:
 - New Design for Town Website – The new design improves search and navigation which increases the level of service to the community. Additionally, in conjunction with the redesign, the hosting infrastructure was improved to provide faster page loading and downloads making for a better overall web experience at no additional expense.
 - New Online GIS Application – The new GIS application is an upgrade from the previous one with a host of new features including state data layers, improved property search, links to Google Street View and Bing Birds Eye, abutters lists, and the ability to create your own PDF maps. Also, there were additional costs associated with any changes or upgrades to the old custom application, but with the new one upgrades are included as part of the annual hosting fee.
 - Town Facebook and Twitter Accounts – Social networking accounts were added to provide a new way for the Town to provide information to its residents.
 - Town Copier Lease Renewed – The early termination of the old 5-year lease was negotiated to allow for a new 4-year lease. The savings are approximately \$5,200 over the four years for the Central Purchasing budget. Additionally, the new equipment allows for network printing which will save money from other departmental budgets as printing costs per sheet on the copiers are lower than existing laser and inkjet printers.
 - Server Virtualization – The first virtualized server was implemented to support a new application. Since then two other servers have been virtualized on the same machine. Consolidating these multiple physical servers saves space, electricity, and cooling costs.
- The Town Clerk recommended consolidating the Presidential Primary and Town Election in March reducing the costs associated with holding two elections one week apart and in hopes of increasing voter turnout.

- The Conservation Commission accomplished the following:
 - Required all new applicants to submit their applications on a CD for each member which allows a faster review and more applicants receiving their decisions after the first meeting and now coordinate with larger submissions to hold worksessions with the Commission to identify issues early which has also improved the process for applicants.
 - The Conservation Officer working with the Public Works Department developed a blanket Order of Conditions for all public works projects to provide a consistent process for the Public Works Department, saving time and expense.
 - The Conservation Officer, working with the Public Works Department identified issues that were causing flooding in the downtown area and addressed these issues with no additional expense to the taxpayers, alleviating the flooding concern.
 - The Conservation Officer has developed a stormwater management program to inspect all 218 commercial, industrial and high-density residential developments on an annual basis to ensure they comply with the stormwater regulations and are maintaining their systems. This has been accomplished without adding staff and the benefit is a reduction in flooding instances and substantially reducing discharge of untreated runoff. From these inspections, the department is developing a database that will be used as part of the Town's NPDES permit with the EPA regarding Stormwater Management, at no additional cost.
 - Working with the State on the local permit approvals for the ongoing dam improvements on Mill Road, the Town was able to gain installation of new culverts that convey water to the dam.
- The Fire Department has seen an increase of 8% in emergency call volume and absorbed additional training requirements of 12 hours per year per employee at no additional cost to the taxpayers.
- The Building Department has/is:
 - Implemented a more user friendly service level through improved telephone communications, more timely review of permits and modifying inspection services to obtain better code compliance.
 - Developing an online permitting system that will increase coordination between departments, improve permitting processes and review of permits.
 - Worked with the Town of Ashland on an intermunicipal project to provide building inspection services to Ashland for approximately \$49,000 per year. This is in the process of being modified so that Westborough will provide oversight to a local inspector in Ashland for approximately \$15,000 per year. These additional revenues have come with no additional expense at the same time Westborough's inspections have increased by 15%.
 - Complied with new legislation requiring sheet metal inspections (i.e. HVAC) at no additional cost.

- The department has worked with several solar installations to deal with the unique requirements of these installations to allow them to proceed in a timely manner.
- The Public Works Department (DPW) has:
 - Rebid the cleaning contract for the DPW Building saving \$4,400 per year.
 - Installed a new SCADA system with a wireless phone system that is much more reliable, provides improved recordkeeping and graphics and is less costly to maintain at no additional cost.
 - The Department is dealing with new mandates regarding annual water tower inspections which will cost approximately \$2,000 per year.
 - In an effort to improve services in the Water Department to the public, the DPW has re-worked the scheduling of appointments with residents so that they do not conflict with regular maintenance programs, increasing productivity and eliminating delays for service calls to residents.
 - Investigated the potential for installing solar panels at the Water Purification Plant, designs are currently being undertaken at no expense to the Town.
 - Undertaken the permitting to allow hydro-electric generation using the Town's water lines to reduce the Town's overall electricity costs.
 - Undertaken a project to expand the Senior Center Parking Lot using the Town's Engineering Department, Conservation and DPW work force to construct the expansion at minimal expense to the taxpayers.
- The Board of Health has:
 - Revised our existing Recombinant DNA Technology Regulations so the Town could be certified by the MA Biotechnology Council as a "BioReady" community at the "Platinum" level. This should make it more attractive for Biotechnology companies to locate in Westborough.
 - Acquired through a grant an AM radio transmitter, antennas and road side signs that can be used in emergencies or for ordinary events. The equipment is valued at \$16,000 and came from the Region 2 Public Health Emergency Preparedness Coalition (PHEPC).
 - Received a \$3,000 grant for the printing of emergency preparedness booklets by the Region 2 PHEPC.
 - Worked with Go Green Solutions to put several recycling containers in Town. This should reduce solid waste tonnage and cut down on employee time emptying trash containers on Town property.
 - Sent approximately 8,000 feet of florescent lights from residents and Town buildings to be recycled. Also sent one five gallon bucket of button cell batteries, mercury

thermometers, switches and thermostats. All of this was paid for by Wheelabrator Millbury through a mercury diversion program. The Health Department monitors and maintains the two recycling sheds for these products at the Mill Pond School and the E.L. Harvey facility.

- Held a Household Hazardous Materials Collection Day that serviced about 450 cars.
- Revised our Flood Plain Regulations to conform to the newly revised Federal Flood Plain maps.
- The Department is now required to enforce the State's new food allergy awareness regulations. On every inspection of most food service establishments employee allergy awareness certifications and specific signage needs to be inspected.
- The Council on Aging/Senior Center has:
 - Sent out a mailing to all households with residents over 60 years old which has increased participation in all programs
 - All staff members have been certified in CPR, AED and First Aid Training and all of the mini-bus drivers now hold CDL Drivers Licenses.
- The Youth and Family Services has:
 - Started a newsletter educating the community about various mental health and parenting topics and programs run by the department.
 - Sponsored a program with other towns in the region on how to prevent bullying and promoting respectful behavior in youth sports leagues.
 - Distributed material through the Virtual Backpack feature of the School Department.
 - Funded the Hot Summer Nights Program through fund raising and grants from local organizations.
- The Library accomplishments include:
 - Created its first ever summer reading program for adults and teens.
 - Started offering e-readers (Nook and Sony E-Readers) purchased through the Friends of the Library. There was no cost to the taxpayers for these items.
 - Hosted several promotions for new programs such as the Mango Language program, Overdrive downloadable books, Morningstar and Value Line Investment tools. There was no cost for these events.
 - Added Tutor.com and Learning Express Library Subscription programs. These help residents prepare for college admissions, civil service tests, career exams, citizenship tests as well as other tests and exams. Other online products that were not being used were cancelled to pay for these programs.

- Created a Teen Advisory Board in cooperation with the Westborough Public School Libraries to provide teen input into the programs, materials and services offered at all of the libraries in town.
- Used grant funds to make improvements to the inside of the library to make it more welcoming, including working with a space consultant to improve the layout and better utilize space.
- Offered the first “PAWS for reading” program in the Children’s Room which pairs emerging readers in grades 1-3 with Reading Education Assistance Dogs and their handlers in cooperation with the Cummings School of Veterinary Medicine at Tufts.
- Due to increased demands for e-books and downloadable audio, the Library has re-deployed funds used for printed material to purchase more electronic material.
- The Westborough Recreation Department has accomplished the following:
 - Used their website, facebook and blogs to get information out regarding their programs. In FY11 the expense budget was eliminated and all costs are paid through program fees.
 - Upgraded the Haskell Recreation Area lighting using town staff for under \$18,000 paid for through participant fees.
 - Changed portable toilet companies which saved \$3,000 per year
- School Department Accomplishments include:
 - Virtual backpack is used in all schools to inform parents of school news/events-reducing paper costs.
 - Instituted electronic report cards, progress reports and course registration at WHS and Gibbons-reduction of paper and postage costs.
 - Advertisement of high profile positions moved from newspaper (print) to online with considerable savings.
 - Developed special education programs to meet the needs of students on the Autism Spectrum in a cost avoidance effort to keep students within the district and avoid outside placement tuition costs & additional transportation fees.
 - Purchased a software program for our transportation facilitator to better align bus routes for greater efficiency and student time on buses
 - Instituted an online staff substitute call in system and eliminated 1 FTE as well as increased our efficiency in monitoring staff attendance
 - Dealt with new State mandates on reporting, including student, teacher, and grading data 3 times per year requiring many manpower hours, head injury/concussion mandated reporting is new this year, bullying incident reporting, ELL mandates, Special education mandates, homeless children reporting without adding additional employees.

- Dealt with an increase in the number of ELL students –currently servicing 258 ELL students –representing 42 languages.
- Instituted “Trayless Tuesday”- eliminating paper lunch trays one day per week.
- Updated Network Management tool to shut down computers at night – resulting in electricity, heat and cooling reductions.

Note: The above is a sampling of those items that are related to the budget, departments submitted more material, which in total is over 20 pages long. The complete list will be consolidated and placed on the Town’s website.

Staffing

There are several staffing increases planned for the Town’s General Fund (town departments) as follows:

Buildings and Grounds – The two part-time (10 hours per week) positions to provide some assistance to the Buildings and Grounds Supervisor to move boxes, furniture, etc. and to undertake various tasks that would have previously been performed by the full-time custodians.

DPW – There has been an approved, but unfunded mechanic’s position for the past few years. The DPW has tried to maintain the equipment with just one mechanic, but with approximately 150 vehicles plus miscellaneous pieces of equipment, the DPW Manager has indicated that to properly take care of all of the Town vehicles, that there needs to be 2 mechanics.

Council on Aging – Includes additional hours for a homemaker employee as well as a second outreach worker at 19 hours per week. However, increasing the hours for the current outreach worker from 19 to 25 hours as requested by the department has not been included in the budget.

Non-union staff are proposed to receive a 1.5% Cost Of Living Adjustment (COLA), the Personnel Board is currently considering this COLA and will vote on it at their January meeting. Union increases range from 1.0% to 2.0% with an average of 1.6%.

Debt Service – In 2011 the Board of Selectmen adopted Comprehensive Fiscal Management Policies to provide guidance and goals in various financial areas, including debt management. In summary, the policy recommends that the Town seek to maintain a debt level that is no more than 10% of the overall operating budget for the General Fund (Water, Sewer and Wastewater will be considered separately due to mandates). To accurately reflect the debt related to the General Fund due to the manner in which debt for the wastewater treatment plant is accounted for (through the General Fund with payments for that debt coming from the Sewer Funds of Shrewsbury, Westborough and Hopkinton) that negate the impact on the Town’s General Fund, all calculations remove the wastewater debt figures from the General Fund before calculating the proportion of debt service to General Fund Operating Budget.

Chart 1 shows the total annual debt service payments (principal and interest) as a % of the General Fund’s operating budget.

Chart 1
General Fund Debt Service as a % of Operating Budget

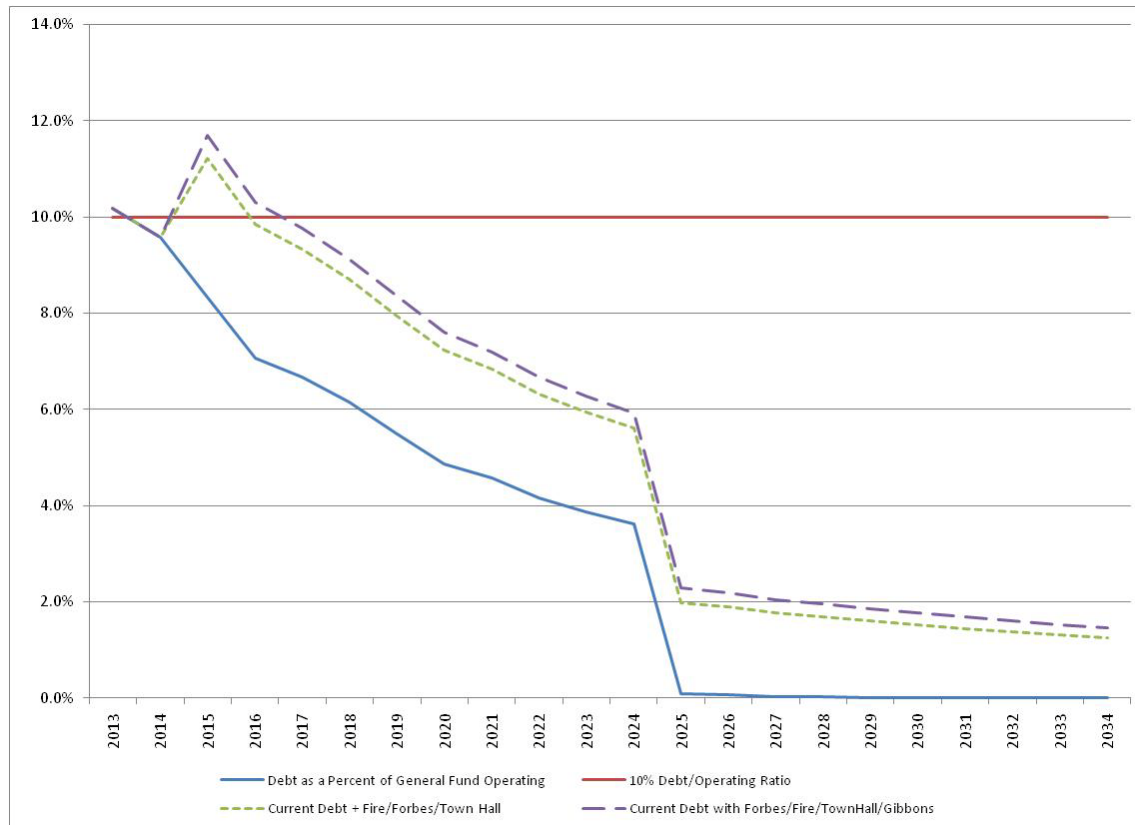


Table 3 shows the same information as above, but in table format, of the overall debt vs. operating budget for the next five years if no additional debt was issued, the impact if the Fire Station/Forbes Municipal Building and Town Hall (estimated at \$30 million for the above calculations)² were undertaken with debt service initiating in FY15; and with a Gibbons School project estimated at \$9.7 million were undertaken with debt service initiating in FY15.

Table 3
5 – Year Debt Scenario
General Fund Deb as a % of Operating Budget

<u>Fiscal Yr</u>	<u>Current Debt Only</u>	<u>Fire/ Town Hall/ Forbes</u>	<u>Add Gibbons</u>
2013	10.2%		
2014	9.6%		
2015	8.3%	11.2%	11.7%
2016	7.1%	9.8%	10.3%
2017	6.9%	9.3%	9.8%

² No estimate has been provided yet, this is anticipated by the end of December.

Table 4 below shows how current debt service payments are allocated as part of the overall debt of each fund by the type of projects for which the debt was issued in each fund.

Table 4
Debt Allocation by Fund/Type of Projects

<u>Fund</u>	<u>Purpose</u>	<u>FY13 Principal</u>	<u>FY13 Interest</u>	<u>FY13 Total</u>	<u>% of Total</u>
General	Open Space/Land Acquisition	710,750	96,963	807,713	7.3%
General	Road/Curb/Sidewalk	485,000	94,813	579,813	5.2%
General	School Buildings	4,490,500	1,970,800	6,461,300	58.3%
General	Town Buildings	160,500	36,575	197,075	1.8%
General	Wastewater Treatment Plant	2,147,481	892,114	3,039,595	27.4%
	General Debt Service*	7,994,231	3,091,265	11,085,496	100.0%
Sewer	Inflow/Infiltration	19,402	8,685	28,087	3.6%
Sewer	Sewer Extensions	500,936	166,571	667,507	85.4%
Sewer	Sewer Pump Stations	43,950	20,134	64,084	8.2%
Sewer	Sewer Buildings	17,750	4,595	22,345	2.9%
	Sewer Debt Service	582,038	199,985	782,023	100.0%
Water	Water Mains	405,696	209,146	614,842	31.2%
Water	Miscellaneous	242,000	9,820	251,820	12.8%
Water	Water Source	265,000	58,613	323,613	16.4%
Water	Water Storage	233,000	32,293	265,293	13.5%
Water	Water Treatment	389,500	101,403	490,903	24.9%
Water	Water Building	17,750	4,595	22,345	1.1%
	Water Debt Service	1,552,946	415,870	1,968,816	100.0%
	Total Debt Service:	10,129,215	3,707,120	13,836,335	

Under the General Fund, if the wastewater treatment plant debt was removed (since this is paid by the Westborough, Shrewsbury and Hopkinton Sewer Funds), the approximate proportion of debt allocation is 80% for school buildings; 10% for open space/land acquisition; 7% for road/curb/sidewalk projects and 3% for town buildings.

At the March 2012 Annual Town Meeting, the Town will be asked to consider a project to make improvements to the Fire Station, Forbes Municipal Building and Town Hall. As the chart above indicates, during a two year period (FY14 & FY15) the Town would be above the goal of keeping debt service at or below 10.0% of the General Fund operating budget. This should be carefully weighed in consideration of advantageous borrowing and construction period we have available and what a delay may ultimately cost taxpayers.

While many municipal projects have been coming in below construction estimates over the past 3 years, it's difficult to say whether that will be the case in the upcoming year. However, one measure the Selectmen, AFC and voters should consider is the difference that interest rates make on a project. Currently, we could see interest rates in the 3% range, which if the Fire Station/Forbes/Town Hall project is in the range of \$30 million at 3% the first year debt service would be approximately \$2.4 million. If interest rates return to the 5% range that municipalities saw several years ago, the first year debt service would climb to approximately \$3.0 million, costing the Town \$600,000 additional in the first year alone. Over the 20 year life of the debt service this could cost approximately \$6.3 million more.

Capital Improvement Plan

The Capital Improvement Plan was developed using a similar priority rating system used since FY11 to establish the highest priorities for capital improvements and replacement. The changes that have been made have been to reduce the number of categories that each request is rated on from 10 to 8 and to change the rating scale from 0 – 10 to 0 – 5. This changes the former potential high score from a “100” to a “40”. The thought was this would remove some of the subjectivity. The recommendations for FY13 will be provided in the near future. In FY13, the School Department is being included in the Capital Plan and this has taken some additional meetings to conclude. It's anticipated this will be completed by early January.

Road Management Plan

Last year we included the first road management plan as part of the budget which benchmarks the condition of each road in town against all other roads in town, develops cost estimates and budgets for maintaining the Town's road system and provides a guideline/justification for upcoming road projects. Attached to this budget document is the Road Management Plan for FY13 - 17. This system catalogs the condition of all town roads as well as information regarding length, width, sidewalks, etc. Each road was analyzed for the following:

- Structural Condition
- Crack Sealed
- Rideability
- Utility-Related Work
- Quality of Drainage
- Cracking
- Roadside Deterioration
- Road Classification (by MADOT)
- Safety Issues
- Rutting/Winter Plowing

Each road was assigned an average life expectancy based on the road surface and condition and costs were assigned to maintain a schedule of re-paving or stone-sealing roads. Using the estimated life expectancy and miles to maintain the existing surface treatment would cost (current cost) approximately \$1,077,000 per year. The Town now (beginning in FY12) receives \$812,000 in Chapter 90 funds for roads and budgets another \$106,000 for materials, leaving the Town approximately \$158,000 short per year in meeting a regular maintenance funding schedule. This is actually getting fairly close to meeting the Town's needs. As the Town moves forward, one area of the budget that could use additional funding would be the local funding for road maintenance to increase it from \$106,000 to \$250,000 at the point the Town can afford to. The other issue that is a concern is that the authorization for Chapter 90 approved by the Legislature and Governor last year

was a one-year authorization, not the multi-year commitment the State has made in the past. The expectation is that the State will at least level fund this, but it is something that the Town and the Massachusetts Municipal Association will be watching during the 2012 legislative session. Any reductions or failure to fund a Chapter 90 program could be devastating to our local infrastructure. There is more detail provided in the attached Road Management System Report.

Conclusion

The budget as presented is balanced within the provisions of Proposition 2½ and no longer uses free cash to support the operating budget. The budget meets the needs of the Town departments to continue providing quality services to the public.

I would like to take this opportunity to thank all of the department heads for their work in submitting budgets that maintained costs and continue to provide quality services to the public. Specifically, I would like to thank Leah Talbot, Town Accountant, Linda Swadel, Chief Assessor and Joanne Savignac, Treasurer/Collector and Kristi Williams, Assistant Town Manager for their assistance.

James J. Malloy
Town Manager