

Members present: Kevin M. McCormick Allen R. Phillips  
Christopher A. Rucho

Members absent: Alexander Fallavollita, Sr. John B. DiPietro, Sr.

Mr. McCormick convened the special budget work session meeting at 6:40 p.m. Finance Director Michael Daley is also in attendance this evening.

**Town Administrator's FY08 Budget Message**

The Board met last Saturday morning to review the proposed budget and ended its discussion at the Analysis of Debt Service category.

Analysis of Debt Service – this line item will be increased from \$915,301 to \$1,165,301 to reflect the school gymnasium floor, school roof and fire truck.

Debt Interest – this will be reduced from \$532,619 to \$520,505.

Short-term borrowing will be decreased from \$87,619 to \$1,500 to cover interest on temporary loans.

Total Debt Service is \$1,687,306, an increase of 9.9%.

Intergovernmental – this line item includes the town's participation in the Central Mass Regional Planning Commission and the assessment is based on 22¢ per capita for a total of \$1,436. It will be increased to \$3,304 to include the cost of joining the MORE group. Mr. Phillips questioned what the town would be getting from the group. Mr. Gaumond feels one of the advantages is regional and group purchasing, and should it not lead to meaningful savings he will recommend discontinuing the relationship. The group is also working on long-term solutions for cooperative trash savings. Mr. Phillips noted that the town was previously a member and elected to discontinue its membership as we felt it was not a benefit to us. Mr. Gaumond explained that he serves on the executive committee and will help to set the agenda for the organization, which he has high hopes for. They are also working on stormwater management. He will continue to provide the Board with copies of the meeting minutes. The fees cover mailing costs and MORE plans to utilize Central Mass Regional Planning Commission or legal services and training exercises.

Retirement and Pension – this is a fixed cost to the town, which cannot be lowered. This line item is being budgeted at \$454,283.

Workers' Compensation – this is also a fixed cost, which will be increased from \$48,000 to \$52,000.

Unemployment Insurance – this cost is calculated upon the percentage of the town's payroll and will be maintained at \$25,000.

Group Health Insurance – quotes initially came in at a 27% increase, and has been reduced to 13%. This line item will be increased from \$2,587,465 to \$2,923,836, and does not take into consideration any plan design changes Mr. Phillips requested a break down of use by department.

Group Life Insurance – will be level funded from last year.

Medicare will be increased from \$147,000 to \$150,000.

Total employee benefits \$3,619,619, an increase of 10.48% primarily due to health insurance.

General Insurance will be level funded at \$185,100. Bids for this line item are due on April 17.

Projected revenues are at \$19,394 with projected expenditures at \$19,301. Mr. Gaumond distributed the list of requested town meeting articles to date. They include appropriation to fund the

Elderly Community Services Program \$18,000, Bicentennial Celebration \$5,000, landfill monitoring \$17,500, replacement of landfill perimeter fencing \$17,500, replacement of DPW 72" mower \$9,950, purchase of snow blower for trackless machine \$7,250, appropriation for prior year bills (sewer funds) Sewer Use Charge \$47,498.81, odor control measures for Woodland Street \$180,000 (sewer funds), appropriation for engineering services for MHD construction of crosswalk and signal upgrade on Rt. 12 near Salter School \$10,000, revising the build out for West Boylston by CMRPC - \$5,700, GIS Query software \$5,500, upgrade licenses for Microsoft Office 2000 - \$10,300, appropriation for redrawing boundaries for new town zoning map, parks facilities improvements \$50,000, and Fire Car 1 – out of Capital Investment \$33,000. Bylaws being proposed include Stormwater Bylaw, authorization to amend the zoning bylaws to allow the operation of convalescent or nursing homes in the Industrial District with a special permit, Sex Offender Bylaw change for penalty and petitioned article for Hours of Operation. Articles to put money in Stabilization and Capital will be last on the warrant.

Mr. Gaumond noted that we will not balance the budget without the National Grid project, which is a fluid number at this point and we are currently at our maximum levy limit. With regard to the first commitment of excise tax bills which were sent out, Mr. Daley reported that there are more bills and fewer dollars. Building permits are also down 50%. The tax rate will go up because of the debt service number, which will impact next years tax bills.

Mr. Gaumond reported that the Mass Municipal Association is asking communities who received less in local aid to contact their legislators to make everyone whole. Mr. Daley reported that School Building Assistance is not paying for things they used to pay for and we will be getting less than \$700,000 in reimbursements. We will also be using ambulance receipts in the amount of \$335,000 and \$25,000 from Wachusett EMS Fund.

Motion Mr. Phillips at 7:30 p.m. to take a short recess until the 8:00 meeting with the School and Finance Committees, seconded by Mr. Rucho, all in favor.

### **Joint Meeting With Finance & School Committees**

School Superintendent Thomas Kane together with School Committee members Peter Desy, Lisa Bouchard, Richard Baker, Siobhan Bohnson and Christine Orciani joined the Board with Finance Committee members Ray Bricault, Ellen Dunlap, Mychelle Phillips, Christopher Berglund, Paul Bohnson and Patricia Altomare.

Mr. Gaumond explained that this is the beginning of a very tough budget year. The state is having a hard time meeting some of its revenue projections particularly on the lottery side. The town's focus must continue to be upon those areas of revenues and expenditures that are discretionary in nature. Unfortunately, there are few areas of the budget left that fall into the non-discretionary category. Without a dramatic adjustment in revenues we will likely continue to use non-reoccurring funds until they are completely exhausted. We are looking at reserving 5% of our budget revenues on an annual basis to the Stabilization Fund to protect our bond rating. This year Moody's reaffirmed our bond rating at A2. Other highlights of the financial condition are they expect West Boylston to maintain a satisfactory financial position of the medium term, and West Boylston's tax base will continue to grow at a modest rate. Mr. Gaumond thanked Treasurer/Collector Bonnie Yasick and Finance Director Michael Daley for their efforts that led to this positive review by Moody's.

Mr. Gaumond explained that he developed the budget upon established ceiling of revenue derived from local property taxes in accordance with Proposition 2-1/2. Added to these revenues are state aid, miscellaneous revenues such as fees, permits and interest earned and available funds such

as Free Cash, Recaptured Funds and Special Revenues. The one exception to this process is exempt projects whereby voters determine that a particular project is worthy of an increase in taxation such as the library renovation project, school renovation project and the fire truck. Some years ago the town voted to override Proposition 2-1/2 levy cap for trash collection and disposal. The projection of available revenues creates a budget ceiling and an expenditure floor is created by calculating certain fixed or semi-fixed costs such as debt payments, employee benefits, various assessment and dedication of state education aid. These costs are subtracted from projected revenues leaving funds that are available for discretionary spending such as education, public safety infrastructure maintenance, municipal administration and community service. The calculation of this level of monies compared to the previous year creates a growth factor that is applied to local school spending and non-school spending. The School Department must meet the state level of spending.

This year departments were asked to submit two budgets; one level funded and the other level service. The budget forms required managers to think creatively about their budget. Draft budgets were submitted in late February, and we are still at the initial stage of the budget preparation process. Each department was also asked to make a claim for additional funding that the manager believes was important. The fastest growing cost segment of the budget is personnel and personnel related expenses such as medical insurance, pension costs and Medicare contributions. As vacancies occur every effort will be made to consolidate. In this years budget we anticipate reducing the working force, and over the past five years town government has seen a reduction of its budgeted work force from 58 full-time equivalents in FY02 to 53.5 in FY07. The schools have seen a reduction from 172.19 in FY03 to 167.0 in FY07. The town will have no choice but to look at further staff reductions as we are using non-reoccurring funds to fund the town's budget. Capital expenditures will be prepared separately. The Capital Investment Board is discussing modifying the Special Act to coincide with spring town meeting.

The Town of West Boylston operates under state statutes and town bylaws and its legislative body is an Open Town Meeting. They have sole authority to appropriate funds for the operating budget and capital projects except for specific instances where statutes or regulations do not require appropriation. Any amendments to appropriations require town meeting vote. The budget presents only the General Fund which is required by state statute to be appropriated by town meeting. Revenues from special reserve funds such as sewer betterment fees and monies from the sale of cemetery lots are used to offset specific departmental budgets and are used in accordance with the laws designed to provide funding sources. The budget for the town is presented on a modified accrual basis. This means that transactions are recorded when expenditures are disbursed and when revenues are received.

Looking forward we have to keep in mind that the Municipal Buildings Committee has met and issued an RFP with a design firm to begin the cost estimation for our proposed building plan. We also have to keep in mind operating short falls and work on increasing our revenues or reducing our expenses and services to the town. Lastly, is our personnel benefit costs. We made great strides this past year to control costs, but much more still needs to occur as we will not be able to absorb double digit increases on the employee benefit side without serious implications on the town's budget. The state legislature is trying to make some meaningful legislative changes to allow towns that participate in their health insurance plan.

In conclusion, Mr. Gaumond noted that the budget he has proposed is balanced. We are experiencing slowing revenue, and as we go into the FY09 budget we expect that the outlook on the horizon will be ever worse, and we must continue to reduced costs wherever possible.

In reviewing revenue sources, Mr. Gaumond noted that West Boylston has enjoyed modest revenue growth between 3 to 6%, which has slowed considerably. In FY08 we had an increase of 1.34%. The four main categories, which make up the town's revenues, includes property taxes, which provide 60% of the total operating revenues. In accordance with state law, the Board of Assessors determines the fair market value of all taxable property. Under Proposition 2-1/2, that may not exceed 2-1/2% of their full and fair cash value. This limit is known as the levy ceiling. Any Proposition 2-1/2 overrides or debt exclusion amounts voted are added to the levy limit. We have become more and more reliant on our residential tax revenues. The town's Economic Development Task Force will be working on improving our business atmosphere in West Boylston. Property taxes are expected to increase in FY08 by approximately \$636,503 to \$11,080,737. It includes the allowable 2.5% increase plus new growth of roughly \$500,397 in taxes from new growth properties projected to come on line, including the new National Grid project. The number is still an estimate and we are working with the Board of Assessors to finalize that. State Aid will be level funded, however, we are getting \$14,000 less than last year. We have had to make modifications and determined our local aid numbers to be roughly \$4,381.887.

Miscellaneous receipts include a variety of fees including excise taxes. We have seen a reduction in new cars and in general we are projecting miscellaneous receipts at \$1,938,000 which is down from what we anticipated last year in local receipts. We are \$50,000 less this year than we were hoping we would be at, however, we monitor these numbers on a monthly basis. Under available funds, we have special revenue funds, certified free cash, unexpended bond proceeds and funds remaining from completed projects. This year we have \$366,464 in Free Cash, which is a significant decrease from last year. In FY07 we used \$750,000 in Free Cash to balance the budget. At this time next year we will not have the luxury of seeing any Free Cash. Other sources of revenue include Stabilization Fund, Capital Investment Fund, Ambulance Receipts, Wachusett EMS Fund, and Overlay Surplus. In FY07 the town utilized \$1,200,000 in available funds to balance the town's budget.

Mr. Bricault noted that the Governor's initial presentation included increases and questioned Chapter 70 figures. Mr. Gaumond reported that when the Governor attended the MMA conference in January he addressed a number of officials and said his proposal for local aid would be marginal increases in Chapter 70 provided certain things happened, and he said we would have to work together as a team to get things to happen. He noted casino gambling and the GIS proposal, which did not happen. The Governor's budget did reflect a \$73,000 increase in local aid; however, on the assessment side we were charged \$93,000 for School Choice and Charter School reimbursements, resulting in a \$14,000 decrease. Superintendent Kane reported that there was an increase in the numbers of students taking advantage of School Choice and Charter Schools. In West Boylston we have ten students in each program and the numbers do not match what the Department of Education has.

Mr. Baker asked about the Sewer Enterprise paying off the debt from town government. Mr. Gaumond explained that the Sewer Enterprise began its repayment back in October, and he is uncertain that this will be a May item. He does anticipate at some point this year some money will be coming back. Mr. Daley explained that \$200,000 of the \$1,000,000 sewer liability was paid back last year and our plan is to annually have town meeting vote the number. To maintain our Moody's rating we should maintain 4.5% in reserve.

Ms. Bohnson questioned whether the ambulance funds were a good number. Mr. Gaumond feels those numbers are not likely to be significantly greater. Mr. Daley explained that those funds are a receipt reserved and town meeting can only appropriate what is certified by town meeting.

Ms. Dunlap asked if we are current on Overlay Surplus. Mr. Daley noted that this is set by the Board of Assessors for abatements and exemptions and as we get two or three years beyond the year of the figure then we can close the funds out for some of the overlay surplus years. These funds are historically used in the fall in West Boylston. Mr. Gaumond added that prior to town meeting the Assessors are asked what they feel could be released in Overlay Surplus.

Mr. Baker commented on the estimated receipts on the revenue side being quite low compared to recent years. He asked if we are being overly conservative with the additions of Angel Brook. Mr. Daley explained that through the first half of this fiscal year you have to list actuals and for FY07 we have to provide documentation of what we did last year. In FY06 mid year we were at \$975,415, or 18%; in the first half of the year we were at 13%, which is 5% off the mid year. We are also off 10% on licenses and permits. This year we budgeted \$210,000 and we are at \$76,000, half of what we were last year. Mr. Daley only expects things to get worse for the third quarter. If we use our \$366,000 in Free Cash this year it is equal to all the growth revenue next year. If you grow something this year you will have to cut it next you, and if you cut this year you might sustain the level. Mr. Kane asked how the community provides enough revenues to sustain. Mr. Daley feels the town will have the same dollars to work with in the next 24 months.

Mr. Gaumond noted that the budget includes funds to reinstate Town Counsel, a 16% increase in the police budget largely due to increases in the cost of living adjustments, the Quinn Bill benefits, an additional cruiser and the elimination of community policing funds. Mr. Berglund asked if any of the increases are as a result of the renegotiations in the health insurance. Mr. Gaumond replied no, it is part of it. When we put together the police budget we knew the second year funding would have the biggest impact. Mr. Bricault questioned the Fire Department increase. Mr. Gaumond explained that it is due to step increases and stipend pay increases. We also added personal protective equipment due to be replaced this year. The Chief asked for administrative help and a new officer, which are not included. Currently we are behind in the staffing plan recommended by the MMA Study. The Police Department has also restructured their shifts.

With regard to the School Department, Mr. Gaumond reported that the request was for \$9,555,000, a \$700,000 increase, which he cannot find the capacity to do. He is offering a \$9,080,000. The budget now contains funds for sewer usage bills, which were previously paid from a \$12,000 municipal buildings sewer usage line item. The rationale was to reflect the actual costs for each department.

Mr. Gaumond reported that the Public Works budget has been increased 7% due to increases in trash collection and disposal. The Cemetery Trustees may come forward for additional funds on town meeting floor as they require additional funds not allocated in this budget. Municipal fuel has been increased by 5%. The budget also includes monies to fund certain projects for the Department of Public Works including truck painting, tree warden expenses, and roadway improvements. Mr. Gaumond noted that the budget includes the consolidation of the two secretarial positions in that department. He is also looking at consolidating two positions on the towns' side. He is in the process of completing a succession planning exercise, which allows us to plan for the long-term needs of the future as most of our departments have one employee. Mr. Berglund asked about the possibility of regionalizing any services. Mr. Gaumond noted that one of the goals the Selectmen gave to him was to try to do what we can to increase regional cooperation. He is working with the MORE organization on regional initiatives. The Veterans' Services budget will be increased due to the increase of Veterans' qualifying for services, however, the town is reimbursed 75% of those costs. Culture and Recreation will be increased .86% to allow the Library to maintain its certification. Intergovernmental has been increased by \$1,800 due to participation in the MORE

group. Mr. Gaumond's expectation is that this membership will be of benefit to the town, and if not, he will discontinue. Employee benefits are up 10% to cover increases in health insurance. We have gone out to bid for health insurance and will continue to work through the Insurance Advisory Committee. General Insurance bids are due back on April 17, and Mr. Gaumond does not expect that line item will be higher than last year. The total budget is \$19,301,138, with \$18,866,000 in revenues, we are faced with a deficit of \$434,207. Over the next couple of weeks we will review our revenues. He also has requests from the Planning Board in the amount of \$20,000 and the Board of Health in the amount of \$26,000, currently not in the budget. They have been operating under revolving funds.

This budget does not take into account articles being requested for consideration at town meeting. They include appropriation to fund the Elderly Community Services Program \$18,000, Bicentennial Celebration \$5,000, landfill monitoring \$17,500, replacement of landfill perimeter fencing \$17,500, replacement of DPW 72" mower \$9,950, purchase of snow blower for trackless machine \$7,250, appropriation for prior year bills (sewer funds) Sewer Use Charge \$47,498.81, odor control measures for Woodland Street \$180,000 (sewer funds), appropriation for engineering services for MHD construction of crosswalk and signal upgrade on Rt. 12 near Salter School \$10,000, revising the build out for West Boylston by CMRPC - \$5,700, GIS Query software \$5,500, upgrade licenses for Microsoft Office 2000 - \$10,300, appropriation for redrawing boundaries for new town zoning map, parks facilities improvements \$50,000, and Fire Car 1 – out of Capital Investment \$33,000.

Ms. Dunlap noted that Senator Chandler is using the power of her office to help West Boylston with jail mitigation. Mr. Gaumond stated that it remains to be seen whether legislatively we can see those funds on an annual basis. Senator Chandler did state at a recent meeting with the Board of Selectmen that she will hold on her desk any legislation that does not contain mitigation funds for West Boylston, however, it will probably be a one-time allocation.

Mr. Gaumond stated that he is looking at cutting his budget number by \$400,000 and not including any money articles on the warrant. Mr. Bricault asked if there has been serious discussion by the Selectmen about going for an override. Mr. Gaumond stated that the Board has not discussed an operational override. Mr. McCormick pointed out the fact that the Board needs to look at a lot of items including building needs. He feels the town has to correct how we operate and an override will only correct things for one year. He does not think we have enough time to go for an override. Ms. Dunlap feels the Finance Committee's message is live within our means and we have not been doing that. Mr. Bricault feels the town has been in the same position for quite some time. Mr. McCormick feels every year we say we don't have money and every year we find money so people do not believe there is no money. He is convinced that the voters are thinking we can find money.

The School Committee will get back to the Board. Mr. Desy feels you are seeing the end of the West Boylston school system if we have to make cuts. The Boards will meet again on April 12<sup>th</sup> at 7:00 p.m.

**MEETING**

**BOARD OF SELECTMEN**

**MARCH 28, 2007**

With no further business to come before the Board, motion Mr. Phillips at 10:20 p.m. to adjourn, seconded by Mr. Rucho, all in favor.

Respectfully submitted,

Approved: April 18, 2007

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Nancy E. Lucier

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Christopher A. Rucho, Vice Chairman

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Allen R. Phillips, Clerk

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Alexander Fallavollita, Sr., Selectman