

Town of Northborough

Proposed Annual Budget



Fiscal Year 2009-2010

John W. Coderre
Town Administrator



TOWN OF NORTHBOROUGH

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MEMORANDUM

TO: Honorable Chairman and Members of the Board of Selectmen
and the Appropriations Committee

FROM: Town Administrator

SUBJECT: FY 2010 Proposed Budget

DATE: March 30, 2009

At the February 9, 2009 Board of Selectmen's Meeting, the impact of the Governor's January 28th, Fiscal Year 2009 (FY09) mid-year cuts to State Aid were discussed. The FY09 mid-year cuts to Northborough's Lottery and Additional Assistance State Aid accounts totaled \$135,282. At the same time the reductions to FY09 were released, the Governor also made available his FY10 Local Aid figures, which indicated an additional \$275,864 cut to Northborough's Local Aid for the upcoming fiscal year that starts July 1, 2009.

The unprecedented economic developments leading up to the release of the Governor's House 1 Budget set the stage for an extremely challenging budget process. As always, the primary goal of the budget is to maintain our existing programs and level of service. This is generally taken to mean within the confines of Proposition 2 ½.

The initial budget requests received from the various Town Departments provided for the continuation of existing programs and services. That budget would have required an increase of 7.8%, or approximately \$1.1 million of additional funding in FY10. Obviously, given the economic conditions and the reductions in State Aid, Departmental Receipts and other revenues impacted by a slowing economy, the necessity to significantly reduce the budgeted requests is clear.

Based upon the most recent revenue projections, including the Governor's House 1 State Aid figures, it is projected that the Town's General Government Budget and Northborough K-8 Schools may increase by just 2.5% in FY10. This assumes that no further reductions are made to State Aid and that estimated local receipts do not deteriorate further. Table 1 on the next page details the Total Town Revenue & Expenditure Summary across all funds. As you can see, the total budget across all funds is projected to increase from \$47,574,454 in FY09 to \$48,177,222 in FY10, or 1.27%.

Following the Total Town Revenue & Expenditure Summary across all funds is a departmental listing of the breakdown of the 2.5% increase to the Town General Fund Budget (non-school). A brief Revenue & Expenditure Summary is also included, which highlights the key budgetary issues and changes facing the Town in FY10.

It is important to note that the Proposed FY10 budget as presented assumes approximately \$400,000 in savings due to plan design changes to employee health insurance benefits. Those plan design changes are currently under negotiation with all Northborough Town and School unions. Should those negotiations not be successful, it will become necessary to reduce the existing General Government Budget and Northborough K-8 School budgets by a comparable amount.

I look forward to discussing the proposed FY10 Budget in more detail and thank you in advance for your consideration.

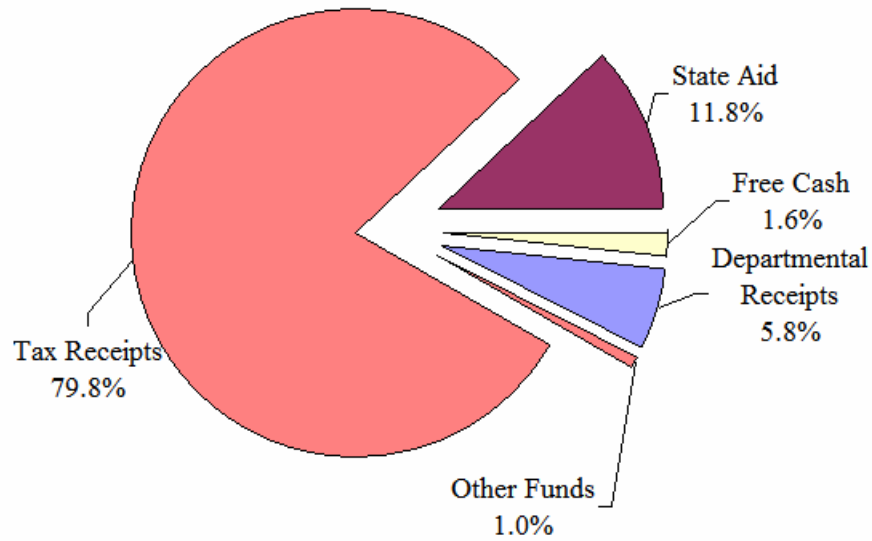
Respectfully Submitted,

John W. Coderre
Town Administrator

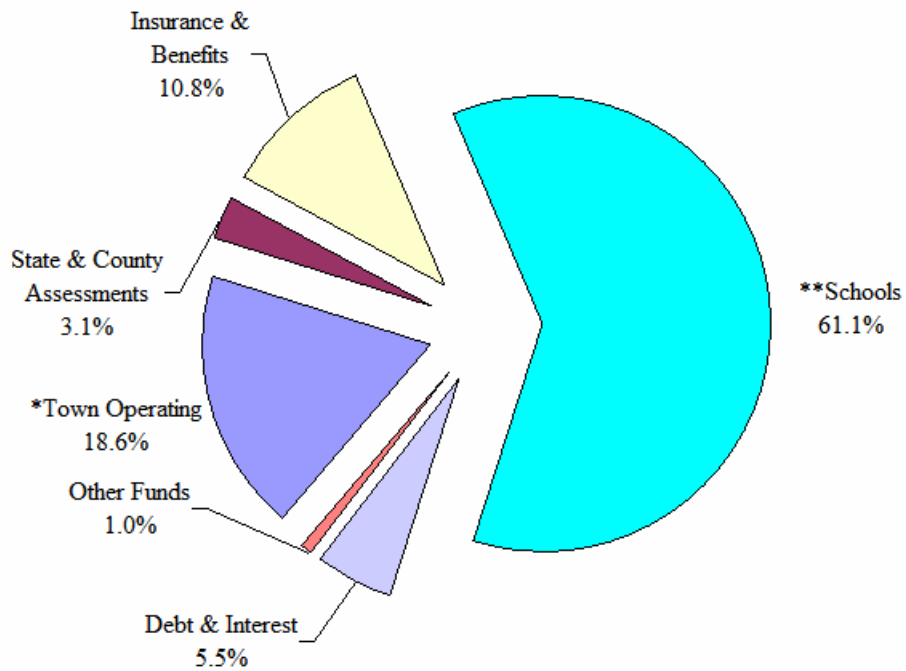
Table 1

Town of Northborough					
Revenue & Expenditure Summary Fiscal Years 2008--2010					
LEVY LIMIT					
CALCULATION	FY08	FY09	REVISED FY09	FY10	% change
Prior Year Levy Limit	\$29,328,565	\$30,735,396	\$30,735,396	\$32,496,075	
Add 2.5%	\$733,214	\$768,384	\$768,385	\$812,402	
Add New Growth	\$673,617	\$371,840	\$676,247	\$247,680	
Add Overrides	\$0	\$316,047	\$316,047	\$0	
True LEVY LIMIT	\$30,735,396	\$32,191,667	\$32,496,075	\$33,556,157	
Add Debt Excl - Zeh School	\$170,395	\$196,082	\$193,421	\$172,383	
Add Debt Excl - High Sch	\$1,634,731	\$1,404,375	\$1,404,375	\$875,872	
Add Debt Excl - Colburn St.	\$77,800	\$85,773	\$49,798	\$48,848	
Add Debt Excl - Library Constr		\$294,333	\$261,064	\$499,104	
Add Debt Excl - Sr Center		\$35,700	\$32,220	\$326,575	
Adjusted LEVY LIMIT	\$32,618,322	\$34,207,930	\$34,436,953	\$35,478,939	
REVENUES					
Adjusted LEVY LIMIT	\$32,618,322	\$34,207,930	\$34,436,953	\$35,478,939	
Less Unused Levy Limit	(\$18,105)	(\$21,213)	(\$197,340)	\$0	
Total Tax Receipts	\$32,600,217	\$34,186,717	\$34,239,613	\$35,478,939	3.62%
State Aid	\$5,486,606	\$5,123,473	\$5,082,718	\$4,649,116	-8.53%
MSBA Payments		\$615,942	\$615,942	\$615,941	
Free Cash	\$1,000,000	\$470,000	\$470,000	\$700,000	
Departmental Receipts	\$2,828,912	\$3,073,992	\$3,662,900	\$2,583,178	
Other Revenue Sources	\$0	\$0	\$0	\$0	
Other Funds	\$352,714	\$525,612	\$525,612	\$408,742	
TOTAL GENERAL FUND REVENUES	\$43,038,529	\$43,995,736	\$44,596,785	\$44,435,915	-0.36%
Enterprise Funds	\$3,571,042	\$3,761,583	\$2,977,669	\$3,741,307	-0.54%
TOTAL REVENUES	\$45,839,491	\$47,757,319	\$47,574,454	\$48,177,222	1.27%
EXPENDITURES					
Town	\$14,474,918	\$15,017,727	\$15,017,727	\$15,393,170	2.50%
Schools					
Northborough K-8	\$16,536,259	\$17,156,369	\$17,156,369	\$17,720,269	2.50%
Nborough K-8 Override	\$0	\$316,047	\$131,566		
Algonquin 9-12	\$7,823,004	\$7,875,036	\$7,875,036	\$7,962,259	1.11%
HS Oper Override					
HS Add'l/Rev Assessment	(\$232,205)				
HS Debt Exclusion	\$1,634,731	\$1,404,375	\$1,404,375	\$875,872	
Assabet	\$697,395	\$708,800	\$708,800	\$611,150	-13.78%
Zeh School Debt	\$563,027	\$575,964	\$575,964	\$554,926	
Colburn St. Debt Service	\$98,242	\$85,773	\$85,773	\$83,848	
Library Debt Service		\$294,333	\$294,333	\$499,104	
Senior Center Debt Service		\$35,700	\$35,700	\$326,575	
Other Funds	\$352,714	\$525,612	\$525,612	\$408,742	
Adjustments	\$88,159		\$1,616		
TOTAL GENERAL FUND EXPENDITURES	\$42,036,244	\$43,995,736	\$43,812,871	\$44,435,915	1.42%
Water/Sewer & Solid Waste Funds	\$3,571,042	\$3,761,583	\$3,761,583	\$3,741,307	-0.54%
TOTAL ALL FUNDS	\$45,607,286	\$47,757,319	\$47,574,454	\$48,177,222	1.27%

Fiscal Year 2010 Revenue Sources



Fiscal Year 2010 Expenditures



*Town Expenditures include Reserves for Abatements, Warrant Articles and Offsets

**School Expenditures include Northboro K-8 schools operations, Algonquin Regional High School operations, Algonquin Regional High School Debt Service & Assabet Valley Assessment

REVENUE SUMMARY

The Town’s General Fund revenue (excluding the Water & Sewer Enterprise Funds and their associated fees) is divided into four main categories: property taxes, state aid, local receipts, and available funds.

Property Taxes:

Property taxes are the single largest revenue source for the Town and historically provide approximately 77% of total operating revenues. Typically, year to year variations of 1% or 2% are the result of external factors beyond the Town’s control, such as the level of state aid, building activity, or fluctuations in interest rates.

Property taxes are levied on real property (land & buildings) and personal property (equipment) used by Northborough’s non-manufacturing business firms. In accordance with State law, the Town’s Board of Assessors determine the value of all taxable real and personal property, which is revalued at fair market value every three years. Northborough’s last revaluation was performed during FY07 and is scheduled to occur again in FY10.

Under the provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½% of their “full and fair cash value.” This limit is known as the “levy ceiling.” Additionally, annual levy increases may not exceed 2 ½% more than the previous year’s levy plus the taxes added from any new value for properties added to the tax rolls. Any Proposition 2½ override or debt exclusion amounts approved on the Annual Election Ballot are added to the levy limit.

As the Town’s primary revenue source, property taxes are expected to increase in FY10 by approximately \$1.23 million, to \$35.47 million. This increase includes the allowable 2.5% increase of \$812,402, plus \$247,680 in estimated taxes from projected new growth. The value of new growth is expected to be less than in recent years, which have typically exceeded \$600,000 in value. This reduction acknowledges the slowdown we are seeing in our building permits and development-related activity.

Table 2

LEVY LIMIT CALCULATION	<u>FY09</u>	<u>FY10</u>	<u>% change</u>
Prior Year Levy Limit	\$30,735,396	\$32,496,075	
Add 2.5%	\$768,385	\$812,402	
Add New Growth	\$676,247	\$247,680	
Add Overrides	\$316,047	\$0	
True LEVY LIMIT	\$32,496,075	\$33,556,157	
Add Debt Excl - Zeh School	\$193,421	\$172,383	
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Adjusted LEVY LIMIT	\$34,436,953	\$35,478,939	
REVENUES			
Adjusted LEVY LIMIT	\$34,436,953	\$35,478,939	
Less Unused Levy Limit	<u>(\$197,340)</u>	<u>\$0</u>	
Total Tax Receipts	\$34,239,613	\$35,478,939	3.62%

State Aid

State Aid is Northborough’s second largest revenue source and represents approximately 12% of the General Fund budget (excluding Water & Sewer Enterprise funds). Together, State Aid and local taxes account for approximately 90% of the General Fund budget. Looking forward, this revenue source represents one of the most unpredictable items in the FY10 budget forecasts and a primary area of exposure.

On January 28, 2009, the Governor exercised his emergency “9C” powers, which were granted to him by the Legislature, to reduce the current year’s FY09 State Aid. For Northborough, that reduction amounted to a total mid-year loss of \$135,282 from the total anticipated aid amount of \$5,082,718.

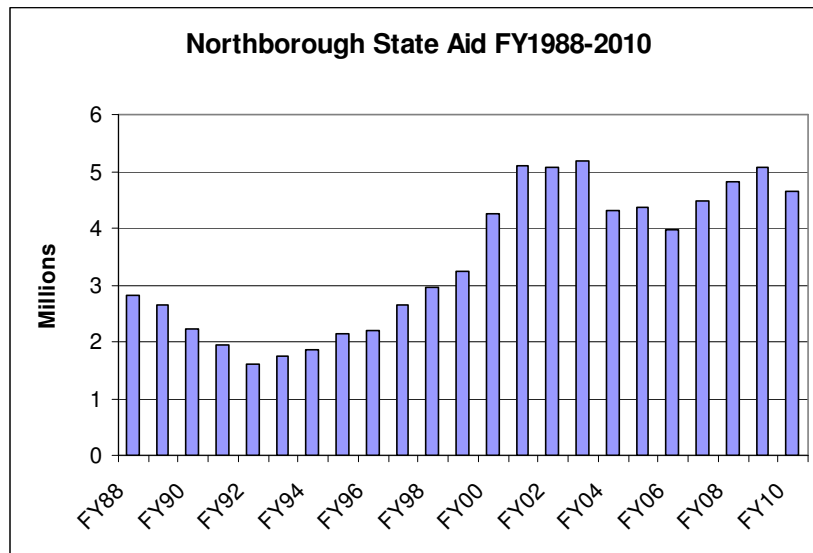
At the same time the mid-year cuts were announced, the Governor released his House 1 Budget, which contained his projected FY10 State Aid figures. Under the Governor’s proposed budget, Northborough’s State Aid would be reduced from the “pre-9C” cut level of \$5,082,718 to \$4,806,854, which represents a 5%, or \$275,864 reduction.

Most troubling is that the Governor’s budget is also predicated upon passage of new tax proposals including a State-wide Meals Tax and a Rooms Tax, neither of which is guaranteed to pass the Legislature. Therefore, the Town’s State Aid exposure is even greater if these proposed tax initiatives do not materialize. For that reason, the budget as currently proposed does not rely on the additional \$157,738 in Meals & Room Taxes. Based upon the proposed cuts in House 1 and the uncertainty of receiving the \$157,738 in new taxes, the budget assumes State Aid losses of \$433,602.

Table 3: State Aid in Millions

FY03	FY04	FY05	FY06	FY07	FY08	FY09	*FY10
5.19	4.31	4.36	3.97	4.47	4.83	5.08	4.64

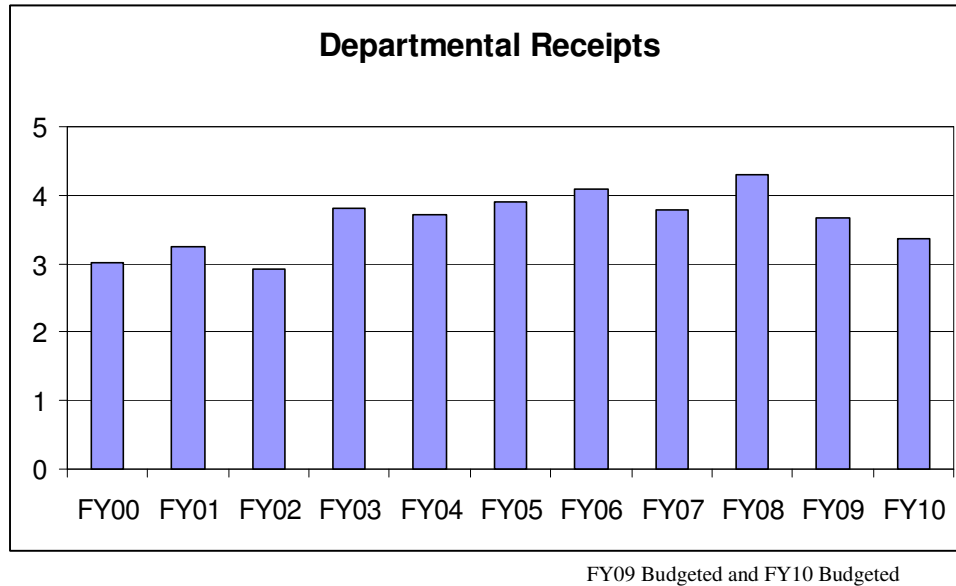
*FY10 House 1 Estimate



It remains to be seen how closely the Legislature’s State Aid figures will align with the Governor’s. However, final information regarding State Aid accounts may not be made available until well after April Town Meeting.

Departmental Receipts

The third largest source of revenue for the Town's budget is Departmental Receipts, which include a variety of fees, permits, fines, and license-related monies that the Town receives, as well as interest that is earned on investments or overdue tax bills. The single largest source of funds within this category is Motor Vehicle Excise Taxes, which is a State tax collected by the municipality for its own use. The level of miscellaneous receipts is greatly affected by outside economic conditions.



In general, the Town's Departmental Receipts are budgeted down from FY09. Approximately \$300,000 of the decrease is attributable to reductions in motor vehicle excise revenue, as fewer new cars are being purchased, and reduced investment income. Investment income is down primarily due to falling interest rates and the need to move into collateralized investments. In addition, trash revenues continue to require subsidy from the General Fund. The structure and financing of the Pay-as-you-Throw trash program was the focus of a recent 14-month Solid Waste Study Committee, whose recommendations are scheduled to be considered for possible implementation in FY11. Potential changes to the program will be reviewed by the Board of Selectmen in the fall of 2009.

Available Funds (including Free Cash)

The last category of revenue for the Town is monies in various Special Revenue funds and Certified Free Cash from prior years. In FY09, the Town realized Certified Free Cash of approximately \$1.2 million at the close of FY08. Like prior years, these funds were derived from aggressive tax collections, revenues in excess of initial projections, and budgetary surpluses. This figure also included significant one-time revenues from the roll-back taxes associated with the Loop project and an FY08 mid-year adjustment to the Algonquin Regional High School (ARHS) assessment. Taken together, the Loop roll-back taxes of \$232,776 and the ARHS reduced assessment of \$232,749 account for \$465,525 of the FY08 Free Cash. We do not anticipate FY09 Free Cash approaching the FY08 year-end level.

Other sources of Available Funds to be used in FY10 are projected to include special revenue offsets in departmental budgets such as \$2,300 in Cemetery Trust Fund income, \$9,500 in Conservation Commission fees, \$102,500 from the Police Revolving Account, \$66,078 from the Fire EMS Revolving Account, \$113,364 from the Recreation Revolving Account, \$15,000 from the Dog Control Revolving Account, and \$100,000 from the Overlay Surplus. These revenue sources total \$408,742 and will be used to offset the municipal budgets.

By far the single largest source of Available Funds is Free Cash, which is basically funds remaining from the operations of the previous fiscal year that are certified by the Department of Revenue's Director of Accounts as available for appropriation. The Town of Northborough has relied upon Free Cash to balance its operating budget for many years. While it is not ideal to fund operating expenses with non-recurring revenue sources, doing so was less problematic when reserves were being replenished annually.

Unfortunately, our projections show this scenario will not continue. The current state of our national, state and local economies has resulted in a lack of new growth and decreased local revenues. Coupled with mid-year State Aid reductions, closing out FY09 in the positive will require a concerted effort.

In order to help our FY09 year-end figures, the Town froze capital expenditures back in October of 2008. In addition, two surplus properties that were acquired through Tax Title Foreclosure were auctioned in March, resulting in \$200,000 in revenues. Lastly, departments have been instructed to identify all available funds in their current FY09 budgets that might be turned back at year-end. All these actions are intended to generate one-time revenues that will help our FY09 year-end situation, but FY10 is not likely to see any significant Free Cash surpluses being generated.

In addition, since FY09 will generate little or no Free Cash, the Town will not be able to roll forward any significant amount of Free Cash revenues from FY09 to the FY11 budget. Despite all the concerns and issues facing the development of the FY10 budget, FY11 will no doubt prove to be even more challenging. For this reason, it will be imperative that we do not use more than \$700,000 in Free Cash to support the FY10 budget. We have already created a structural deficit that is not sustainable beyond FY11, but necessary to continue providing Town services in this increasingly challenging economic climate.

FY09 Update

- FY09 State Aid mid-year cut \$135,282
- Local Receipts projections down
- Snow and Ice \$157,000 estimated deficit
- Actions taken:
 - Capital expenses frozen in Fall 2008
 - Departments identified all non-essential FY09 spending
 - Submitted reimbursement for emergency expenses due to December 12th ice storm
 - Tax Title property auctioned

FY2010 EXPENDITURE SUMMARY

Following is a summary of the Town's General Government Budget (non-school), which details the 2.5% increase allowable under current revenue projections. Beyond Table 4 below is a discussion of the key the budgetary changes of note for FY10.

Table 4

TOWN GENERAL FUND BUDGET SUMMARY					
Department		FY2009 Budget	FY2010 Proposed Budget	\$ Change	% Change
Reserve Fund		\$ 75,000.00	75,000.00	\$ -	0.00%
Stabilization Fund		\$ -	0.00	\$ -	
Moderator		\$ 500.00	500.00	\$ -	0.00%
Selectmen		\$ 131,630.00	130,469.00	\$ (1,161.00)	-0.88%
Administrator		\$ 217,534.00	197,400.00	\$ (20,134.00)	-9.26%
Appropriations Committee		\$ 1,695.00	1,695.00	\$ -	0.00%
Town Accountant		\$ 124,103.00	122,672.00	\$ (1,431.00)	-1.15%
Board of Assessors		\$ 232,571.00	246,685.00	\$ 14,114.00	6.07%
Treasurer		\$ 270,841.00	256,797.00	\$ (14,044.00)	-5.19%
Town Counsel		\$ 85,000.00	85,000.00	\$ -	0.00%
Personnel Board		\$ 122,020.00	84,240.00	\$ (37,780.00)	-30.96%
MIS/GIS		\$ 270,494.00	282,945.00	\$ 12,451.00	4.60%
Town Clerk		\$ 113,392.00	115,948.00	\$ 2,556.00	2.25%
Election/Registration		\$ 38,638.00	23,471.00	\$ (15,167.00)	-39.25%
Conservation Commission		\$ 16,391.00	16,749.00	\$ 358.00	2.18%
Planning Board		\$ 115,050.00	117,170.00	\$ 2,120.00	1.84%
Zoning Board		\$ 4,830.00	4,751.00	\$ (79.00)	-1.64%
Community Affairs Committee		\$ 500.00	500.00	\$ -	0.00%
Earth Removal		\$ 1,562.00	1,545.00	\$ (17.00)	-1.09%
Community Development		\$ 1,300.00	1,300.00	\$ -	0.00%
Historical Commission		\$ 500.00	500.00	\$ -	0.00%
Applefest		\$ -		\$ -	
Town Hall/Public Bldgs.		\$ 339,534.00	355,759.00	\$ 16,225.00	4.78%
Town Reports		\$ 4,425.00	4,425.00	\$ -	0.00%
Cable TV		\$ -		\$ -	
Police		\$ 2,037,153.00	2,103,540.00	\$ 66,387.00	3.26%
Fire		\$ 1,211,701.00	1,170,516.00	\$ (41,185.00)	-3.40%
Building		\$ 146,584.00	151,810.00	\$ 5,226.00	3.57%
Gas Inspector		\$ 9,862.00	10,210.00	\$ 348.00	3.53%
Sealer of Weights		\$ 18,201.00	4,778.00	\$ (13,423.00)	-73.75%
Wire Inspector		\$ 17,778.00	18,634.00	\$ 856.00	4.81%
Emergency Preparedness		\$ 6,750.00	6,750.00	\$ -	0.00%
Dog Officer		\$ 50,318.00	52,234.00	\$ 1,916.00	3.81%
Engineering		\$ 120,571.00	132,526.00	\$ 11,955.00	9.92%
Highway Admin.		\$ 85,987.00	88,856.00	\$ 2,869.00	3.34%
Hwy. Const. & Maint.		\$ 762,174.00	785,358.00	\$ 23,184.00	3.04%
Snow & Ice		\$ 176,900.00	177,860.00	\$ 960.00	0.54%
Street Lighting		\$ 90,030.00	95,000.00	\$ 4,970.00	5.52%
Rubbish Disposal		\$ -		\$ -	
Cemetery		\$ 191,513.00	59,194.00	\$ (132,319.00)	-69.09%
Trees		\$ 8,000.00	8,000.00	\$ -	0.00%
Board of Health		\$ 145,297.00	152,934.00	\$ 7,637.00	5.26%
Council on Aging		\$ 162,970.00	162,966.00	\$ (4.00)	0.00%
Youth Services		\$ 114,943.00	119,640.00	\$ 4,697.00	4.09%
Veterans Services		\$ 33,745.00	34,267.00	\$ 522.00	1.55%
Library		\$ 701,978.00	661,304.00	\$ (40,674.00)	-5.79%

inception when Worcester County was dissolved. It was created to foster Regional approaches to issues and sharing of resources. MORE has waived its annual membership fees for FY10, resulting in a net reduction for this Account. All other expense lines are flat, with the exception of 3% wage increases, effective July 1, 2009.

Town Administrator

The Town Administrator Account has been reduced by approximately 9% due to staffing changes.

Town Accountant

Expenses are down in the Town Accountants Office due to the reduction of the Assistant Town Accountant position from 40 to 30 hours per week.

Board of Assessors

Property taxes are levied on real property (land & buildings) and personal property (equipment) used by Northborough's non-manufacturing business firms. In accordance with State law, the Town's Board of Assessors determine the value of all taxable real and personal property, which is revalued at fair market value every three years. Northborough's last revaluation was performed during FY07 and is scheduled to occur again in FY10. Additional contractual service expenses are included in the FY10 budget to perform the required field work.

Town Treasurer/Collector's Office

A part-time 20 hour per week Financial Assistant position was eliminated from the Treasurer/Collector's Office in FY10.

Town Counsel

The budget for Town Counsel has been maintained at its FY09 level of \$85,000.

Personnel Board

The Account reflects allocation for costs associated with outstanding Union contracts. At the time of this writing the Fire Union remains unsettled for FY09 and FY10. All Merit pay for Non-Union and Northborough Municipal Employee Association (NEMA) members has been eliminated for FY10. Limited town-wide training and legal expenses associated with labor negotiations is also included in the account.

Management Information System/Geographic Information Systems (MIS/GIS)

In addition to the standard 3% increase for staff, the primary increase in the MIS/GIS account are due to fees associated with the Town-wide fiber optic network. The Town's network currently uses a fiber infrastructure for network connectivity between 6 facilities along an approximately 1 mile stretch of Main Street (Police Department, Highway Garage, Town Hall, Library, Senior Center and Fire Department). Starting in 2000, the Town leased this "dark fiber" from Charter Communications with the Town owning and maintaining all of the equipment (switches, routers, etc) at each site. Lease payments being made to Charter have escalated from \$5,265 per year in FY09 to \$14,880 in FY10. There is a long-term capital project under review to see if it would be more cost effective to build a Town-owned network and end the lease agreement with Charter. The Account also provides funds for upgrades to the servers for the MUNIS financial software applications.

Elections/Registration

The 39% decrease in the Elections/Registration Account reflects savings associated with having only one local election in FY10 compared to three elections in FY09 (State Primary Election, Federal/State Election and Town Election).

Applefest

Due to Budget limitations, no Town funding has been provided to support the Town's Annual Applefest Celebration since FY03. For FY10, once again, no funds will be allocated to the Committee. There is a change under consideration to have the Rotary Association take over all fundraising activities in the future.

Town Hall/Public Buildings

The Account provides for the cost of gasoline and diesel fuel used by all Town vehicles. The Account also provides for the cost of electricity and natural gas to heat the Town Hall.

In December of 2008 the Town signed a new contract with the Massachusetts Municipal Association's MunEnergy Program at a 10% reduction on the supply side of the electric bill. The aggregation contract was a joint effort with the School Department to get the best market pricing available.

The Town Hall/Public Buildings Account also provides funds for the payment of Water & Sewer user fees to the Water & Sewer Enterprise Funds for water consumption and sewer use by Town Buildings and Facilities (Town Hall, Library, Fire Station, Police Station, Public Works Garage, Cemetery, Parks and Senior Center). Also included is water consumption for fire suppression and fire training.

The Account provides funds for the payment of Solid Waste fees for solid waste collection and disposal services provided to Town Buildings and Facilities.

There is a slight increase in this Account to address various building maintenance issues that are arising more frequently due to the age of the Town Hall facility. A comprehensive study will be undertaken during FY10 using Community Preservation Funds to develop a priority list of needed improvements and cost estimates.

Cable Television

Since FY06 the Cable TV Franchise, rather than the General Fund, has been financing the salary, benefits and expenses associated with Local Access Cable TV services. This practice will continue in FY10.

Police Department

The Police Department Budget Account for FY10 includes salary adjustments for Police Sergeants, Police Officers and Dispatchers. All three contracts include a 3% wage adjustment in FY10, effective July 1, 2009.

The Police Department Budget also includes the cost of the Quinn Bill for educational incentives, which was implemented in FY99. Although the Police Budget contains 100% of the cost of the Quinn Bill program, 50% is off-set by State reimbursement.

Fire Department

In 1999 the Fire Chief prepared a comprehensive study of the staffing needs of the Fire Department. The study indicated the need to add staff. At that time on nights and weekends there were only (2) Firefighters on duty. From Monday through Friday during the daytime there were four (4) Firefighters on duty which provided sufficient staffing for the daytime during weekdays.

In order to bring staffing up to a consistent service level of four (4) Firefighters on duty at all times, it would have been necessary to add six (6) positions to the Fire Department. Given the cost implications of adding six (6) positions at one time, an alternative was chosen which was to incrementally increase staffing over time to achieve the consistent service level.

Through a Warrant Article at the 2000 Annual Town Meeting, two (2) Firefighter positions were funded for addition to the Fire Department. The Budget for FY02 added another position which brought the staffing 50% towards the six (6) positions needed. For FY03, it originally was to be proposed that another position be considered for funding as a separate warrant article from the Town Budget contingent upon an override to Proposition 2½ to continue the program initiated in FY01 to add staffing. Due to financial limitations, that position had been deferred to FY04.

In FY04 the Town should have added the position originally planned for FY03 as well as a second position for FY04 in order to remain on the original schedule of increasing staffing incrementally one position each year. Due to continuing financial limitations, only one position was added at mid-year in FY04, and the cost of the position was partially offset by a transfer from the Fire Department Detail Account. For FY05 a similar transfer was made from the Fire Department Detail Account to continue to partially offset that cost.

Due to continuing financial limitations for FY05, although another position was added at mid-year, that new position was funded entirely through non-property tax revenues. The cost of the additional position was financed by a transfer from the Emergency Medical Services Revolving Account to the General Fund. For FY06, these transfers continued to provide non-property tax revenues to support the current staffing complement.

A final new Firefighter position should have been added to the Department in FY06 to complete the staffing planned in the original 1999 Staffing Study; however, given financial limitations, the new position was deferred to FY07 and funded for FY07 for 6 months of the year. The Budget was increased in FY08 to reflect funding for 12 months for the final position. This level of funding and staffing was maintained for FY09 and is proposed to be maintained in FY10.

The Fire budget does not reflect any wage increases for FY09 or FY10 as the collective bargaining agreement is currently in negotiations. Funds for settlement of the contract have been budgeted centrally.

Engineering Department

The Engineering Department Budget was increased in FY08 to reflect funding for 12 months for the position of Assistant Town Engineer, which was included in the FY07 Budget for restoration effective January 1, 2007. The increased staffing level was to have been maintained for FY09; however, due to the limitations of Proposition 2½, this

position remained vacant for FY09. The position, which has remained vacant since FY04, will once again remain vacant in FY10. Funding in the amount of \$10,000 has been added to the contractual services line to allow limited outsourcing and supplemental support.

Public Works Department

Due to Budget limitations, two vacant Heavy Equipment Operator Positions have remained unfilled since FY03. In addition a third Heavy Equipment Operator became vacant during FY09. For the time being, the third Heavy Equipment Operator position will remain unfilled. Funding is included in the FY10 budget to hire additional temporary employees in order to meet peak seasonal demands. The Cemetery Superintendent position that became vacant during FY09 has been eliminated for FY10.

Board of Health/Building Department

The Board of Health Budget Account, as well as the Building Department Budget Account, reflect annual wage adjustments of 3%. There are some increased expenses associated with the final monitoring requirements of the closed Town Landfill.

Council on Aging/ Senior Center

The new Senior Center is scheduled to open in early fall of 2009. The facility has a projected budgetary increase of \$60,000. The Friends of the Senior Center have agreed to donate funds up to \$60,000 to cover the increase in operational costs associated with the new center. As a result, the Senior Center budget has a 0% increase from FY09 to FY10. Plans are underway to modify programming revenue to provide ongoing financial support to the Center.

Family and Youth Services Department

The position of Assistant Family & Youth Services Director that was eliminated in FY07 remains vacant due to budget limitations. The Department is currently seeking a grant to expand counseling services in order to address the existing waitlist due to increased service demands.

Veterans Services

The Veterans Services Budget is partially offset by reimbursement (\$11,690) received from the Towns of Grafton and Shrewsbury who participate with Northborough in a Veterans District created in 1999. The creation of this District achieved compliance with the State Statute requiring each Town have a full-time Veterans Agent (Northborough's Veterans Agent is scheduled only part-time). The Towns of Grafton and Shrewsbury provide reimbursement for a portion of expenses paid by Northborough for our Veterans Agent, who also serves those towns. Reimbursed expenses include health insurance, cellular telephone and professional development.

Library

The Assistant Library Director position, which became vacant during FY09, was held open and is currently not funded in FY10. Library Pages have been eliminated. The full-time custodian position that has historically been shared between the Library and the Senior Center also became vacant during FY09. The position has been eliminated and all custodial services have been outsourced. Significant reductions were also made to the book and materials budget. Overall, the Library budget decreased \$40,674, or 5.79% below the FY09 budget.

Recreation Department

The Recreation Department is fully self-sufficient, financed by Recreation Fees rather than Property Taxes. The cost of the salary for the Recreation Director position and the Assistant to the Recreation Director position, as well as the cost of benefits for these positions, are included in the FY10 General Fund Budget as an expenditure. All of the costs in the FY10 General Fund Budget for salaries and benefits will be financed through a transfer from the Recreation Department Revolving Account to the General Fund.

State Assessments

State Assessments against the Town include Mosquito Control, Air Pollution, the County, Regional Transportation, the MBTA, as well as Charter School Sending Tuition, and School Choice Sending Tuition.

Historically, the Account has also reflected the cost to fund the Tuition for a Northborough student to attend the Norfolk Agricultural Vocational School, as well as the cost of providing transportation for the student. For budgeting purposes, this estimated \$38,677 expense has been segregated onto a separate line item.

County Assessments

County Assessments are for the Worcester County Retirement System which provides retirement benefits for non-teaching Northborough K-8 School employees and Town employees.

Health Insurance

The Health Insurance Account is projected to increase from \$4,163,990 in FY09 to \$4,193,990, which is a \$30,000 increase. This Account has historically increased by 10-12% annually. In FY10 the Health Insurance budget was estimated to increase by 11%, or \$458,000. In order to achieve what is basically a 0% increase the Town has proposed plan design changes to the Town and Northborough K-8 School employees. As part of that proposal, which as of this writing is still under negotiation, the Town has agreed to self-insure for the increased in-patient and out-patient deductibles, accounting for the very small cost increase.

If plan design changes cannot be successfully negotiated with all Unions, the Town General Government Budget as well as the Northborough K-8 School budget will need to be decreased by approximately \$400,000.

Other Benefits/F.I.C.A.

The Other Benefits Account covers the cost of the Town's share of the Medicare portion of F.I.C.A. withholding for Town and Northborough K-8 School employees. Employees hired after 1986 are required to contribute to F.I.C.A. with a matching share by the Town. The Account also includes funds for Unemployment Compensation costs for Town and Northborough K-8 School employees.

Workers' Compensation and Building & Liability Insurance

The Workers' Compensation Insurance costs as well as Building and Liability Insurance costs are level funded in FY10. During March of 2009 competitive bids were sought and the anticipated savings are projected to fall within the FY09 appropriation.

Warrant Articles

In past years the cost of Warrant Articles for Capital Improvement Projects, which will be financed by cash appropriation rather than borrowing, have been included in the total for the Proposed Budget to provide the ability to view the entire financial plan. For FY10, Capital Improvement Projects planned to be financed by cash appropriation, rather than borrowing, have been deferred due to continuing financial limitations or funded through alternative sources.

Water & Sewer Funds

In FY10 the Water and Sewer Funds were established as Enterprise Funds separate from the General Fund. The expenditures for the Water and Sewer Funds are financed by Water and Sewer Rates.

In recent years, the expenditures of the Water Fund increased significantly due to the necessity of purchasing all Town water from the MWRA during the temporary closure and repair of the Wachusett Aqueduct which precluded using the Town wells.

Capital Improvement Projects are underway to complete bringing the Town’s wells back online so as to reduce the Town’s dependence on MWRA. MWRA charges are continuing to increase due to the capital debt being incurred for the MWRA water treatment facility built in Marlborough. Bringing the Town wells back online with treatment compatible to MWRA’s, will allow the Town to maximize the Town’s own sources before having to buy MWRA water at its very high cost. The wells were turned off in 2000 because of chemical incompatibility with the treatment MWRA was giving their water. The high pH would cause the naturally-occurring iron and manganese in the Town well water to drop out of solution and turn the water red. While the cost for construction of treatment facilities for the Town water wells is costly, it will still be more economical to treat the Town’s own water than to continue buying it from MWRA.

	<u>FY09</u>	<u>FY10</u>	
	<u>Budget</u>	<u>Proposed Budget</u>	<u>Increase</u>
Water Fund	\$1,825,846	\$1,726,102	-5.46%
Sewer Fund	\$1,140,967	\$1,216,737	6.64%

Solid Waste Fund

In FY 2003 Solid Waste Services were no longer financed by property taxes. At that time (January 1, 2003), a fee for service for Solid Waste was initiated and the cost of Solid Waste Services since then has been financed by fees. At the 2003 Annual Town Meeting, the creation of a separate Solid Waste Enterprise Fund was authorized.

	<u>FY09</u>	<u>FY10</u>	
	<u>Budget</u>	<u>Revised Proposed Budget</u>	<u>Increase</u>
Solid Waste Fund	\$794,770	\$798,468	.47%

Due to the initiation of the Pay-As-You-Throw Program, a significant reduction in solid waste that has to be disposed of has occurred. This reduction of solid waste has resulted in reductions in the Town’s cost to dispose of solid waste.