

ANNUAL TOWN MEETING

June 5, 2010

BACKGROUND INFORMATION

ARTICLES 1-4

Consent Agenda for More Routine Articles

This year the Town Moderator is continuing a practice introduced a couple of years ago, in which articles that have traditionally evoked little discussion or debate on town meeting floor will be voted on as a block, without a full reading by the Moderator. Town meeting members will, however, be permitted to put a hold on any or all of these consent articles, in which case the article subject to a hold will be subject to a full reading and debate. The purpose of a consent agenda is to expedite consideration of routine town meeting articles. The first four articles fall into this category.

Consent agenda articles include:

- Receipt of Annual Reports
- Authority to Apply for, Receive and Expend Grants
- Annual Authorization of Hazmat Revolving Fund
- Setting the Salaries of Elected Officials

ARTICLE 5.

Fix the Salaries of Appointed Officials. This article appears regularly on the annual warrant. Recommended salary ranges for full-time appointed officials reflect the implementation of existing collective bargaining agreements as well as those individual employment contracts, authorized by law, which are currently in place with the Police Chief and Town Administrator. The FY 2011 budget includes planning for authorized step increases but no cost of living increases.

ARTICLE 6.

Departmental Appropriation Article. This article includes the FY 2011 operating budgets of the town departments, with the exception of the wastewater treatment facility, an enterprise fund that is funded under Article 7, the Colle Receipts Reserved for Appropriation (Article 8) and the Airport, an enterprise fund funded under Article 9. It also does not include funds required to meet the town's assessments to the Franklin County Technical School District and Gill-Montague Regional School District, which are addressed under Articles 10 & 11.

The FY 2011 budget is a revenue-driven document, probably more so than any time in the recent past. The sudden collapse of the world and national economy in late 2007, and the corresponding dramatic drop in state revenues will continue to have a major budgetary impact at the local level next year. The projected FY 2011 losses in state aid, when combined with cuts that have taken place since 2008, mean that the town will be forced to operate in FY 2011 with approximately two thirds of the state income that it had just three years ago. Montague is projected to receive a 4% cut in

state aid next year. This reduction is in addition to nearly one half million dollars in state aid cuts that have occurred in the past two years. The Town's budget is also impacted indirectly by the cuts that have been made in aid to the Gill-Montague and Franklin Technical School Districts over the same period.

The amount requested under the Selectmen's Budget in Article 6 (\$7,164,447) represents a \$349,071 or 5.1% increase over FY 2010. This number is somewhat deceptive because much of the growth in next year's budget is attributable to the voter approved debt exclusion for the Public Safety Facility, which hits the budget for the first time in FY 2011. Increases in Debt Service, associated primarily with that project account for \$220,636 or 64.5% of the total increase in the town operating budget. Increases in the Veterans Services budget account for an additional \$45,000 or 13.2% of the total increase. When adjusted for these two budget items alone, the actual increase in the FY 2011 operating budget is \$83,435 or 1.2% over FY 2010.

Some of the remaining factors driving the FY 2011 budget increase include the following: Wage increases (+\$40,397 – a 1.3% increase); Public Works (+\$41,969, with gasoline and diesel fuel accounting for \$20,000 of the increase and solid waste collection \$10,094). Surprisingly, health insurance and pension costs will increase by a total of \$20,878 or only 1.4% over the FY 2010 appropriation. This is the second straight year that growth in these traditional “budget busters” has been held in check.

ARTICLE 7.

Enterprise Fund Operating Budget of Montague Water Pollution Control Facility. This article contains the FY 2011 budget for the Montague Wastewater Treatment Plant, 88.3% of which is funded out of sewer user fees. The balance (\$215,000 or 11.7%) is funded out of taxation, and reflects the cost of treating infiltration and inflow at both the Montague WPCF and Town of Erving WWTP. The amount requested in the Selectmen's budget (\$1,845,654) represents a \$15,679 or .009% increase over FY 2010. Wage/salary and benefit assumptions for the WPCF are the same as those described in Article 6 (above).

Significant changes in the budget include a \$25,000 decrease in sludge-handling costs and \$6,000 reduction in chemicals, both categories representing changes in process at the Water Pollution Control Facility. These savings, and other realized in FY 2010, have made it possible for the Department to address other budget categories that may have suffered in recent years including repairs and maintenance of HVAC, and Water Equipment, Intermediate pumping equipment, and Instrumentation Equipment, all of which will receive larger than average increases. The

budget also includes an increased allocation (+\$7,000 to the sewer reserve fund.

There is also a projected \$7,552 increase in the Millers Falls Assessment. Overall, the town will pay an additional \$47,950 in taxation towards the funding of the water pollution control budget as a result of increases in infiltration and inflow costs. This represents a 28.6% increase over FY 2010.

ARTICLE 8.

Colle Receipts Reserved for Appropriation. Article 8 appropriates the sum of \$91,725 for the purpose of funding the operation and maintenance of the Colle Building, a town owned facility. The Colle Building is a discrete cost center that is currently funded from receipts reserved for appropriation, without a subsidy from taxpayers. Although not actually referred to as such, this type of account is very similar to an enterprise fund, meaning that the operation is self-funded. Colle receipts are earned from lease payments that are made by the tenants of the building.

ARTICLE 9.

Airport Enterprise Fund Operating Budget. The Airport operating budget is financed through a combination of airport user fees and taxation. Under the proposed FY 2011 budget, user fees will comprise 82.8% (\$30,263) of the total airport operating budget. The remainder (\$6,277) is funded out of taxation. The ultimate goal of the Airport Commission is to make the airport a fully self supported operation. User fees are generated through pilot fees and leasing of airport property, including a residence that is located on the corner of Millers Falls Road and West Mineral Road.

ARTICLE 10.

Franklin County Technical School District Operating Assessment. This article funds Montague's share of the cost of operating the Franklin County Technical School (FCTS). The amount requested (\$627,663) represents a \$12,413 or 1.9% reduction over the FY 2010 assessment. The budget reduction is attributable to three primary factors: (1) The Franklin County Technical School District level funded its overall assessments to member towns; and (2) The District has implemented cost control initiatives during the past several budget cycles to continue to promote a lean budget, including the areas of health insurance, utilities and student transportation. These measures, in combination with the continued liberal use of Emergency and Deficiency (E&D) funds, have enabled the district to present an operating budget that is level funded with level services.

ARTICLE 11.

Gill-Montague Regional School District Assessment. Article 11 funds Montague's share of the cost of operating the Gill Montague Regional School District. The District has requested an assessment from Montague of \$7,602,878, which represents an increase of \$401,255 or 5.6 % over the

appropriation number voted in FY 2010. The Finance Committee recommends that Town Meeting approve an assessment of \$7,230,327. This number represents what the Finance Committee considers an “affordable assessment” for the town. It is a \$24,788 or .34% increase. The calculation of “affordability” reflects a goal of the committee to reduce the town dependence on the use of reserves to fund the town operating budget and the reality that the Town has experienced a major reduction in its state aid over the past three years as well as additional reductions in local receipts (excise taxes, building fees, investment income etc.) related to the recession. The Finance Committee and Board of Selectmen have set a goal this year to eliminate the use of reserves for funding of operational expenditures in the FY 2011 budget. This goal has been met with respect to spending on the town-side operating budget (See Article 6).

The assessment requested by the GMRSD reflects a successful effort by the District to level fund spending; but an inability to absorb anticipated reductions in revenues. The tentative operating budget voted by the Gill-Montague School Committee on March 17, 2010 includes \$797,070 in cuts. Some of the larger cuts made include \$26,000 in Transportation, \$30,000 in Technology, \$62,626 from Special Education Tuition, \$25,000 in Equipment/Supplies, and \$604,803 in Personnel. The Personnel cuts include the School Resource Officer, A SPED Teacher who is no longer needed, a High School Math/Science Teacher (due to drop in enrollment), a Health Teacher (whose role will be picked up by Physical Education teachers), and an as-yet undetermined Elementary School teacher, an Administrative Assistant, a Custodian, and 11 Paraprofessionals. Additionally, a budget reduction of \$31,627 was achieved by transferring salaries to grants.

The Gill-Montague Regional School District is expected to experience approximately \$450,000 in revenue cuts. Reductions in state aid, including Chapter 70 and Charter School Reimbursement, total \$383,780. These are offset to some extent by an \$83,008 increase in Transportation Aid – producing a net State Aid loss of \$300,772. The District will also have less (\$140,788) in Emergency and Deficiency (E&D) funds available for use in reducing assessments.

ARTICLE 12.

Appropriate Funding for the Repair of the Sheffield School Roof.

Article 12 would authorize borrowing the sum of \$113,000 for the purpose of making repairs to the administrative section of the Old Sheffield School Roof. This project is considered the top capital priority of the Gill-Montague Regional School District for FY 2011. The work will include the removal and disposal of existing roof materials down to T&G decking, the replacement of decking, the removal of all drain inserts and replacement with larger ASTS iron drain systems, provision and

installation of a Firestone 060 Ultraply fully adhered TPO membrane roofing system and provision and installation of a new 3 inch Polyisocyanurate insulation. The work is urgently needed to prevent continued damage from numerous leaks that require constant attention. It will also help to insulate the building and result in savings on heating/cooling costs.

ARTICLE 13.

Appropriate Funding for Information Technology Equipment, Parts and Accessories. Article 13 would appropriate the sum of \$8,200 for information technology, equipment, parts, accessories, software and installation. It is necessary to have a consistent source of funding for computer equipment, parts, accessories and software in order to maintain the reliability of the system. Implementation of a cyclical replacement program avoids unnecessary “emergency replacement” which inevitably occurs at the most inopportune moment, when time and data loss can be critical.

ARTICLE 14.

Appropriate Funding for Police Cruiser. Article 14 would appropriate the sum of \$35,000 for the purpose of funding a new cruiser and related expenses. Historically, the Police Department has received a new replacement cruiser in each fiscal year. This acquisition is safety based and cost effective. Over the past twenty years there has been approximately three budget years where, due to budgetary constraints a cruiser was not purchased. According to the Police Chief, those three years were proverbial nightmares when it came to inflated maintenance costs. The present fleet of cruisers has relatively high mileage now and by not replacing a front line cruiser with over 120,000 miles that leaks oil, the obvious cycle of high repairs will happen again. The Department’s greatest concern is the safety of officers responding to calls that merit high speed response.

ARTICLE 15.

Appropriation of Funds for New Purchases and Major Repairs of DPW Equipment. Article 15 would appropriate the sum of \$75,000 for the purpose of funding new purchases and major repairs of DPW equipment. This fund is designed to provide the DPW Superintendent with a certain amount of discretion in deciding which purchases and/or repairs will be made. In many instances, the department is in a position to save money if it has the discretion to spend the funds without further approval by town meeting. The Capital Improvements Committee has endorsed this discretionary spending appropriation, but has developed policy guidelines that will ensure that the program is closely monitored by the Board of Selectmen and its staff.

ARTICLE 16.

Lease Payments for Two DPW Dump Trucks. Article 14 would appropriate the sum of \$54,411 for the purpose of funding the second year of a five-year lease on two dump trucks. The two trucks are both 6 wheel

dumps with plows. One of the vehicles is also equipped with a sander. The proposed purchase is necessary to keep pace with the DPW equipment replacement cycle.

ARTICLE 17.

Appropriate Funds to Replace Swing Sets at Highland Park. Article 17 would appropriate the sum of \$3,500 to replace outdated play ground equipment at the Highland Park in Millers Falls.

ARTICLE 18.

Transfer Custody of Former Williams Way to Parks and Recreation Commission. Article 18 would follow up on action taken at a prior town meeting which resulted in the abandonment of Williams Way in Turners Falls. The current article would transfer custody of the land beneath the road and in the right of way from the Board of Selectmen/Highway Commissioners to the Park and Recreation Commission. The Parks and Recreation Commission voted on April 27, 2010 to accept this property for recreational purposes. It is the Commission's intent to annex the property to Unity Park and use it as a site for a proposed Skate Board Park.

ARTICLE 19.

Appropriate Funds for Purchase and Installation of Outdoor Public Bulletin Board at Town Offices. On July 1, 2010, extensive changes to the Massachusetts Open Meeting Law will take effect. One of the new requirements that the Town will be required to meet is to provide an opportunity for any public notices to be posted in a manner conspicuously visible to the public at all hours in or on a municipal building where the Town Clerk is located. Article 19 would provide the sum of \$4,000 to purchase and install an outdoor public bulletin board for the Town Hall.

ARTICLE 20.

Transfer Funding Into Franklin County Technical School

Stabilization Fund. Article 20 would appropriate the sum of \$24,459 from the FY 2010 FCTS Assessment into the Franklin County Technical School Stabilization Fund which was recently created by town meeting. The purpose of capitalizing the FCTS stabilization fund is to build up a reserve that can be drawn upon as a source of funding, in future years, when there are sudden spikes in the town's assessment from the FCTS. Assessments are partially determined on the basis of student enrollment from the member towns. There have been instances in the past where assessments have increased as much as \$150,000 in one year based on dramatic increases in the enrollment of Montague students. The stabilization fund is designed to address such occurrences and to mitigate what would otherwise be a major budget impact.

- ARTICLE 21.** **Transfer Funding from Free Cash to Stabilization Fund.** Article 21 is one of five articles specifically designed to augment the town's stabilization fund, in this case out of our free cash balance. There are many reasons why we would want to take such an action. One is that the town has had to make significant withdrawals from its stabilization fund in recent years to offset losses in State and other revenues. As is the case for any homeowner, it is considered good practice for the town to restore funds to its "savings", once this is possible, to ensure that resources are available to deal with emergencies when they arise. The Bond Rating agencies also consider the town's stabilization balance as one of the key indicators when assigning a bond rating. This, in turn, determines the interest rate that the town will pay on future borrowings. The Town recently achieved a double bond upgrade (A- to A+) from Standard and Poor, partially on the strength of its stabilization fund balance, and its expressed policy of carefully managing it. Our financial advisor estimates that over the next 20 years we will save \$300,000 in interest payments on the new Police Facility as a result of the bond upgrade.
- ARTICLE 22.** **Transfer Funding from Outstanding Special Article Balance to Stabilization Fund.** Article 22 is one of four articles that use existing special article balances as a source of funding for appropriations into the stabilization. In this case, the source of funding is Article 16 of the March 23, 2006 special town meeting, which appropriated funds for a multipurpose feasibility study, and the balance being appropriated into Stabilization is \$65,000.
- ARTICLE 23.** **Transfer Funding from Outstanding Special Article Balance to Stabilization Fund.** Article 23 would appropriate \$3,345 into the Stabilization Fund, from the outstanding balance of Article 3 of the July 8, 1999 special town meeting, which provided funds for Dry Hill Road Legal Expenses.
- ARTICLE 24.** **Transfer Funding from Outstanding Special Article Balance to Stabilization Fund.** Article 24 would appropriate \$1,925 into the Stabilization Fund, from the outstanding balance of Article 11 of the January 23, 2008 special town meeting, which provided funds for Acquisition and Appraisal Expenses of the Prospect Street Bridge.
- ARTICLE 25.** **Rescind Outstanding Balance in Article 25 of the May 7, 2005 Town Meeting.** Article 25 would rescind the outstanding balance of Article 25 of the May 7, 2005 special town meeting, which provided funds for a Pavement Management Study. These funds would automatically flow into the Stabilization Fund.

ARTICLE 26.

Petition State Legislature for Authority to Grant an Additional All Alcohol License to Carroll's Market. Article 26 would authorize the Board of Selectmen to petition the State Legislature to enact special legislation providing the Town of Montague with an additional all-alcoholic beverage, package store, license that would be issued to Carroll's Market. The store currently has a license to sell wines and malts only. The Town has currently exhausted its quota of available all-alcohol licenses.

ARTICLE 27.

Petitioned Article Relating to Ending the Expenditure of Resources on U.S. Warfare and Military Occupation in Iraq, Afghanistan and Pakistan Article 27 is a petitioned article that, if adopted, would (quote):

- “Initiate a public discussion in Montague about the cost of wars in Iraq and Afghanistan/Pakistan to our community to education, transportation, security and basic citizen needs.
- Ask that the Board of Selectmen call on Representative John Olver and Senators John Kerry and Scott Brown.
 - (1) to oppose all legislation brought before the U.S. House of Representatives and Senate that provides further funding of the U.S. warfare and U.S. military occupation in Iraq, Afghanistan and Pakistan and
 - (2) to take strong and forceful action to influence the full U.S. House of Representatives to terminate funding of these military operations; and
 - (3) to sign onto and support resolutions that prohibit any increase in the number of troops in Afghanistan (House Resolution 3699).”