

Town of Holliston, Massachusetts

Report of the

**FINANCE
COMMITTEE**

for the

October 28, 2013 Special Town Meeting

To the Citizens of the Town of Holliston:

The Finance Committee respectfully submits this warrant and associated articles for your consideration.

Financial Update

The October Special Town Meeting is our opportunity to work with actual information on a number of significant assumptions that we used in May, and finalize our FY14 spending plan. Here are the key updates since our last report in May:

1. Local Aid – State revenue continues to be uneven, leading to continued uncertainty in local aid forecasts. Final net local aid for FY14 came in \$4,208 below forecast; this difference has no meaningful impact on the FY14 budget.
2. Free Cash – At the close of each fiscal year on June 30, a final accounting of actual revenues and expenses is made and is compared with the revenue assumptions and appropriations voted by the Town. Any excess funds (such as revenue that exceeded targets or appropriations that were not completely expended) become “Free Cash” that can be applied to the following fiscal year’s budget. The Massachusetts Department of Revenue recently certified our Free Cash at \$1.358 million which is \$858,776 more than was estimated in our budget model. This was primarily due to increased local receipts (excise tax, etc).
3. Reserves – One of the FinCom’s financial priorities had been to build our reserves – Stabilization Fund and Capital Expenditure Fund – up to a level that represents 5% of our Omnibus budget. Recently bond rating agencies have been emphasizing a different definition of reserves: the sum of the Stabilization Fund and Free Cash. This is an important metric used by bond rating agencies—the rating Holliston receives directly impacts our debt borrowing costs. With the recent economic downturn, rating agencies have been raising their reserve requirements; the FinCom now uses an 8.1% target. Using the new definition of reserves, the Town’s non-OPEB reserves stand at approximately \$3.437 million which is 6.4% of the FY14 Omnibus budget.

4. OPEB Trust Fund – A year ago, the FinCom recommended and Town Meeting voted to seek special legislation authorizing the Town to establish a separate trust for our Other Post Employment Benefits (OPEB) liabilities. These liabilities are primarily related to health insurance benefits the Town provides its retirees. The legislation has received favorable action but has not yet been enacted into law. Holliston is currently holding \$3.3 million in the Stabilization Fund for an initial deposit into the trust; this amount is not included in the reserve calculation above. This, combined with a projected \$1,500,000 annual appropriation over the next 24 years should bring the Town to full funding of this obligation.

Capital Spending

For several years the FinCom has recommended an ongoing annual commitment of \$350,000 per year for capital purchases. In FY13, that was increased to \$486,000. Due to a recognized need for greater funding, the FinCom recommended and Town Meeting approved increasing the set-aside to \$550,000 beginning in FY14. Although capital purchases are usually approved at the Special Town Meeting, due to seasonal issues three capital purchases were approved in May totaling \$278,500, leaving only \$271,500 for capital expenditures in FY14. Requests submitted to the FinCom totaled approximately \$1.125 million.

The Committee evaluated each capital proposal both on its own, and in the context of all the requests. In Article 7, the FinCom is recommending the following capital expenditures:

• two police cruisers	Purchase of \$ 86,634
• of the police handguns	Replacement \$ 4,000
• of Town computers and software	Replacement \$ 37,800
• software modules for Town's accounting system	Purchase of \$ 64,200
• of heating system at Flagg building	Replacement \$ 18,200
• and building improvements in the schools	Technology \$317,959
• of a fire department pumper truck (total cost of \$375,000 with \$175,000 financed over 3 years)	Replacement <u>\$200,000</u>
Total	\$728,793

In addition, the FinCom is recommending a new ambulance purchase using \$190,000 from the Ambulance Revolving Account. The recommended spending in excess of \$271,500 is funded from free cash and existing monies in the capital expenditure fund.

One of the FinCom priorities going forward is an update and expansion of the Town's Capital Plan to better track and plan for long term capital needs. The FinCom will be working with all

Town boards and committees on this effort in the coming months so that we have a better view of capital needs in future years.

Warrant Articles

The Finance Committee recommendations appear with each article in the warrant.

Recommendations of note include:

- Budget adjustments to the debt (-\$6,332), benefits (-\$18,757) and Board of Health (\$1,283) (Article 2);
- Using free cash to offset the amount of revenue raised through property taxes (Article 3);
- Capital recommendations outlined above (Article 7);
- Establishment of Enterprise Fund for the Water Department (Article 14).

As always, the Finance Committee is indebted to the many Town officials and employees whose efforts make this process and report possible. We also would like to commend the other elected and appointed committees with whom the Finance Committee interacts on an ongoing basis for all their cooperative efforts.

HOLLISTON FINANCE COMMITTEE

Kenneth S. Szajda, Chair
Charles M. Kaslow, Clerk
William F. Dowd

Michelle F. Zeamer, Vice-Chair
Daniel G. Alfred
Elizabeth Liberty

Fund balances available **prior** to the Finance Committee recommendations:

Available for Appropriation (estimate)	\$ 31,403	Golf Course Capital	\$ 3,880
Ambulance Funds	\$ 240,087	Open Space Fund	\$ 105,139
Capital Expenditure Fund	\$1,929,938	Overlay Reserve	\$ 0
Community Preservation Fund	\$ 969,932	Stabilization Fund	\$5,378,836
Conservation Fund	\$ 15,881	Water Surplus	\$ 129,835
Free Cash (estimate)	\$1,358,000		

Fund balances available **after** the Finance Committee recommendations:

Available for Appropriation	\$ 47,414	Golf Course Capital	\$ 3,880
Ambulance Funds	\$ 50,087	Open Space Fund	\$ 20,139
Capital Expenditure Fund	\$1,659,145	Overlay Reserve	\$ 0
Community Preservation Fund	\$ 587,672	Stabilization Fund	\$5,778,836
Conservation Fund	\$ 15,881	Water Surplus	\$ 129,651
Free Cash (estimate)	\$ 0		

Commonwealth of Massachusetts

Middlesex, ss.

Town of Holliston

To any Constable of the Town of Holliston, Greetings:

In the name of the Commonwealth you are hereby required to notify and warn the inhabitants of the Town of Holliston who are qualified to vote in Town Affairs to meet in the High School Auditorium on:

MONDAY, OCTOBER 28, 2013

at 7:30 p.m. to act on the following Articles, to wit:

ARTICLE 1. To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for unpaid bills from prior years; or take any action relative thereto. **(Board of Selectmen)**

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN RAISE AND APPROPRIATE THE SUM OF \$7,795.39 AND APPROPRIATE \$184.46 FROM WATER SURPLUS FOR THE PURPOSE OF PAYING INVOICES FOR SERVICES FROM PRIOR FISCAL YEARS (SIX IN FAVOR). The invoices include medical expenses, office supplies, legal services and building repairs.

ARTICLE 2. To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the purpose of supplementing various accounts of the Town's fiscal year 2014 annual budget, previously voted by the Town under Article 15 of the Warrant for the 2013 Annual Town Meeting; or take any action relative thereto. **(Board of Selectmen)**

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN REDUCE THE EMPLOYEE BENEFITS BUDGET BY \$18,757; RAISE AND APPROPRIATE \$1,283 FOR THE BOARD OF HEALTH BUDGET; AND REDUCE THE DEBT SERVICE BUDGET BY \$6,332; ALL AS SHOWN IN THE RECOMMENDED CHANGE COLUMN BELOW (SIX IN FAVOR).

DEPARTMENT	CURRENT FY14 BUDGET	RECOMMENDED CHANGE	NEW FY14 BUDGET
EMPLOYEE BENEFITS ACCOUNT 51750	4,150,917	(18,757)	4,131,440
BOARD OF HEALTH 51000	113,339	1,283	114,622
DEBT SERVICE ACCOUNT 57600	5,620,750	(6,332)	5,614,418

ARTICLE 3. To see if the Town will vote to transfer from available funds a sum of money for the purpose of reducing the amount of money to be raised through property taxes for fiscal year 2014; or take any action relative thereto. **(Board of Selectmen)**

THE FINANCE COMMITTEE WILL MAKE A RECOMMENDATION AT TOWN MEETING. Final figures were not available prior to the printing deadline for this Report. The Finance Committee expects to recommend a transfer of Free Cash of approximately \$1,358,000; the final, exact amount of Free Cash will be available at the time of Town Meeting.

ARTICLE 4. To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the Stabilization Fund; or take any action relative thereto. **(Board of Selectmen)**

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN RAISE AND APPROPRIATE THE SUM OF \$400,000 FOR THE STABILIZATION FUND (SIX IN FAVOR).

ARTICLE 5. To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the Capital Expenditure Fund; or take any action relative thereto. **(Board of Selectmen)**

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN RAISE AND APPROPRIATE THE SUM OF \$458,000 FOR THE CAPITAL EXPENDITURE FUND (SIX IN FAVOR).

ARTICLE 6. To see if the Town will vote to authorize the Board of Selectmen to hold a public auction for the purpose of disposing of surplus departmental equipment; or take any action relative thereto. **(Board of Selectmen)**

ARTICLE 7. To see if the Town will vote to raise and appropriate, transfer from available funds or borrow a sum of money for the purpose of capital expenditures, including replacement and new vehicles and equipment, for the Highway, Police, School, Public Buildings, Fire, Technology, Treasurer/Collector and Accountant departments, and authorize the Board of Selectmen to trade or sell used equipment toward part of the purchase price; or take any action relative thereto. **(Board of Selectmen)**

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN APPROPRIATE \$200,000 FROM THE CAPITAL EXPENDITURE FUND AND AUTHORIZE A SHORT TERM BORROWING OF \$175,000 FOR A FIRE DEPARTMENT PUMPER ENGINE; APPROPRIATE \$86,634 FROM THE CAPITAL EXPENDITURE FUND FOR TWO POLICE DEPARTMENT VEHICLES; APPROPRIATE \$4,000 FROM THE CAPITAL EXPENDITURE FUND FOR POLICE DEPARTMENT WEAPONS; APPROPRIATE \$37,800 FROM THE CAPITAL EXPENDITURE FUND FOR COMPUTER HARDWARE AND SOFTWARE FOR TOWN DEPARTMENTS; APPROPRIATE \$64,200 FROM THE CAPITAL EXPENDITURE FUND FOR COMPUTER SOFTWARE FOR THE MUNIS ACCOUNTING SYSTEM; APPROPRIATE \$18,200 FROM THE CAPITAL EXPENDITURE FUND FOR A HEATING SYSTEM AT THE FLAGG COLE BUILDING; APPROPRIATE \$186,659 FROM THE CAPITAL EXPENDITURE FUND FOR SCHOOL DEPARTMENT TECHNOLOGY INFRASTRUCTURE AND CLASSROOM TECHNOLOGY; APPROPRIATE \$131,300 FROM THE CAPITAL EXPENDITURE FUND FOR SCHOOL BUILDING IMPROVEMENTS; AND APPROPRIATE \$190,000 FROM AMBULANCE FUNDS FOR A FIRE DEPARTMENT AMBULANCE (SIX IN FAVOR, EXCEPT FIVE IN FAVOR AND MR. DOWD OPPOSED FOR THE AMBULANCE).

ARTICLE 8. To see if the Town will vote to act on the report of the Community Preservation Committee on the fiscal year 2014 Community Preservation budget and to appropriate or reserve for later appropriation monies from the Community Preservation Fund

annual revenues or available funds for the administrative expenses of the Community Preservation Committee, the payment of debt service, the undertaking of community preservation projects and all other necessary and proper expenses for the year; or take any action relative thereto. (**Community Preservation Committee**)

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN APPROPRIATE THE SUM OF \$3,000 FROM THE COMMUNITY PRESERVATION FUND FOR SIGNS AT CONSERVATION PROPERTIES; APPROPRIATE \$79,260 FROM THE COMMUNITY PRESERVATION FUND FOR PROFESSIONAL SERVICES IN PREPARATION FOR PROPERTY ACQUISITION BY THE TRAILS COMMITTEE; AND APPROPRIATE \$300,000 FROM THE COMMUNITY PRESERVATION FUND FOR ACQUISITION OF A CONSERVATION RESTRICTION ON BULLARD MEMORIAL FARM PROPERTY (FIVE IN FAVOR, MR. KASLOW ABSTAINING).

ARTICLE 9. To see if the Town will vote to authorize the Board of Selectmen to acquire a conservation restriction on two parcels of land comprising one hundred eleven (111) acres, more or less, owned by the Bullard Memorial Farm Association and located off of Bullard and Central Streets and shown as Lot 1 of Block 1 and Lot 38 of Block 4 of Assessors' Map 9; to determine whether the Town will accept a grant of up to \$400,000 from the Massachusetts Executive Office of Energy and Environmental Affairs, a grant of \$350,000 from the Trustees of Reservations and other grants or gifts for this purpose; to determine whether such acquisition shall be by borrowing, by transfer of available funds, by appropriation of Community Preservation funds or by some combination thereof; to determine whether such property shall be acquired for conservation purposes under section 8C of Chapter 40 of the General Laws; or take any action relative thereto. (**Open Space Committee**)

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN APPROPRIATE THE SUM OF \$85,000 FROM THE OPEN SPACE FUND FOR THE ACQUISITION OF A CONSERVATION RESTRICTION ON BULLARD MEMORIAL FARM PROPERTY (FIVE IN FAVOR, MR. KASLOW ABSTAINING).

ARTICLE 10. To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the purpose of the OPEB Trust Fund; or take any action relative thereto. (**Board of Selectmen**)

THE FINANCE COMMITTEE WILL MAKE A RECOMMENDATION AT TOWN MEETING.

ARTICLE 11. To see if the Town will vote to amend the Town of Holliston By-laws by deleting "\$25.00" and inserting in place thereof "50.00" at the end of Section 5 – Penalty for Unlicensed Dogs of Article XXIX – Animal Control; or take any action relative thereto. (**Board of Selectmen**)

THE FINANCE COMMITTEE RECOMMENDS FAVORABLE ACTION ON THIS ARTICLE (FIVE IN FAVOR, MR. DOWD OPPOSED).

ARTICLE 12. To see if the Town will vote to transfer certain parcels of property, acquired by the Town through tax title foreclosure, to the Conservation Commission as follows:

1. Map 7 Block 7 Lots 381, 380, 384 located off Juniper Road;
2. Map 7 Block 5 Lot 24 located off Alpine/Hanlon Road;
3. Map 11 Block 2 Lot 144 located off Mellen Street; and
4. Map 4 Block 2 Lot 37 and located off Adams Street;

or take any action relative thereto. **(Planning Board and Conservation Commission)**

ARTICLE 13. To see if the Town will vote to authorize the Board of Selectmen to seek special legislation substantially as follows:

AN ACT AUTHORIZING THE TOWN OF HOLLISTON TO ESTABLISH A DEPARTMENT OF PUBLIC WORKS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Notwithstanding any general or special law or by-law to the contrary, there is hereby established in the town of Holliston a department of public works, hereinafter called “the department”, which shall be under the supervision and control of the board of selectmen, hereinafter called “the board”.

SECTION 2. Unless otherwise noted in this act, the board of selectmen shall have all the powers and duties now or from time to time vested by general or special act or town by-law in the following boards, commissions, departments or officers: highway department, including the highway superintendent and the surveyors of highways; and the water department, including the board of water commissioners. The board of water commissioners is hereby abolished. No existing contract or liability in force on the effective date of this act shall be affected, but the board shall in all respects be the lawful successor of the entity so abolished.

SECTION 3. The department of public works shall have all the functions now or from time to time vested by general or special law or town by-law in the following departments and offices: highway department and water department. The department of public works shall assume the responsibility for the operations of the streets and those functions of the park commission related to management, care and maintenance of real property as the park commission may designate in writing. All equipment, property, facilities, funds, assets and liabilities under the care, custody and control of the abolished board of water commissioners as of the effective date of this act, shall be under the care, custody and control of the board of selectmen. The provisions of section 69B of chapter 41 of the General Laws or the provisions of section 53F1/2 of chapter 44 of the General Laws shall control water related funds, assets and liabilities.

SECTION 4. The department of public works may have such additional powers with respect to collection and disposal of garbage and refuse, the maintenance and repair of street lights, the maintenance and repair of town buildings and property, with the exception of buildings and property under control of the school committee or the board of library trustees unless said

committee and trustees consent in writing, and the performance of such duties of any other boards, departments, and offices of the town as may be reasonably related to the duties of a department of public works, as the town may from time to time, by by-law provide, any other provisions of law notwithstanding.

SECTION 5. No later than 120 days prior to the beginning of each fiscal year, the board of selectmen shall convene a public hearing to determine the ensuing fiscal year water budget and set equitable prices and rates for usage of the water system. The date, time and place of the hearing shall be included in all water bills mailed for the second quarter of each fiscal year. At least two weeks prior to the proposed hearing, the board shall cause notice to be published in at least one newspaper of general circulation in the town of Holliston, and posted at town hall and on the town's Web site. The board will take testimony from any interested party and shall submit its recommendations to the town meeting, which shall act upon the budget in the same manner as all budgets.

SECTION 6. The board of selectmen shall appoint, fix the tenure and compensation of and enter into a contract with a director of public works, subject to appropriation and the provisions of town by-laws and personnel by-laws. The director shall exercise and perform, in conformity with the policies of the board, such powers, rights, and duties conferred upon the board of selectmen under the provisions of section 2 as said board may from time to time delegate. The director of public works shall have full charge and authority over the employees, equipment, and facilities within the department, subject to the requirements of law, by-laws, regulations, and such direction and such policies of the board of selectmen.

The director of public works shall hold, at a minimum, a Bachelor's degree in civil engineering or other appropriate discipline, and shall have a minimum of five years of relevant professional experience in public works construction and management. The board of selectmen may establish other requirements such as registration as a professional civil engineer within the commonwealth. During his or her tenure, the director of public works shall hold no other elective or appointive office, nor shall the director of public works engage in any other business or occupation without prior express written authorization of the board of selectmen. The director of public works shall give the town a bond with a surety company authorized to transact business in the commonwealth as surety for the faithful performance of his duties in such sum and upon such conditions as the board may require. The town will pay the premium for said bond.

The director of public works may designate, by letter approved by a vote of the board of selectmen and filed with the town clerk, a qualified officer of the town to perform the director's duties in the case of absence or disability. Pending the appointment of a director, the filling of any vacancy, the failure of the director to designate a temporary director, or during the suspension of the director, the board shall appoint a suitable person to perform the duties of the director's office.

SECTION 7. The director of public works shall appoint, remove and supervise employees of the department in accordance with the town's personnel by-law and any applicable collective bargaining agreements. The director shall appoint and remove such employees as the director deems necessary, subject to town meeting appropriation and approval of the board of selectmen.

The director of public works shall supervise, direct and be responsible for the efficient administration of all departments, offices, boards and committees appointed by the director.

The director of public works shall keep full and complete records of the department. Such director shall render to the board of selectmen, as often as may be required by said board but at least quarterly, a full report of all the operations under his or her control during the period reported upon, and annually shall render to the board and file with the town clerk a report of all the operations under his or her control, including, but not limited to: a full financial report of all accounts, funds and grants, a work plan with related finance plan for the subsequent fiscal year, and a report on the accomplishments and progress made under the work plan from the preceding fiscal year. The director of public works shall have access to all town books, records and documents necessary for the proper performance of the assigned duties and responsibilities. The director of public works shall keep the board of selectmen fully advised as to the needs of the town within the scope of his duties, and shall annually, in conformity with the requirements established by said board, furnish to the board a carefully prepared and detailed budget and work plan in writing, including estimates of the appropriations and revenue for department enterprise funds established under section 53F1/2 of chapter 44 of the General Laws required during the next fiscal year for the proper exercise and performance of all said rights and duties. The director of public works shall perform such other duties consistent with the office as may be required by the by-laws of the town, by vote of town meeting, or by majority vote of the board of selectmen.

SECTION 8. The board of selectmen shall retain all powers, duties and responsibilities associated with incurring debt.

SECTION 9. Once established, the town of Holliston may modify the duties, powers and responsibilities of the department of public works. Integration of agencies, departments, or districts not described in this act shall require approval by a majority vote at a town meeting. Public works functions, once integrated, may be constituted as independent organizations or departments by a majority vote at a town meeting.

SECTION 10. This act shall take effect upon its passage.;

or take any action relative thereto. (**Board of Selectmen**)

ARTICLE 14. To see if the Town will vote to accept the provisions of section 53F1/2 of Chapter 44 of the General Laws and establish an Enterprise Fund for the Holliston Water Department to become effective July 1, 2014; or take any action relative thereto. (**Board of Selectmen**)

**THE FINANCE COMMITTEE RECOMMENDS FAVORABLE ACTION
CONTINGENT ON APPROVAL OF ARTICLE 13 (FIVE IN FAVOR, MR. KASLOW
OPPOSED).**

And you are directed to serve this Warrant by posting true copies thereof, attested, on and within the Town Hall seven days at least before the date of said meeting. Hereof fail not and make return of this Warrant with your doings thereon at the time and place of said meeting.

Given under our hands this 9th day of October A.D. 2013.

John D. Leary, Jr., Chairman
Kevin P. Conley, Vice-Chairman
Joseph P. Marsden, Clerk

**BOARD OF
SELECTMEN**

REVENUE ASSUMPTIONS FOR FISCAL YEAR 2014

PROPERTY TAX LEVY

Base levy	\$36,249,383
New growth	325,000
Excluded debt	2,715,711
TOTAL PROPERTY TAX LEVY	39,290,094

STATE AID

General	8,487,275
Offsets	710,306
School Building Assistance	2,260,046
TOTAL STATE AID	11,457,627

LOCAL RECEIPTS

MV excise	1,760,529
Interest	25,000
Water	2,507,730
Other	1,010,000
TOTAL RECEIPTS	5,303,259

AVAILABLE FUNDS

Free Cash (estimate)	1,358,000
Capital Expenditure Fund	278,500
Stabilization Fund	100,000
Water Surplus	49,000
Community Preservation	113,000
Ambulance Funds	392,424
Other	567,693
TOTAL AVAILABLE FUNDS	2,858,617

TOTAL REVENUES	\$58,909,597
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