

Town of Holliston, Massachusetts

Report of the

**FINANCE
COMMITTEE**

for the

October 26, 2015 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 FY16 (July 1, 2015-June 30, 2016) spending plan. Here are the key updates since our last report in May:

1. Local Aid ó As a result of budget pressures at the state level, there is continued uncertainty in local aid forecasts. In recent years the Finance Committee's modest assumptions about local aid have been accurate enough to avoid significant impacts to the omnibus budgets approved each May. Final net local aid for FY16 came in \$35,083 above our final forecast; this difference has no meaningful impact on the FY16 budget. Over the last 10 fiscal years, the property tax levy has risen 52.4% while state aid has only increased 15.7%.
2. Free Cash ó 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. "Free Cash" also includes one-time moneys (settlements and the like) that the Department of Revenue certifies as "unreserved" or "undesignated." On October 6, the Department of Revenue certified Holliston's free cash at \$2,083,684; this is significantly higher than prior years. The Finance Committee continues to reduce the amount of Free Cash dedicated to the annual operating budget and will continue to work with town officials to both better understand the sources and causes of free cash and to look for ways to prudently reduce the volatility of this number.

3. Reserves ó The Finance Committee has adopted a policy to build and maintain our reserves at 8.1% of the omnibus budget, just above the 8% level considered õstrongö by bond rating agencies. Maintaining strong reserves (the total of the Stabilization Fund plus Free Cash) is key to Hollistonõs bond rating, which directly impacts our debt borrowing costs. If Town Meeting supports the Finance Committee recommendations, the Stabilization Fund will stand at approximately \$4.86 million, which is 8.3% of audited general fund expenditures. The Stabilization fund provides financial flexibility in times of economic stress (rainy day funds), and should be used only for extreme events such as natural disasters, emergency conditions, sudden economic stress, or as a bridge for short term financial events.

Capital Spending

In FY09, the Finance Committee initiated an ongoing annual commitment to fund \$350,000 per year for capital purchases. It has increased annually since FY13 and now stands at \$750,000 in FY16. Although capital purchases are usually approved at the Special Town Meeting, due to seasonal issues several capital purchases were approved in May totaling \$760,000, with the largest amount (\$470,000) appropriated for energy efficiency improvements at the schools (estimated to save \$160,000 per year). However, the two funded capital requests for the schools were able to be completed at much lower than anticipated cost. This, combined with other prior year capital savings at the schools, resulted in a return of \$290,963 to the Capital Expenditure Fund.

The Committee evaluated each capital proposal and is recommending the following capital expenditures:

• Replacement of two Police Department cruisers	\$ 80,323
• Purchase of Police Department Tasers	\$ 32,347
• Replacement of Police and Auxiliary Police radios	\$105,011
• Replacement of server and network equipment at Town Hall	\$ 26,729
• Replacement of vote tabulator machines	\$ 15,000
• Water main replacement	\$214,000
• Replacement of DPW-Water department vehicle	\$ 47,791
• Paratech (stabilization equipment) for the Fire Department	\$ 30,000
• Replacement of Ambulance/EMS pagers	\$ 23,000
• Installation of aerators at Pinecrest Golf Course	\$ 3,200
• Capital equipment for the School Department	<u>\$247,627</u>
Total	\$825,028

Full details of the capital equipment for the School Department can be found on the HPS website (www.holliston.k12.ma.us).

Of the \$825,028 total amount recommended, \$537,037 is funded from the Capital Expenditure Fund, with \$261,791 from the Water Surplus, \$3,200 from the Pinecrest Capital account, and \$23,000 from the Ambulance revolving fund. With these actions, there will be a net withdrawal of \$246,074 from the Capital Expenditure Fund leaving a balance in the fund of over \$1.1 million, a level considered acceptable by the Finance Committee.

The Finance Committee has been working with the new Town Administrator to improve Holliston's capital planning and to create a more comprehensive Capital Plan. The Finance Committee will continue to work with the Town Administrator and the Board of Selectmen as needed to further this effort since a robust capital plan is essential to proper financial planning for the town's future capital needs.

Warrant Articles

The Finance Committee recommendations appear with each article in the warrant. Recommendations of note include:

- Adjustments to the Board of Selectmen budget (for insurance), the debt budget (bond costs for the 1750 Washington Street purchase), and the DPW-Snow and Ice budget (Article 1);
- Making Free Cash available for appropriation (Article 2);
- Capital recommendations outlined above (Articles 6, 7, 9, 11 and 12);
- Update to the Town By-Laws concerning the Finance Committee; these changes are being sought to align the By-law with current committee practice, to eliminate a legacy exception that was implemented for a former committee member, and to expand the information gathering authority of the Committee (Article 16).

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, Chairman
 Suzanne K. Nersessian, Clerk
 William F. Dowd
 Timothy A. Maxwell

Michelle F. Zeamer, Vice Chairman
 Daniel G. Alfred
 Elizabeth F. Liberty

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

Available for Appropriation (estimate)	\$ 294,026	Golf Course Capital	\$ 8,767
Ambulance Funds	\$ 93,115	Open Space Fund	\$ 113,361
Capital Expenditure Fund	\$1,698,599	Overlay Reserve	\$ 0
Community Preservation Fund	\$1,649,992	Stabilization Fund	\$3,023,774
Conservation Fund	\$ 13,095	Water Surplus	\$ 809,569
Free Cash	\$2,083,684	OPEB Trust Fund	\$4,890,320

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

Available for Appropriation	\$ 0	Golf Course Capital	\$ 5,567
Ambulance Funds	\$ 70,115	Open Space Fund	\$ 113,361
Capital Expenditure Fund	\$1,161,562	Overlay Reserve	\$ 0
Community Preservation Fund	\$1,649,992	Stabilization Fund	\$4,857,458
Conservation Fund	\$ 13,095	Water Surplus	\$ 547,778
Free Cash	\$ 0	OPEB Trust Fund	\$4,890,320

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 26, 2015

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

ARTICLE 1. FISCAL YEAR 2016 BUDGET ADJUSTMENTS

SPONSORED BY: Board of Selectmen

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 for the Town's Fiscal Year 2016 annual budget, previously voted by the Town under Article 17 of the Warrant for the 2015 Annual Town Meeting or to take any action relative thereto;

<u>Into Line #</u>	<u>Increase Line by</u>	<u>Account Name</u>	<u>Budget Approved at 5/4/15 Annual Town Meeting</u>
01122-57500	\$1,077.60	Property Insurance	\$200,000.00
01710-57610	\$33,925.00	Debt Service	\$1,186,025.00
01423-51000	\$50,000.00	Snow & Ice	-0-
01423-52000	\$106,215.00	Snow & Ice	-0-
01423-54000	\$93,785.00	Snow & Ice	-0-
	\$285,002.60		

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN RAISE AND APPROPRIATE \$1,077.60 FOR THE SELECTMENS BUDGET, \$33,925 FOR THE DEBT BUDGET, AND \$250,000 FOR THE SNOW AND ICE BUDGET (UNANIMOUS)

ARTICLE 2: FUND TRANSFER TO AFFECT THE TAX RATE

SPONSORED BY: Board of Selectmen

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 2016; or take any action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN APPROPRIATE \$2,083,684 FROM FREE CASH (UNANIMOUS)

ARTICLE 3: STABILIZATION FUND

SPONSORED BY: Board of Selectmen

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.

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN RAISE AND APPROPRIATE THE SUM OF \$1,833,684 FOR THE STABILIZATION FUND (UNANIMOUS)

ARTICLE 4: CAPITAL EXPENDITURE FUND

SPONSORED BY: Board of Selectmen

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.

THE FINANCE COMMITTEE RECOMMENDS INDEFINITE POSTPONEMENT (UNANIMOUS)

ARTICLE 5: SALE OF SURPLUS EQUIPMENT

SPONSORED BY: Board of Selectmen

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

ARTICLE 6: CAPITAL BUDGET

SPONSORED BY: Board of Selectmen

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 departments: Police, School, Fire, Technology, DPW (Water) Golf Course, Police Auxiliary and Town Clerk, and authorize the Board of Selectmen to trade or sell equipment toward part of the purchase price; or take any action relative thereto.

Project	Department	Amount
Paratech Stabilization	Fire	\$30,000
Aerator	Golf Course	\$3,200
2 Marked Cruisers	Police	\$80,323
Tasars	Police	\$32,347
Portable Radios	Police	\$58,339
Portable Radios	Police Auxiliary	\$46,672
Replacement Equipment	Schools	\$247,627
Network/Server Upgrade	Info. Tech.	\$26,729
Water Department Vehicle	DPW	\$47,791
Oakridge Road & Birchwood Drive (Water Mains)	DPW	\$214,000
Total:		\$787,028

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN APPROPRIATE \$30,000 FROM THE CAPITAL EXPENDITURE FUND FOR FIRE DEPARTMENT EQUIPMENT; APPROPRIATE \$80,323 FROM THE CAPITAL EXPENDITURE FUND FOR POLICE CRUISERS; APPROPRIATE \$32,347 FROM THE CAPITAL EXPENDITURE FUND FOR POLICE TASERS; APPROPRIATE \$105,011 FROM THE CAPITAL EXPENDITURE FUND FOR POLICE AND AUXILLIARY POLICE RADIOS; APPROPRIATE \$247,627 FROM THE CAPITAL EXPENDITURE FUND FOR SCHOOL DEPARTMENT CAPITAL REQUESTS LISTED IN THE "SCHOOL COMMITTEE APPROVED FY16 FALL CAPITAL PROJECT REQUESTS" SPREADSHEET (available on the School Department website www.holliston.k12.ma.us); APPROPRIATE \$26,729 FROM THE CAPITAL EXPENDITURE FUND FOR NETWORK AND SERVER EQUIPMENT AT TOWN HALL; APPROPRIATE \$3,200 FROM THE PINECREST CAPITAL ACCOUNT

FOR AERATORS AT THE PINECREST GOLF COURSE; APPROPRIATE \$214,000 FROM WATER SURPLUS FOR WATER MAIN REPLACEMENT AT OAKRIDGE ROAD AND BIRCHWOOD DRIVE; APPROPRIATE \$47,791 FROM WATER SURPLUS FOR A WATER DEPARTMENT VEHICLE (UNANIMOUS)

ARTICLE 7: VOTING MACHINES (TABULATORS)

SPONSORED BY: Town Clerk

To see if the Town will vote to raise and appropriate or transfer from available funds \$15,000 for the purchase of four (4) voting machines (tabulators) to be used by the Town Clerk's Office for the tabulations in the four voting precincts; or to take any action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN APPROPRIATE \$15,000 FROM THE CAPITAL EXPENDITURE FUND FOR FOUR VOTING TABULATORS (UNANIMOUS)

ARTICLE 8: DOG LICENSING PROGRAM

SPONSORED BY: Town Clerk

To see if the Town will vote to raise and appropriate or transfer from available funds \$2,290 for the purchase of a dog licensing program to be used by the Town Clerk's Office; or to take any action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN RAISE AND APPROPRIATE \$2,290 FOR THE PURCHASE OF SOFTWARE FOR DOG LICENSE MANAGEMENT (UNANIMOUS)

ARTICLE 9: AMBULANCE PAGERS

SPONSORED BY: Fire Chief

To see if the Town will vote to transfer \$23,000 from the receipts reserved for appropriation account into the ambulance capital expense account; or to take any action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS THAT THE TOWN APPROPRIATE \$23,000 FROM THE AMBULANCE REVOLVING FUND FOR THE PURCHASE OF AMBULANCE/EMS PAGERS (UNANIMOUS)

ARTICLE 10: AMBULANCE ENTERPRISE FUND

SPONSORED BY: Fire Chief

To see if the Town will vote to accept the provisions of Chapter 44, Section 53F ½, as amended, of the Massachusetts General Laws establishing an ambulance enterprise fund effective July 1, 2016 or start of or Fiscal Year 2017, or take any action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS INDEFINITE POSTPONEMENT (UNANIMOUS)

ARTICLE 11: WATER MAIN REPLACEMENT (Oakridge Road and Birchwood Drive)

SPONSORED BY: Board of Selectmen

To see if the Town will vote to raise and appropriate or transfer from available funds \$214,000 for the replacement of water main(s) on Oakridge Road and Birchwood Drive; or take any action relative thereto. (See Article 6, Indefinitely Postpone)

THE FINANCE COMMITTEE RECOMMENDS INDEFINITE POSTPONEMENT (UNANIMOUS)

ARTICLE 12: WATER DEPARTMENT VEHICLE

SPONSORED BY: Board of Selectmen

To see if the Town will vote to raise and appropriate or transfer from available funds \$47,791 for the replacement of a vehicle for the Public Works Department (Water Division); or take any action relative thereto. (See Article 6, Indefinitely Postpone)

THE FINANCE COMMITTEE RECOMMENDS INDEFINITE POSTPONEMENT (UNANIMOUS)

ARTICLE 13: REVOLVING FUND SCHOOL DEPARTMENT

SPONSORED BY: School Committee

To see if the Town will vote, under the provisions of Massachusetts General Laws Chapter 44, Section 53E ½ as amended, to authorize the creation of a Technology Repair and Replenishment account into which shall be deposited receipts received for an optional insurance policy for families who have borrowed student technology under the care and custody of the School Committee and from which account expenditures for the costs of repair, replacement, and future replenishment may be made with the approval of the School Committee in an amount not to exceed \$30,000; or take any other action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS FAVORABLE ACTION (FIVE IN FAVOR, MR. DOWD AND MS. LIBERTY OPPOSED)

ARTICLE 14: SALE OF ANDREWS SCHOOL

SPONSORED BY: Board of Selectmen

To see if the Town will vote to authorize the Board of Selectmen to sell the building and property known as the Andrews School, located on School Street and shown in the Assessor's records as Map 8E, Block 4, Lot 41 for the following purposes, market rate housing, market rate/affordable senior housing or demolition, or take any action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS INDEFINITE POSTPONEMENT (UNANIMOUS)

ARTICLE 15: COMMUNITY PRESERVATION COMMITTEE BUDGET

SPONSORED BY: Community Preservation Committee

To see if the Town will vote to act on the report of the Community Preservation Committee on the fiscal year 2016 Community Preservation budget and to appropriate or reserve for later appropriation monies from the Community Preservation Fund annual revenues or available funds for 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.

THE FINANCE COMMITTEE WILL MAKE A RECOMMENDATION AT TOWN MEETING (UNANIMOUS)

ARTICLE 16: AMEND THE TOWN'S GENERAL BYLAWS, ARTICLE IV, FINANCE COMMITTEE, SECTIONS 2, 3 & 6

SPONSORED BY: Finance Committee

To see if the Town will vote to amend the General Bylaws, Article IV, Finance Committee, Section 2, as follows:

õSection 2. No person holding any other elected or appointed office and no person employed by the Town, ~~other than those who serve on the part-time call Fire Department~~, shall be eligible to serve as a member of the Finance Committee, except that, any member of the Finance Committee who holds another appointed office on the effective date of this amendment shall be allowed to continue in such appointed office for so long as he or she remains as a member of the Finance Committee;ö

and to vote to amend the General Bylaws, Article IV, Finance Committee, Section 3, as follows:

õSection 3: The Finance Committee shall, promptly after the Annual election and assumption of office of new members, meet for the purpose of organization, and shall elect from its members a Chairman, Vice Chairman, and ~~Secretary~~; Clerk,ö

and to vote to amend the General Bylaws, Article IV, Finance Committee, Section 6, as follows:

õSection 6: All officers, boards, or committees of Town, elected or appointed shall on request, furnish to the Finance Committee or any delegated member or authorized agent thereof any desired ~~financial~~-information about Town affairs and Town funds under their control.ö
or take any action relative thereto.

THE FINANCE COMMITTEE RECOMMENDS FAVORABLE ACTION (UNANIMOUS)

ARTICLE 17: TRANSFER OF LAND (Old Sawmill Estates) to the CONSERVATION COMMISSION

SPONSORED BY: Planning Board & Conservation Commission

To see if the Town will vote to transfer the care, custody and control of a certain parcel of property shown as Lot 82 of Block 3 on Assessor's Map 4 located off Courtland Street (Old Sawmill Estates Cluster Open Space), from the Board of Selectmen to the Conservation Commission; or take any action relative thereto.

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 7th day of October A.D. 2015.

Joseph P. Marsden, Chairman

John D. Leary, Jr., Vice Chairman

Kevin P. Conley, Clerk

BOARD OF SELECTMEN

I have this _____ day of October 2015 posted true copies, attested, of the within Warrant on and within the Town Hall, as herein directed.

Constable

A true record, ATTEST:

Elizabeth Greendale, Town Clerk