



TOWN OF TYNGSBOROUGH
Strategic Financial Planning Committee
25 Bryants Lane
Tyngsborough, MA 01879

FROM: Strategic Financial Planning Committee SPPC
TO: Board of Selectmen
CC: Finance Committee
School Committee
DATE: January 7, 2011
RE: Final Long-Term Financial Report and Committee Close-Out

As you know, the Strategic Financial Planning Committee presented its draft final report to the Board of Selectmen, Finance Committee, and School Committee at a Tri-Board meeting on December 20, 2010. On Thursday, January 6, 2011, the Strategic Financial Planning Committee adopted the attached as its final long-term financial report.

The Committee believes it has fulfilled its charge and that it may now be disbanded. It is the Committee's recommendation that the Finance Committee continue the work of monitoring and updating this report.

**DRAFT REPORT
STRATEGIC FINANCIAL PLANNING COMMITTEE
DECEMBER 20, 2010**

- 1. Summary Description of Committee and Mission**
- 2. Assumptions**
- 3. Three Year Plan, FY 2012, 2013 and 2014**
 - a. Page 1 – General Fund Expenditures, Town and School Operating
 - b. Page 2 – Debt, Town Meeting Article Expenses, and Misc Other Expenses
 - c. Page 3 – Capital Items and Total Expenses
 - d. Page 4 – Revenue Sources and Net Surplus (Deficit)
 - e. Page 5 – Sewer Enterprise Expenses and Revenue
 - f. Page 6 – Detail of “Other Expenses” in General Fund Expenditures
- 4. Risks and Opportunities**
- 5. Preliminary Report to the BOS, April 2, 2009**

**TOWN OF TYNGSBOROUGH, MASSACHUSETTS
DRAFT REPORT
FROM
STRATEGIC FINANCIAL PLANNING COMMITTEE
DECEMBER 20, 2010**

1. **INTRODUCTION** The Strategic Financial Planning Committee (SFPC) is providing this final report with its recommendations based on its research the last two years, culminating in a focus on three year financial planning the last several months. A preliminary report was prepared April 2, 2009 and presented to the Board of Selectmen (BOS).
2. **PURPOSE OF THE COMMITTEE** The SFPC was established in 2008 by the BOS to review, evaluate and provide a written report with recommendations on the financial sustainability of the town and school operations for three fiscal years-2010, 2011 and 2012.

Due to financial constraints because of growth in expenses and reduction in state aid, focus was placed on the 2010 fiscal year and achieving a balanced budget, while evaluating areas of improvements in organizational structure, programs, costs and revenues.

See the details in the preliminary report, sections 4 and 5 for details of the research and recommendations provided to the BOS. The Preliminary Report is attached after the Risk & Opportunities section of the 2012-2014 Financial Plan. The Preliminary Report contains key information which is not being reiterated, but due to its importance, is being incorporated in its entirety as part of the final report.

3. **COMMITTEE MEMBERS AND MEETINGS** – The current committee is made up of two Selectmen (Robert Jackson who has been on the committee since inception and Ashley O’Neill who joined the committee in June, 2010. Richard Lemoine was a member from inception after transfer of his seat to Ashley O,Neill has continued to attend meetings), two Finance Committee (FC) members, (John Griffin and Ken Times, both on the committee since inception), two school committee members (Burt Buchman since inception and Collin Manzo since June, 2009), one citizen at large (Karyn Puleo, on since inception). School Superintendant Donald Ciampa and Town Administrator Michael Gilleberto have participated in discussions and provided data. The committee meets monthly or as needed. Upon acceptance of the final SFPC report, the committee will have met the mission statement.
4. **THREE YEAR FINANCIAL PLAN** – the committee has focused its efforts on establishing a base-line 3 year plan to provide the town a basis of financial projections of FY 2012, 2013 and 2014. To provide the base-line, financial assumptions were agreed and are attached to this report. The Financial Report is attached and is comprised of 6 pages. It is important to note that the plan does not stand alone and both the Assumptions and the Risks and Opportunities must also be considered in the budget process and when determining the potential for a surplus or deficit in the operating budget. The purpose of this committee was to build a tool that may be used as a guideline in the planning process and to communicate the need for constant financial diligence and planning

Assumptions utilized in the Town of Tyngsborough's long-term financial forecast

- FY 2008 numbers are budgeted; FY 2009-2010 is budgeted and actual; FY 2011 is budgeted reflecting November 16, 2010 Town Meeting; FY 2012-2014 are projected

Expenditure assumptions:

- 0% cost of living increase for all Town employees
- 2.2% step increase for Town Clerical Union employees only (per contract)
- Step increases for schools where applicable
- 3% growth for all other general government and school expenditures
- Level waste disposal tonnage based on three year average
- 6% growth on police and fire insurance
- 15% growth on health insurance
- 4.5% growth on retirement; could change as losses from 2008 catch up to the Retirement System
- level on workers compensation, unemployment, and life insurance
- 4% growth on FICA
- 3% growth on general insurance
- 15% growth on Technical School assessment & transportation assumes level per-student cost factored with number of students certified October 1
- Debt schedule will need to be adjusted to reflect short-term borrowing implemented in August
- Overlay kept level
- 15% increase in annual state assessments
- 3.6% increase in SPED tuition
- Transition of larger 7th grade class to high school will impact staffing model
- Current school staffing deficiencies are not addressed in the projected years
- Impact of large-scale housing developments on enrollment is not included in school projections
- Level cherry sheet offsets
- \$575,000 annual snow and ice deficit; reduced in FY 2012 due to Special Town Meeting use of Free Cash to increase snow appropriation
- No provisions for capital purchases in 2012-2014

Revenues:

- Property tax revenue growth at 2.5% plus \$300,000 new growth in FY 2012 and 2013; \$310,000 in FY 2014
- state aid (including Chapter 70) level
- Auto excise level
- Meals tax now included, at \$180,000 in FY 2011 and \$195,000 for FY 2012-2014

Town of Tyngsborough
Draft Long-Term Financial Plan

Total Education	\$20,186,697	\$20,606,073	\$20,582,739	\$19,983,431	\$20,029,700	\$20,544,027	\$21,656,388	\$22,664,185	\$23,786,947
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Town of Tyngsborough
Draft Long-Term Financial Plan

	FY 2008	FY 2009	FY 2009	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Budget	Budget	Actual	Budget	Actual	Budget	Projected	Projected	Projected
Debt:									
Debt Principal & Interest (Non-Exempt)	\$233,407	\$373,868	\$374,586	\$328,665	\$332,397	\$330,957	\$419,320	\$416,393	\$416,393
Debt Principal & Interest (Prop 2 1/2 Exempt)	\$1,222,548	\$1,164,450	\$1,164,450	\$1,108,714	\$1,108,714	\$445,365	\$436,178	\$429,522	\$426,522
Subtotal	\$1,455,955	\$1,538,328	\$1,539,046	\$1,437,299	\$1,441,111	\$776,322	\$855,498	\$842,915	\$842,915
Other Expenses (Town Meeting Articles):									
Arbitrage (STM 10/1/05; ATM 5/18/06; STM 10/10/06)									
Government Study (ATM 5/17/05)									
Various (STM 10/10/06)									
Various (STM 5/20/08)		\$9,526	\$9,526						
Various (STM 10/9/07)									
less Encumbrances & Carry Forwards									
Various (5/18/10; 11/16/10)						34,500			
School Lunch Fund/Scrubbbers (STM 2/10/09; 11/16/10)		\$40,000	\$40,000			10,000			
Subtotal	\$0	\$49,526	\$49,526			\$44,500			
Grand Total Adjusted General Fund Budget	\$30,080,834	\$30,920,703	\$31,228,379	\$29,909,577	\$29,960,105	\$30,470,960	\$31,698,649	\$32,959,610	\$34,357,076
Reserve For Abatelements	\$172,070	\$238,626	\$238,626	\$302,023	\$302,024	\$304,940	\$240,000	\$240,000	\$240,000
State/County Assessments	\$257,869	\$282,234	\$333,943	\$507,646	\$608,193	\$694,040	\$798,146	\$917,868	\$1,065,548
Cherry Sheet Offsets (Spec. Rev.)	\$161,863	\$128,332	\$193,251	\$189,609	\$175,182	\$194,113	\$191,000	\$191,000	\$191,000
Snow & Ice Deficit	\$160,219	\$500,000	\$500,000	\$551,453	\$551,453	\$226,388	\$475,000	\$575,000	\$575,000
Other Deficits/Assessments	\$0	\$2,134	\$2,134	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$752,021	\$1,162,326	\$1,267,954	\$1,550,731	\$1,536,852	\$1,419,481	\$1,704,146	\$1,923,868	\$2,061,548
Total Expenses	\$30,832,855	\$32,083,029	\$32,496,333	\$31,460,408	\$31,596,957	\$31,890,441	\$33,402,795	\$34,883,478	\$36,428,624

Town of Tyngsborough
Draft Long-Term Financial Plan

Capital Items:	FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Fire Turn Out Gear	\$49,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
School Roof Replacement - Phase II - ECC (\$185,000, 1st yr. interest)	\$8,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
Fire Breathing Apparatus	\$47,000	\$48,390	\$48,000	\$46,390	\$0	\$0	\$0	\$0							
Highway Dump Truck with Plow	\$0	\$50,000	\$50,000	\$43,493	\$0	\$0	\$0	\$0							
Financial Software Upgrade	\$0	\$85,000	\$85,000	\$87,282	\$0	\$0	\$0	\$0							
Technology Upgrade - Elementary School	\$0	\$25,000	\$25,000	\$25,000	\$0	\$0	\$0	\$0							
Boilers Replacement - Middle School - Borrow \$375,000 in FY09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
Fire Truck Replacement - Borrow \$400,000 in FY09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
Fire Dept. Building Study Update	\$0	\$0	\$0	\$0	\$15,000	\$15,000	\$0	\$0							
Fire Dept. Pick-up Truck	\$0	\$0	\$0	\$0	\$30,000	\$30,000	\$0	\$0							
Highway Dept. One-ton Truck	\$0	\$0	\$0	\$0	\$50,000	\$39,155	\$0	\$0							
School Technology Upgrades	\$0	\$0	\$0	\$0	\$43,000	\$43,000	\$0	\$0							
School Paving Projects	\$0	\$0	\$0	\$0	\$45,000	\$45,000	\$0	\$0							
School Pickup Truck	\$0	\$0	\$0	\$0	\$0	\$0	\$26,515	\$26,515							
					\$104,900	\$182,145	\$183,000	\$172,155							
Subtotal					\$208,000	\$182,145	\$183,000	\$172,155							
Capital Asset Stab. Fund (Free Cash transfer STM 10/1/06; ATM 5/1/07)	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0							
Capital Asset Stab. Fund (Free Cash transfer STM 10/31/07; ATM 5/20/08)	\$200,000	\$74,000	\$74,000	\$74,000	\$0	\$0	\$0	\$0							
Capital Asset Stab. Fund (Free Cash transfer STM 2/1/09; 1/1/10)	\$0	\$200,000	\$200,000	\$200,000	\$228,100	\$228,100	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	
					\$274,000	\$274,000	\$228,100	\$228,100	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	
Subtotal	\$230,000	\$274,000	\$274,000	\$274,000	\$482,000	\$456,145	\$411,100	\$400,255	\$226,515	\$200,000	\$200,000	\$200,000	\$200,000		
Total Capital Items	\$334,900	\$482,000	\$482,000	\$456,145	\$411,100	\$400,255	\$226,515	\$226,515	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000		
Total Expenses & Capital Items	\$31,167,755	\$32,952,478	\$32,565,029	\$32,952,478	\$31,871,508	\$31,997,212	\$32,116,956	\$33,602,795	\$35,083,478	\$38,628,624	\$38,628,624	\$38,628,624	\$38,628,624		

Town of Tyngsborough
Draft Long-Term Financial Plan

	FY 2008	FY 2009	FY 2010	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Budget	Budget	Budget	Actual	Budget	Budget	Projected	Projected	Projected
Revenues:									
Real Estate & Piers Property Taxes:									
Tax Levy Limit Last Year	\$16,778,240	\$17,618,781	\$18,400,177	\$18,400,177	\$18,400,177	\$19,139,266	\$19,980,922	\$20,780,445	\$21,599,956
Additional 1 1/2 %	\$419,458	\$440,470	\$460,004	\$460,004	\$460,004	\$478,482	\$489,523	\$519,511	\$539,999
New Construction	\$421,085	\$340,926	\$279,084	\$279,084	\$279,084	\$363,175	\$300,000	\$300,000	\$310,000
Levy Limit	\$17,618,781	\$18,400,177	\$19,139,266	\$19,139,266	\$19,139,266	\$19,980,922	\$20,780,445	\$21,599,956	\$22,449,956
Subtotal	\$17,618,781	\$18,400,177	\$19,139,266	\$19,139,266	\$19,139,266	\$19,980,922	\$20,780,445	\$21,599,956	\$22,449,956
Debt Princ. & Int. - Prop. 2 1/2 Exempt:	\$1,210,215	\$1,184,460	\$1,108,714	\$1,108,714	\$1,108,714	\$445,366	\$436,176	\$426,522	\$426,522
Less: State Aid School Construction	-\$876,656	-\$876,656	-\$876,656	-\$876,656	-\$876,656	-\$876,656	0	0	0
Less: Bond Premiums on Excluded Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Excluded Debt Added to Tax Levy	\$333,559	\$287,804	\$232,058	\$232,058	\$232,058	-\$431,290	\$436,176	\$426,522	\$426,522
State Aid 'Cherry Sheet' & Other: Using Governor's Budget:	\$17,962,340	\$18,687,981	\$19,371,323	\$19,371,323	\$19,371,323	\$19,649,632	\$21,216,623	\$22,026,478	\$22,876,477
Chapter 70	\$7,143,648	\$7,502,677	\$6,713,664	\$6,713,664	\$6,713,664	\$6,323,083	\$6,923,083	\$6,923,083	\$6,923,083
School Construction	\$876,656	\$876,656	\$876,656	\$876,656	\$876,656	\$876,656	\$0	\$0	\$0
SBAB ECC Roof			\$274,814						
ARRA/SFSF			\$789,019						
Veterans' Benefits	\$33,822	\$77,836	\$90,228	\$90,228	\$90,228	\$135,435	\$0	\$0	\$0
Direct Expenditure Offsets (Spec. Rev.)	\$161,863	\$129,332	\$144,096	\$147,875	\$147,875	\$171,590	\$171,590	\$171,590	\$171,590
All Other State Aid	\$1,411,304	\$1,433,959	\$1,181,048	\$1,456,870	\$1,456,870	\$1,192,468	\$1,192,468	\$1,192,468	\$1,192,468
State Aid	\$9,627,091	\$10,020,460	\$9,744,032	\$10,009,206	\$10,009,206	\$9,493,344	\$9,478,141	\$9,478,141	\$9,478,141
Subtotal	\$1,430,000	\$1,430,000	\$1,300,000	\$1,405,798	\$1,405,798	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Auto Excise Tax	\$920,915	\$865,000	\$746,600	\$828,660	\$828,660	\$655,360	\$700,000	\$700,000	\$700,000
All Other Local Receipts			\$0	\$136,548	\$136,548	\$180,000	\$185,000	\$185,000	\$185,000
Meals Tax			\$0	\$22,841	\$22,841	\$15,000	\$15,000	\$15,000	\$15,000
Hotel/Motel Tax			\$0	\$103,289	\$103,289	\$95,000	\$95,000	\$95,000	\$95,000
Other Financing Sources (Sewer, Dog Fees)	\$54,000	\$78,396	\$106,412	\$106,412	\$106,412	\$0	\$0	\$0	\$0
Free Cash for Operating Budget (STM 10/10/06; ATM 8/15/07)	\$600,000	\$0	\$0	\$0	\$0	\$150,000	\$0	\$0	\$0
Free Cash for Stabilization Fund (STM 10/10/06; ATM 8/15/07)	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Free Cash for Capital Asset Stab. Fund (STM 10/10/06; ATM 8/15/07)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Free Cash for Capital Asset Stab. Fund (STM 10/10/07; AT	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000
Free Cash for Capital Asset Stab. Fund (STM 10/10/07; AT	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Other: Vespel Development for Hwy Lease Payment	\$0	\$47,000	\$43,493	\$43,493	\$43,493	\$0	\$0	\$0	\$0
Other: Use Highway Machinery Fund Reserve	\$0	\$9,526	\$9,526	\$9,526	\$9,526	\$0	\$0	\$0	\$0
Other: Use Capital Asset Stab. Fund (ATM 2/16/07; ATM 5/20/08)	\$146,500	\$181,000	\$160,966	\$166,809	\$166,809	\$0	\$0	\$0	\$0
Other: Use Real Estate Proceeds Fund (STM 10/9/07; ATM 5/20/08)	\$200,000	\$425,000	\$425,000	\$0	\$0	\$0	\$0	\$0	\$0
Free Cash for Operating Budget (STM 2/10/08; ATM 6/16/08; 5/16/10; 11/16/10)	\$152,500	\$152,500	\$152,500	\$155,068	\$155,068	\$69,500	\$0	\$0	\$0
Free Cash for School Medicare	\$44,212	\$44,212	\$44,212	\$107,103	\$107,103	\$83,060	\$75,000	\$75,000	\$75,000
Free Cash for School Lunch Fund (STM 2/10/09)	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other: Health Insurance to School Lunch and Budget (STM 2/10/09)	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Free Cash for Capital Asset Stab. Fund (STM 2/10/09; 11/16/10)	\$200,000	\$200,000	\$200,000	\$228,100	\$228,100	\$200,000	\$200,000	\$200,000	\$200,000
Other: Use Capital Asset Stab. Fund (STM 2/10/09; 11/16/10)	\$132,000	\$132,000	\$132,000	\$110,000	\$110,000	\$228,100	\$200,000	\$200,000	\$200,000
Free Cash Unused vs 6/30/08 - \$196,876 - \$196,712 - \$25,000 - \$200,000 - \$100,000 = \$7,163									
Overlay Surplus				\$20,077	\$20,077	\$0	\$0	\$0	\$0
Excess Circuit Breaker closed to General Fund				\$56,939	\$56,939	\$0	\$0	\$0	\$0
Claims Trust Funds used for Health Insurance				\$19,168	\$19,168	\$0	\$0	\$0	\$0
Subtotal	\$3,602,415	\$3,868,634	\$4,094,041	\$3,365,746	\$3,365,746	\$3,076,010	\$2,880,000	\$2,880,000	\$2,880,000
Total Revenues	\$31,181,846	\$32,577,075	\$33,301,321	\$32,746,275	\$32,746,275	\$32,118,986	\$32,574,764	\$33,384,619	\$34,234,618
Surplus (Deficit) w/All Capital Items	\$14,091	\$12,046	\$248,843	\$749,063	\$749,063	\$2,030	(\$1,028,032)	(\$1,698,860)	(\$2,394,007)

RISKS and OPPORTUNITIES
TOWN OF TYNGSBOROUGH, MASSACHUSETTS
DRAFT REPORT FROM STRATEGIC FINANCIAL PLANNING COMMITTEE 12/20/2010

Risks	Opportunities
1 Increased student population from new housing projects could strain the resources at the schools, buildings, personnel, etc	1 Free cash (potential of \$600K for the FY12 budget)
2 Increased general population from new housing projects could strain the resources - fire, police, senior srvs, etc	2 Revenue from a trash fee town wide
3 Further reductions of state aid including chapter 70 or changes in state funding formulas	3 Health Plan savings opportunities
4 Increasing student population at the GLRVTHS and charter schools, causing increasing costs through the cherry sheets	4 Collection of the pole tax but it currently stays in the overlay due to the potential for suit
5 Decreasing free cash	5 Westford Road Development revenues
6 Call Fire Department funding vs. Full Time staffing funding	6 Regionalization of services
7 Increased cost for a full time Veteran's Agent due to population metric	7 Additional meals tax growth over budget (Free cash)
8 Succession planning across departments to ensure continuity	8 Build out of Middlesex road contingent on water and sewer access
9 Need for IT centralization - schools and town	9 TECC space
10 Capital budget needs not being met due to lack of available funding	10 Proposition 2 1/2 override or capital debt exclusion
11 Vocational school capital need assessments	11 Development of Town Center Overlay District
12 Unfunded education mandates	
13 Unfunded vacation and sick benefits on the town side	
14 Unfunded town meeting mandates	
15 Record Retention - space and electronic	
16 Lack of centralized Human Resources	

TOWN OF TYNGSBOROUGH, MASSACHUSETTS
PRELIMINARY REPORT
FROM
STRATEGIC FINANCIAL PLANNING COMMITTEE
APRIL 2, 2009

1. INTRODUCTION

The Strategic Financial Planning Committee is providing this preliminary report with recommendations based on its research in the last several months. The Committee has primarily focused on making recommendations for Fiscal Year 2010 in this report. The Committee will continue to do research and make recommendations for Fiscal Year 2011 and Fiscal Year 2012.

The following information provides some background on the Committee, its research, and recommendations.

2. PURPOSE OF COMMITTEE

The Tyngsborough Strategic Financial Planning Committee was established in 2008 by the Board of Selectmen to review, evaluate, and provide a written report with recommendations on the financial sustainability of town and school operations for three fiscal years (Fiscal Years 2010, 2011, 2012).

The Committee is focused on developing recommendations for improvements in organizational structure, services, programs, costs, and revenues. The Committee has deemed important those areas that streamline programs and services through reductions in operating expenses, enhancing new revenues, regionalization of services, and assuring quality of services.

3. COMMITTEE MEMBERS AND MEETINGS

The Committee is composed of 2 Selectmen (Richard Lemoine, Karyn Puleo), 2 School Committee members (Burt Buchman, Shaun McCarty), 2 Finance Committee members (John Griffin, Ken Times), and 1 citizen at-large (Robert Jackson). School Superintendent Darrell Lockwood and Town Administrator Rosemary Cashman have participated in the discussion.

The first meeting of the Committee was held on September 23, 2008. Since that time, the Committee has met approximately two to three times per month.

4. RESEARCH

A. Meetings with Department Managers

The Committee has held meetings with Department Managers for the town and school. See attached list. Prior to these meetings, the managers had completed a questionnaire developed by the Committee.

In their written reports and discussion at the meetings, the managers provided answers to questions in such areas as: services provided, organizational structure, work schedules, strengths, weaknesses, opportunities, threats, critical concerns, training levels, best management practices, areas for improvement, communication process, evaluation process, cost efficiencies, regionalization, and outsourcing of services.

B. Development and Prioritization of Issues

The Committee has discussed the information provided by Department Managers. As a result of that discussion, the Committee has been generating the following information to provide guidance in their decisions.

Core vs. Non-Core Services. The Committee has been reviewing mandated and non-mandated services. The Committee will continue to define these services and incorporate the information into their future recommendations.

Issues by Subject Matter. The Committee has developed a list of issues by subject matter, many of which will continue to require additional study by the Committee. These issues include: human resources, health insurance, pension, regionalization within and outside the organization, facilities, revenues, purchasing, utilities, capital plan, debt service, state issues involving state aid and special education, technology, records management and storage, reserve policies, general polices, public relations, and budget estimates. See attached list.

C. INITIAL PRIORITIES UNDER REVIEW

The Committee has decided to focus initially on budget issues for FY10. At the present time, the budget is out of balance by more than 2 million dollars. In particular, the Committee has done research in 3 areas – Human Resources, Fees and Revenues, and Regionalization.

a. Human Resources

Salaries and benefits comprise the vast majority of town and school expenses. At this point, the Committee has done the following.

1. Employee Salaries and Benefits. The Committee has developed the attached spreadsheet of salaries and benefits. This spreadsheet shows that the salary increases for FY10 will be approximately \$1,000,000. Also, this spreadsheet shows the costs for such benefits as vacation leave, sick leave buyback, longevity, and educational incentives. The spreadsheet is a vital tool in making decisions about employee costs.

2. Health Insurance. The Committee has researched health insurance plans and costs from regional and state providers. Collective bargaining would be necessary to make any changes in health insurance. Union contracts expire at the end of FY10.

Existing Health Plans. The Town belongs to a regional consortium of communities that purchases health insurance. The health plans used by most employees are Harvard Pilgrim and Tufts. These plans are typically less expensive than Blue Cross Blue Shield plans. The Town's rates for FY10 will increase by approximately 6% to 7% for most employees. Based on the estimated number of subscribers and the increase in the contribution rate of 2.5% for many employees, the increase in the health budget will be approximately \$44,000 in FY10 (1.4% budget increase).

Ratesaver Health Plans. The regional consortium will be offering a new "Ratesaver" plan in FY10 that will provide a 10% decrease in premiums for the employee and employer. However, the copayments and deductibles are higher than the existing health plans.

For FY10, employees will be allowed to decide whether to participate in the "Ratesaver" plan. The estimated annual savings for the Town is \$300,000 if all employees and retirees subscribed to the "Ratesaver" plan.

State GIC Health Plans. The State GIC health insurance plan provides reduced premiums. However, the copayments and deductibles are higher than the existing health plans. Also, the State GIC plan requires the Town to charge the same contribution rates for employees and retirees enrolled in the same plan. This poses a problem for Tyngsborough in that the Town has established higher contribution rates for new employees and retirees not eligible for medicare.

Furthermore, with the State GIC plan, the Town would be required to accept M.G.L. Ch. 32B, sec. 19, which requires that an insurance advisory committee of employees and a retiree be formed, and which gives voting authority by proportion of the group (i.e., The teachers would likely control any changes in health coverage). A 70% vote of the representatives of the committee is required to approve any changes.

The estimated annual savings for the Town is \$275,000 if all employees and retirees subscribed to the State GIC plan.

A community must inform the State GIC by October 1 if the community wishes to join the State plan. Insurance will be effective the following July 1. The agreement between the community and State must be for a minimum of 3 years.

3. Meetings with Employees. Meetings have been or will be held with employees to discuss the balancing of the FY10 budget, wage issues, potential layoffs, and the possibility of regionalization of services.

b. Fees and Revenues

Fees and other revenue sources are being explored by the Committee as a way to help balance and sustain the budget.

1. Meals Tax (\$150,000 - \$300,000). There has been much discussion about the implementation of a meals tax at the local level. This will first require that the State legislature vote to allow this option for communities. The Town has requested that its legislators approve this option. If approved, the Town may generate approximately \$150,000 with a 1% meals tax, and \$300,000 with a 2% meals tax. The Committee believes that customers will continue to go to restaurants despite a higher meals tax. Currently, the State of Massachusetts has a meals tax of 5%, and the State of New Hampshire has a meals tax of 8%.
2. Telecommunications Pole Tax (\$60,000). Currently, telecommunications poles and wires located on public ways are exempt from taxation. It is hoped that this exemption will become null and void either by new legislation approved at the State level or by the settlement of litigation. This pole tax would generate approximately \$60,000.
3. Sale of Town Property (\$150,000 and higher). The Town owns numerous acres of vacant land. The Committee has discussed its possible sale. The advantages are: 1) the initial lump sum revenue, and 2) annual revenue from taxes. The disadvantages are: 1) the lump sum revenue is one-time only and will not be generated on an annual basis, and 2) school children may reside in the new homes, and the cost of their education will possibly negate the lump sum revenue and tax revenue.

In addition, there are general concerns about whether citizens want to sell town-owned land and what the impact will be on neighborhoods.

4. Solid Waste Fees (\$500,000). The Committee has performed much research on solid waste fees. The Town does not currently charge a fee to offset the cost of more than \$800,000 for the collection and disposal of solid waste.

The Committee believes that the Town should begin to charge a fee that will offset some of the costs of providing this service. A fee of \$180 could be charged. Approximately \$500,000 in fees would be generated. The collection and disposal of solid waste by the Town is not mandatory, and those who do not want to pay a fee can opt out of the service.

More than 120 communities throughout the State charge fees for solid waste services.

The process for the billing and collection of the fees is being studied. Costs are being obtained on performing this task in-house and by an outside contractor.

Also, there has been discussion about whether to do the billing on a quarterly or semi-annual basis.

Regulations will be needed.

c. Regionalization

Currently, the Town participates with some surrounding communities in the regional purchasing of such services as animal control, solid waste collection and disposal, health insurance, and planning.

The Committee has discussed the possibility of the regionalization of other services in such areas as Library, Recreation, Council on Aging, Health, Inspectional Services, Veterans Services, 911 Dispatch, High School, Special Education, and School Transportation.

The Committee recognizes that much time and research will be required to determine if the regionalization of any other services makes sense. It is highly unlikely that there will be any recommendations for FY10. However, given the ongoing economic constraints, the Committee believes that it is imperative to continue the research on this issue in anticipation that there will be recommendations for FY11 and FY12 that will help the Town in developing a sustainable budget.

Some specific items that the Committee has been reviewing are:

1. The Committee has developed a format for the review of various departments, including the Library, Recreation, Council on Aging, Health, Inspectional Services, Veterans Services, 911 Dispatch.
2. At the Committee's request, the Selectmen and School Committee sent letters to surrounding communities to participate in a discussion about possible regionalization of services. The communities are interested, and meetings will be held.
3. The Committee is concerned about the annual assessment for operating and capital costs of the Greater Lowell Technical High School. A meeting has been scheduled with the 4 communities involved in this regional school (Dracut, Dunstable, Lowell, Tyngsborough).
4. The Committee plans to reach out to any agencies that may provide an opportunity for regionalization. So far, a meeting has been scheduled with the Nashoba Associated Boards of Health.

5. RECOMMENDATIONS

The Committee makes the following recommendations:

A. Human Resources

- a. Meetings and Negotiations. Work with employee groups on reducing the costs for salaries and benefits to help balance the budget for FY10. Without reductions, layoffs are likely.

B. Fees and Revenues

- a. Meals Tax. Work with State legislators on the implementation of legislation that will allow communities to implement a meals tax at their option.
- b. Telecommunications Pole Tax. Work with State legislators on the implementation of legislation that will allow telecommunications poles and wires located on public ways to be taxed.
- c. Sale of Town Property. Do not sell any Town property at this time.
- d. Solid Waste Fees. Implement a solid waste fee to help offset the cost for the collection and disposal of solid waste. The goal is that at least \$500,000 in fees be generated. The recommended fee per household is \$180. Since the collection and disposal of solid waste by the Town is not mandatory, households may opt out of the program. Regulations will need to be developed. The billing and collection process can be done in-house or by an outside contractor. The bills should be sent quarterly.

C. Regionalization

- a. Completion of Forms. Complete the information on the forms developed by the Committee for various departments that may be regionalized.
- b. Community Meetings. Meet with surrounding communities to discuss the possibility of the regionalization of services such as Library, Recreation, Council on Aging, Health, Inspectional Services, Veterans Services, 911 Dispatch, High School, Special Education, and School Transportation.
- c. Greater Lowell Technical High School. Meet with the 4 communities comprising the GLTHS (Dracut, Dunstable, Lowell, Tyngsborough) to discuss the annual assessment for operating and capital costs. Meet with representatives of GLTHS.
- d. Other Agencies. Meet with other agencies such as the Nashoba Associated Boards of Health to understand their services and determine if there is any possibility for regionalization.

D. Future Research

- a. Review the list of issues by subject matter and prioritize the next items to be researched.

Strategic Financial Planning Committee

**Meetings with Managers, Directors, Supervisors
2008**

Department	Date	Time	Location
Town Accountant	Monday, October 27	6:00 – 6:25 p.m.	Town Offices Meeting Room
Town Treasurer	Monday, October 27	6:25 – 6:50 p.m.	Town Offices Meeting Room
Council on Aging Director	Monday, October 27	6:50 – 7:15 p.m.	Town Offices Meeting Room
Zoning Board Chairman	Monday, October 27	7:15 – 7:40 p.m.	Town Offices Meeting Room
Conservation Comm. Chairman	Monday, October 27	7:40 – 8:05 p.m.	Town Offices Meeting Room
School – Facilities Director	Monday, October 27	8:05 – 8:30 p.m.	Town Offices Meeting Room
Veterans Director	Tuesday, October 28	3:00 – 3:25 p.m.	Town Offices Meeting Room
Conservation Director	Tuesday, October 28	3:25 – 3:50 p.m.	Town Offices Meeting Room
Building Commissioner	Tuesday, October 28	3:50 – 4:15 p.m.	Town Offices Meeting Room
Health Administrator	Tuesday, October 28	4:15 – 4:40 p.m.	Town Offices Meeting Room
Town Clerk	Tuesday, October 28	4:40 – 5:05 p.m.	Town Offices Meeting Room
Library Director	Tuesday, October 28	5:05 – 5:30 p.m.	Town Offices Meeting Room
Recreation Director	Tuesday, October 28	5:30 – 5:55 p.m.	Town Offices Meeting Room
Health Board Chairman	Tuesday, October 28	5:55 – 6:20 p.m.	Town Offices Meeting Room
Council on Aging Chairman	Tuesday, October 28	6:20 – 6:45 p.m.	Town Offices Meeting Room
General Review	Tuesday, October 28	6:45 – 7:10 p.m.	Town Offices Meeting Room
Assessors Board Chairman	Tuesday, October 28	7:10 – 7:35 p.m.	Town Offices Meeting Room
Planning Board Chairman	Tuesday, October 28	7:35 – 8:00 p.m.	Town Offices Meeting Room
Town Collector	Thursday, November 6	6:00 – 6:25 p.m.	Town Offices Meeting Room
Fire Chief	Thursday, November 6	6:25 – 7:10 p.m.	Town Offices Meeting Room
Police Chief	Thursday, November 6	7:10 – 8:10 p.m.	Town Offices Meeting Room
Town Technology Director	Thursday, November 6	8:10 – 8:35 p.m.	Town Offices Meeting Room
Fire Board of Engineers Chrmn.	Thursday, November 6	8:35 – 9:20 p.m.	Town Offices Meeting Room
Recreation Comm. Chairman	Saturday, November 8	8:00 – 8:30 a.m.	Town Offices Meeting Room
School – Finance Director	Saturday, November 8	8:30 – 9:00 a.m.	Town Offices Meeting Room
School – Special Educ. Director	Saturday, November 8	9:00 – 9:30 a.m.	Town Offices Meeting Room
School – Middle Principal	Saturday, November 8	9:30 – 10:00 a.m.	Town Offices Meeting Room
School – Technology Director	Saturday, November 8	10:00 – 10:30 a.m.	Town Offices Meeting Room
School – Athletics Director	Saturday, November 8	10:30 – 11:00 a.m.	Town Offices Meeting Room
School – ECC Principal	Saturday, November 8	11:00 – 11:30 a.m.	Town Offices Meeting Room
School – High Principal	Saturday, November 8	11:30 – 12:00 p.m.	Town Offices Meeting Room
School Committee Chairman	Saturday, November 8	12:00 – 12:30 p.m.	Town Offices Meeting Room
School – Elementary Principal	Saturday, November 8	12:30 – 1:00 p.m.	Town Offices Meeting Room
Sewer Supt. and Administrator	Wednesday, November 12	6:00 – 6:30 p.m.	Town Offices Meeting Room
Highway Administrator	Wednesday, November 12	6:30 – 7:30 p.m.	Town Offices Meeting Room
Sewer Comm. Chairman	Wednesday, November 12	7:30 – 8:00 p.m.	Town Offices Meeting Room
Library Trustees Chairman	Wednesday, November 12	8:00 – 8:25 p.m.	Town Offices Meeting Room
Capital Asset Mgt. Comm.	Wednesday, November 12	8:25 – 9:00 p.m.	Town Offices Meeting Room

EXECUTIVE SUMMARY
ISSUES FOR REVIEW BY SUBJECT MATTER
STRATEGIC FINANCIAL PLANNING COMMITTEE

1. **Human Resources**
2. **Health Insurance**
3. **Pension**
4. **Regionalization (within and outside the organization)**
5. **Facilities**
6. **Revenues**
7. **Purchasing**
8. **Utilities**
9. **Capital Plan**
10. **Debt Service**
11. **State**
12. **Technology**
13. **Records Management and Storage**
14. **Reserve Policies**
15. **General Policies**
16. **Public Relations**
17. **Budget Estimates**

ISSUES FOR REVIEW BY SUBJECT MATTER
STRATEGIC FINANCIAL PLANNING COMMITTEE

1. Human Resources

- a) **Contracts with Union and Non-union Employees**
 - Review benefits, costs, and determine any possible changes
 - Coordinate negotiations between Town and Schools

- b) **Personnel By-law**
 - Review benefits and determine any possible changes

- c) **Elected vs. Appointed Positions**
 - Appoint Town Collector and combine with Town Treasurer
 - Appoint Town Clerk

- d) **Bi-weekly payroll**
 - Negotiate/implement bi-weekly payroll for all employees

- e) **Work Shifts**
 - Review coordination with custodians at Schools, custodian at Council on Aging, Highway Department
 - Review scheduling of custodians at schools
 - Review longer but fewer work days

- f) **Overtime**
 - Review costs and determine any changes to be made

- g) **Outsourcing**
 - Review items that can be outsourced:
 - Custodial and maintenance of buildings
 - Billing and lockbox for revenue collections

- h) **Software**
 - Review software for maintenance of personnel information

- i) **Aging Workforce/Succession Planning**
 - Veterans Director
 - Health Administrator
 - Firefighters

j) **Staffing Levels**

- Review staffing levels for Town Departments including the following:
 - Police: Review number of personnel and recommended reorganization, DARE and School Resource Officer, mutual aid with NH
 - Fire: Review number of personnel, call vs. full-time status, recruitment of youth, responders to Greater Lowell Regional Vocational School, mutual aid with NH
 - Ambulance: Review the possibility of an in-house ambulance service
 - Highway: Review number of personnel, snow/ice operations
- Review staffing levels for School Departments

2. Health Insurance

- a) Review existing regional health plan for costs and plan design
- b) Review State health plan for costs and plan design

3. Pension

- a) Review legal requirements of the State and determine if any changes can be made

4. Regionalization (within and outside the organization)

a) Within the Organization

- Town Collector and Town Treasurer
- Town Veterans and Town Council on Aging Departments
- Town Council on Aging Department and Early Childhood Center
- Town Recreation and School Athletics Departments
- Town and School Finance Departments
- Town and School Technology Departments, Town Media Department
- Town and School Libraries
- Town and School Facilities Maintenance, including Electrical and Plumbing/Gas
- Town Council on Aging, Town Health, School Nurses
- Middle School and High School programs

b) Outside the Organization

- Council on Aging
- Health
- Library
- Veterans
- Building Inspection
- Town Engineer
- Town Planner
- Police and Fire Dispatch/Communications
- ~~Schools – Secondary Education~~
- School Special Education
- School Transportation
- School Administration

5. Facilities

- a) Review operating costs for:
 - Council on Aging - new facility
 - Early Childhood Center - review building costs and alternatives for uses of the building
 - Elementary School - plowing of parking lot
 - Elementary School - maintenance of new playing fields
 - Campground - maintenance of renovations
 - Elections - number of polling locations
- b) Update study on possibility of new Fire Station
- c) Review building use policies
- d) Review condition of buildings and playing fields and their inclusion in the Capital Asset Management Plan, including school modular buildings
- e) Review leasing opportunities for buildings
- f) Review sharing of facilities with Notre Dame Academy, Innovation Academy Charter School, Greater Lowell Technical High School

6. Revenues

- a) Fees
 - Review fees and make recommendations for changes, including solid waste fees and recreation fees
 - Review the possibility of chargebacks for services provided at traffic accidents
 - Review the possibility of additional revenue from police tickets
 - b) Revolving Accounts
 - Review all revolving accounts for revenues received and items purchased
 - c) Advertising
 - What advertising, if any, should be allowed on municipal property, buildings, and vehicles?
 - d) Grants
 - Review existing grants
 - Determine availability of other grants
 - e) Economic Development
 - Estimate the tax revenue for future commercial/industrial buildings
 - Review the status and costs for sewer expansion
 - f) Assessors
 - Review additional assistance for assessment of personal property
-

7. Purchasing

- a) Joint
 - Review items that could be purchased jointly with town, schools, other municipalities, and agencies
- b) Vehicles
 - Review the purchasing process for vehicles
 - Review the purchasing of energy efficient vehicles
 - Review the user policy for vehicles
- c) Leasing
 - Review items that have been or could be leased
- d) State Purchasing Program
 - Review items that can be purchased from State bid list

8. Utilities

- a) Purchasing
 - Review purchasing process
- b) Energy Conservation
 - Determine items and costs for energy conservation
 - Determine funding sources, including grants
- c) Water Tank

9. Capital Plan

- a) Review capital items, funding sources, funding year

10. Debt Service

- a) Develop a debt policy outlining the amount, type (non-exempt, exempt), length
- b) Review whether any non-exempt debt should be re-voted as exempt debt

11. State

- a) State Aid
 - Estimate State Aid for FY10, FY11, FY12
 - b) Assessments
 - Estimate State Assessments for FY10, FY11, FY12
 - c) Special Education
 - Review costs and possible changes in laws
 - d) Charter Schools
 - Review costs and possible changes in laws
-

12. Technology

- a) Appoint a Technology Committee
- b) Develop a Technology Plan, including disaster recovery
- c) Determine staffing levels
- d) Develop budget
- e) Determine training needed for employees and whether this can be done in-house
- f) Review status of computer labs
- g) Review cable contracts and resources available

13. Records Management and Storage

- a) Determine costs and make recommendations for electronic and paper storage of records

14. Reserve Policies

- a) Determine reserve policies for:
 - Stabilization Fund
 - Capital Asset Stabilization Fund
 - Free Cash

15. General Policies

- a) School Class Size
- b) Deposits and Collection Methods
- c) Investments
- d) Bond Rating
- e) Snow Deficit
- f) Zoning regulations update

16. Public Relations

- a) Develop public relations measures

17. Budget Estimates

- a) Develop budget estimates for FY10, FY11, FY12