

ANNUAL TOWN MEETING
May 3, 2008
BACKGROUND INFORMATION

ARTICLES
1-6

Consent Agenda for More Routine Articles

This year the Town Moderator is continuing a practice introduced a few years ago, in which articles where debate will be limited, or those 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 five articles fall into this category.

Consent agenda articles include:

- Petition Calling for the Decommissioning of Vermont Yankee
- Receipt of Annual Reports
- Authority to Apply for, Receive and Expend Grants
- Annual Authorization of Hazmat Revolving Fund
- Setting the Salaries of Elected Officials
- Setting the Salaries of Appointed Officials

ARTICLE 7.

Departmental Appropriation Article. This article includes the FY 2009 operating budgets of the town departments, with the exception of the Water Pollution Control Facility, an enterprise fund funded under Article 10, the Colle Receipts Reserved for Appropriation (Article 12) and the Airport Enterprise (Article 13). It also does not include funds required to meet the town's assessments to the Gill-Montague Regional School District and Franklin County Technical School District, which are addressed under Articles 9 & 14.

The amount requested under the Recommended Budget in Article 7 (\$6,699,655) represents a \$230,449 or 3.6% increase over FY 2008. Employee benefits and debt service combined are projected to increase by a total of \$253,895 or 13.1% in the FY 2009 budget. All of the remaining budgets will actually experience a net reduction of \$23,446 or 0.005%. **Employee Benefits**, which includes Health Insurance and Pensions, increased by a total of \$143,245 or 8.6% over FY 2008. While Town **Health Insurance** costs overall will increase by \$110,000 or 12.2% under the proposed budget, the actual premium cost for the town plans will increase by only 7.3%, a rate that is considered well below the current industry norm of 10% to 13% increases. This suggests that movement of existing or replacement/new employees into the more expensive family plan accounts for the higher level of increase in health insurance. **Debt Service** will increase by \$110,000 or 40.36% in the FY 2009 budget. Most of this increase is attributable to the new annual debt service associated with the implementation of the combined sewer overflow (CSO) project – debt that is excluded under Proposition 2 ½.

The overall budget for all of the **Town Departments** will actually decrease by \$23,446 or .005% in the FY 2009 budget. In addition, **major cuts** have been made in several departmental budgets. These include the elimination of the part-time Town Nurse (-\$26,000), reduction in the Library Budget (-\$35,000), elimination of the Animal Control Officer (-\$39,000), elimination of the curbside recycling program (-\$41,000), elimination of the Parks and Recreation Department (-\$98,000), and the elimination of the Council on Aging Department(-\$36,000). The Board of Selectmen and Finance Committee are recommending an additional appropriation of \$250,000 to be added to the total departmental budgets contingent upon the passage of a **Proposition 2 ½ override**.

In the department budgets, the major driving forces behind the increases in the FY 2009 departmental budgets are increasing energy costs and solid waste disposal costs. **Energy** costs are projected to rise by \$34,405 and are scattered throughout the operating budget (heating oil/gas, gasoline and diesel fuel for DPW and Police vehicles). Three budget items alone - **Solid waste** collection and disposal (+\$60,854), **Veterans Benefits** (+\$43,000), and Sand & Salt (+\$12,315), or a total of \$116,069, account for about three fourths of the increase of non-energy expenses. Negotiated wage increases account for just over \$30,000 of the increase. The present budget includes only step increases (worth approximately 2% each) for eligible employees and no cost of living raises. The town has not completed labor negotiations with any of the unions for FY 2009.

ARTICLE 8. Contingent Override of Proposition 2 ½ (See Attached)

ARTICLE 9. Gill-Montague Regional School District Assessment.

Article 9 funds Montague's share of the cost of operating the Gill Montague Regional School District. The District has requested an assessment of \$7,935,253, which represents an increase of \$11.4% over the appropriation number voted in FY 2008. The Finance Committee and Board of Selectmen are recommending that the assessment be funded at \$7,002,683, which represents a \$120,160 or 1.7% cut from FY 2008.

There are many factors that help to explain the magnitude of the increase in the requested Gill-Montague Regional School District Assessment. Included among these are:

- **Instruction** costs are projected to increase by \$384,511 or 5.07%. The teaching line item alone increases by \$320,812 or 5.3% over FY 2008.
- **SPED** costs will increase by a total of \$227,502 in FY 2009. These costs are found in two categories: Tuition (private), which is projected to increase by \$191,502 or +42.6%. This category, alone, accounts for \$641,502 of all spending in the FY 2009 budget. Tuition Public will increase by \$36,000 or +14.3%
- **Fixed Charges/Insurance** costs, including health insurance will actually stabilize in FY 2009 (+\$13,456 or .004%) due to the entry of the GMRSD into the State's Group Insurance Commission (GIC) program. up \$314,410 or 9.5%. This is a major departure from the 20% increases

in health insurance that the District has experienced in the past three years.

- **Maintenance of buildings** costs will increase by \$65,711 or 4.4.0%.
- **Administration** costs are increasing by \$23,982 or 3.8% in FY 2009
- **School Services**, which include transportation, athletics, and food services, are up by \$15,304 or 1.49%.
- **Equipment** – budget also includes \$50,000 for the acquisition of a truck.
- **School Choice/Charter Out** costs will increase by \$143,678 or 18% in FY 2009. These expenditure categories alone now account for \$939,864 of the total budget.

It should be pointed out that the final cost center just described - tuitions for School Choice/Charter – probably has had more of an impact on the town’s operating budget than any single expenditure category. Since FY 2003, the Gill-Montague Regional School District has seen its Chapter 70 school aid decline by \$1.3 million. The District is currently receiving state aid at a level equivalent to what it received in FY 1999, the peak year of education reform aid. Reductions in state aid to the schools translate into higher assessments to the town.

ARTICLE 10. WPCF Enterprise Fund Operating Budget. This article contains the FY 2009 budget for the Montague Water Pollution Control Facility, roughly 90% of which is funded out of sewer user fees. The balance (\$186,244 or 9.7%) 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 (\$1,915,036) represents a \$106,744 or 5.9% increase over FY 2008. Approximately seventy percent of this amount is due to increased debt service for the Combined Sewer Overflow and other projects, a 22.6% increase. Smaller increases in wage and salary expenses (2% step only), along with increases in energy and employee benefits similar to those experienced in non-sewer budgets account for the remaining increase in the FY 2009 sewer budget.

ARTICLE 11. Purchase Pick Up Truck for the WPCF. Article 11 would appropriate the sum of \$35,000 from sewer user fees for the purpose of purchasing a ¾ ton pickup truck to replace an existing vehicle at the Water Pollution Control Facility.

ARTICLE 12. Colle Receipts Reserved for Appropriation. Article 12 appropriates the sum of \$93,957 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 entirely 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. FY 2009 is the second year that the full debt service costs associated with the reconstruction of the building will impact the budget. Rents generated through the leasing of space at the Colle currently cover all of the O&M costs associated with the facility.

ARTICLES 13

Airport Enterprise Fund Operating Budget. The Airport operating budget is financed through a combination of airport users fees and taxation. User fees currently comprise 54.6% (\$27,687) of the total airport operating budget. The remainder 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 14.

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 (\$678,881) represents a \$4,503 or 0.007% decrease from the FY 2008 assessment.

ARTICLE 15.

Replacement of Exterior Doors at the Sheffield School. This article would appropriate the sum of \$50,000 to replace the worst of the exterior doors at the Sheffield School for security and for energy efficiency purposes.

ARTICLE 16.

Tuition for Smith Vocational Technical School Student. This year the town will be responsible, under the provision of MGL Chapter 74, to pay for the tuition (including special education) and transportation of a Montague student wishing to attend Smith Vocational Technical School. The student is eligible to attend Smith because the program that he/she is pursuing (animal husbandry) is not offered at the Franklin County Technical School. Total estimated cost is \$34,000. This assumes that no additional students matriculate into Smith in the fall.

ARTICLE 17.

Lease Payments for Recycling Truck and Sewer Vector Truck. Article 17 would appropriate the sum of \$69,689 for the purpose of funding existing lease payments for the Recycling Truck and the Sewer Vector Truck. This is the fifth and final year of these leases.

ARTICLE 18.

Appropriation of Funds for New Purchases and Major Repairs of DPW Equipment. Article 18 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 19. Authorize Borrowing in Anticipation of Reimbursement for Chapter 90 Work. This article would provides the authorization to spend in anticipation of state reimbursement for eligible Chapter 90 highway projects. In FY 2009 the town is scheduled to receive \$385,180 in Chapter 90 funds. The Chapter 90 program has long been considered a mainstay for funding local highway maintenance.

ARTICLE 20. Authorize Board of Assessors to Negotiate Property Value Agreement with First Light. Article 20 would authorize the Board of Assessors to negotiate property values for First Light Hydro Generating Company for the fiscal year 2010 triennial revaluation. This action is consistent with actions taken for prior triennial revaluations. Once the agreement has been negotiated it must be approved or ratified by Town Meeting.

ARTICLE 21. Authorize Selectmen to Designate “Permitting Authority” for Enforcing State-Mandated Procedure to Secure Unattended Trenches. Article 21 would authorize the Board of Selectmen to designate a board or individual to serve as the “permitting authority” responsible for enforcing state-mandated procedures to secure unattended trenches on private and municipal property.

ARTICLE 22. Residency Requirement By-law. Article 22 is a petitioned article calling for the town to enact a by-law under which appointments to town boards, committees and commissions would be limited to residents of the Town, unless enabling legislation requires the appointment of non-resident members.

ARTICLE 23. False Alarm By-Law. This article provides for the creation of a by-law that would enable the Police Department to levy a \$50 fine, under non-criminalization provisions, when they are required to respond to four or more false alarms within a 12 month period.

ARTICLE 24. Authorize Use of Free Cash to Reduce the Tax Rate. Article 24 would authorize the Board of Assessors to use an amount of money from free cash for the purpose of reducing taxes in FY 2009. The budget assumes the use of \$300,000 in free cash for this purpose.