

Budget Summary: Article 8

Town Government Departments and Joint Town-CPS Accounts

Article 8 consists of 48 separate appropriation accounts. Once voted, funds cannot be transferred between these accounts except by Town Meeting action. For Guideline purposes, these accounts are grouped into two categories:

- the Town Operating Budget, Items 1-43 recommended at

\$15,648,414, equal to the Finance Committee's Guideline and \$213,051 above the Proposition 2½ levy limit allocation;

- the Joint Town-CPS accounts, Items 44-48, recommended at \$11,407,677, including employee group insurance, the town's annual required payment to the employee

(non-teacher) pension fund, and the debt service account.

Item 48, Debt Service, includes \$2,219,677 for principal and interest expense excluded from the levy limit by past votes of the electorate (refer to Excluded Debt, pages 37-38).

Article 8 - The Proposed Town Government General Fund Budget for the year beginning July 1, 2006

	<u>Budget FY 2006</u>	<u>Proposed FY 2007</u>	<u>percent change</u>	<u>projected override</u>
Operations (accounts 1-43)				<i>included in proposed budget</i>
General Government	\$1,515,664	\$1,549,767	2.3%	
Finance & Admin	1,315,690	1,419,539	7.9%	
Police & Fire	6,027,822	6,110,169	1.4%	
Public Works	2,333,863	2,412,267	3.4%	
Library	1,481,638	1,518,540	2.5%	
Salary Reserve	98,193 *	550,000		
Recreation & all other	872,130	817,132	-6.3%	
subtotal- operations	<u>\$13,645,000</u>	<u>\$14,377,414</u>	<u>5.4%</u>	
Capital Outlays	<u>1,186,000</u>	<u>1,271,000</u>	<u>7.2%</u>	
TOTAL subject to Guideline	<u>\$14,831,000</u>	<u>\$15,648,414</u>	<u>5.5%</u>	\$213,051
Town and School debt service (account #48):				
repayment within levy limit	2,650,000	2,750,000	3.8%	
excluded from levy limit	2,108,374	2,219,677	5.3%	
TOTAL	<u>\$4,758,374</u>	<u>\$4,969,677</u>	<u>4.4%</u>	
Employee Benefits (Town and CPS):				
Group Insurance (acct. #44A)	2,820,000	3,195,000	13.3%	
Retirement (pension funding, acct. #46)	2,242,250	2,310,000	3.0%	
Medicare/social security (acct. #47)	475,000	508,000	6.9%	
TOTAL	<u>\$5,537,250</u>	<u>\$6,013,000</u>	<u>8.6%</u>	
Other Expenses (Town/CPS joint accounts)				
Workers & Unempl. Comp (acct. #45)	175,000	200,000	14.3%	
Property & Liability Insr. (acct. #44B)	225,000	225,000	0.0%	
TOTAL, Article 8	<u><u>\$25,526,624</u></u>	<u><u>\$27,056,091</u></u>	<u><u>6.0%</u></u>	<u><u>\$213,051</u></u>

* NOTE: balance of FY06 salary reserve not yet transferred to operating accounts

Town Government: Items 1-43

The proposed operating budget for the departments organized under the Town Manager is \$15,648,414. This is an increase of 5.5%. As shown in the accompanying table, it is broken down into two main components: operations, up 5.4% to \$14,377,414; and capital outlay, up 7% to \$1,271,000. The total is in accordance with the Budget Guideline established by the Finance Committee.

Article 8 Overview

Article 8 shows only the General Fund portion of each budget account, as this is the portion to be voted by the Town Meeting. Many budget accounts include resources from other funds, typically involving allocations from the Town's enterprise operations (Water, Sewer, Light, Solid Waste) for management services provided. The table on the following pages shows the total budget for each town department and, in the far right column, the appropriation portion of the account appearing in Article 8.

The Town Manager's Proposed Budget provides detailed discussion of each account. The Finance Committee has reviewed this document with the Town Manager and has conducted a Public Hearing on the submitted plan. Much of the amount that will be subject to an override, \$213,051, is proposed to be allocated to capital expenditure accounts including: drainage system improvements, sidewalk maintenance, building repairs, fire and

police equipment rehabilitation and replacement, public works equipment. About \$50,000 in budgeted salaries and overtime costs is also proposed by the Town Manager to be contingent upon override funding, including impacts on the police, fire, planning department and library operations. This list is diverse and represents the broad range of responsibilities covered in the town budget. The Finance Committee has concluded that the sum involved is appropriate and necessary for the tasks and objectives planned, and that this expenditure of an additional \$213,051 over what can be funded at the levy limit is in the Town's best long-term interest.

Highlights of the Proposed Budget are summarized as follows.

Staffing changes

Almost without exception, departments are being proposed at staffing levels unchanged from the current year. Tax-supported regular full and part-time staffing will increase by the equivalent of about 0.67 FTE's (full-time equivalent). This includes:

- Election Officer hours, account #3A: to handle the FY07 increase in the number of scheduled elections;
- Park Ranger, account #5C: two part-time seasonal positions to carry out conservation land management activities.

Energy Costs

Energy price rises have been a major factor in the development of the FY07 budget. Gasoline and diesel fuel prices have risen 40%

from the year earlier. About \$60,000 is added to the FY07 budget in various accounts, principally in Police, Fire and Public Works.

Natural Gas prices have also risen considerably. While prices are down from the aberrant peak of last fall, the price level is still about 50% higher than what the Town had paid in recent years. The relatively mild winter has masked the cost impact a bit, but the FY07 budget adds more than \$50,000 in the various building accounts.

Electricity, water and sewer utilities are managed by the Town, and while we do not face price shocks from these utilities, usage and unit price is still increasing for every building. Overall, utility and fuel cost increases in the Town Manager's proposed budget add about \$150,000.

Budget Changes

The principal actions recommended in the budget submitted by the Town Manager in January are reviewed for each appropriation account as follows:

1C: Town-wide

Building Maintenance

This account was established with the FY05 budget in an effort to set up a central pool of funds with which to monitor building conditions, establish renovation priorities, and fund repairs and improvements. Funded at \$40,000 in its first year, the funding was increased to \$90,000 in the FY06 budget and \$110,000 is recommended for FY07. An interdepartmental committee under

Article 8 - Town Budget

(Budget = all funds; Appropriation = General Fund only)

Item No.	Department	FY06 Budget	FY07 proposed Budget	% Change	FY07 proposed Appropriation
General Government					
1A	Town Manager	\$ 400,068	\$ 396,636	-0.9%	\$ 255,478
1C	Town-wide building maintenance	90,000	110,000	22.2%	110,000
2	Legal Services	250,000	250,000	0.0%	250,000
3A	Elections	23,113	41,423	79.2%	38,208
3B	Registrars	11,690	11,884	1.7%	9,450
4	Town Meeting/Reports	66,415	62,390	-6.1%	62,390
5A	Planning	251,427	266,280	5.9%	210,293
5B	Board of Appeals	45,233	45,259	0.1%	45,259
5C	Natural Resources	188,361	203,237	7.9%	164,790
5E	Inspections	295,200	274,369	-7.1%	274,369
5F	Health	245,912	255,982	4.1%	195,091
6	141 Keyes Road Building	58,935	61,939	5.1%	61,939
		<u>\$ 1,926,354</u>	<u>\$ 1,979,399</u>	<u>2.8%</u>	<u>\$ 1,677,267</u>
Finance and Administration					
7	Finance Committee	\$ 1,225	\$ 1,275	4.1%	\$ 1,275
8	Personnel Admin.	177,024	180,282	1.8%	132,461
9A	Finance Administration	282,485	284,303	0.6%	176,269
9B	Treasurer-Collector	349,245	346,965	-0.7%	206,445
9C	Town Accountant	293,117	291,902	-0.4%	113,885
9D	Assessors	237,388	335,435	41.3%	335,435
9E	Town Clerk	172,673	173,788	0.6%	173,788
10	Information Systems	295,853	303,353	2.5%	303,353
11	Town House	104,840	106,032	1.1%	91,628
		<u>\$ 1,913,850</u>	<u>\$ 2,023,335</u>	<u>5.7%</u>	<u>\$ 1,534,539</u>
Public Safety					
12	Police Department	\$ 3,247,205	\$ 3,276,983	0.9%	\$ 3,210,725
13	Fire Department	2,839,293	2,925,280	3.0%	2,921,280
14	West Concord Station	36,058	60,043	66.5%	60,043
15	Police/Fire Station	184,858	181,645	-1.7%	181,645
16	Emergency Prep.	8,360	8,360	0.0%	8,360
17	Animal Control	16,306	17,116	5.0%	17,116
		<u>\$ 6,332,080</u>	<u>\$ 6,469,427</u>	<u>2.2%</u>	<u>\$ 6,399,169</u>
Public Works & Facilities					
18	Administration	\$ 265,542	\$ 253,369	-4.6%	\$ 133,019
19	Engineering	530,526	524,856	-1.1%	290,850
20	Highway Maintenance	994,075	1,000,247	0.6%	983,337
21	Snow Removal	405,000	430,000	6.2%	430,000
22	Parks and Trees	503,125	505,049	0.4%	472,049
23	Cemetery	209,075	203,818	-2.5%	57,336

Item No.	Department	FY06 Budget	FY07 proposed Budget	% Change	FY07 proposed Appropriation
24	Street Lighting	64,875	66,800	3.0%	66,700
25	DPW Equipment	249,000	258,000	3.6%	258,000
26	Drainage Program	140,000	155,000	10.7%	155,000
27	Sidewalk Management	80,000	90,000	12.5%	90,000
28	133/135 Keyes Road Bldg.	129,391	184,551	42.6%	117,976
		<u>\$ 3,570,609</u>	<u>\$ 3,671,690</u>	2.8%	<u>\$ 3,054,267</u>
Human Services					
29	Library	\$ 1,509,422	\$ 1,547,740	2.5%	\$ 1,528,540
30	Recreation	524,063	526,087	0.4%	76,779
31	Hunt Recreation Ctr.	105,624	125,176	18.5%	81,838
32	Swim & Health Center	100,000	0		0
33	Harvey Wheeler Ctr.	99,085	118,111	19.2%	118,111
34	Council on Aging	222,963	225,635	1.2%	194,513
36	Veterans Services	28,032	38,989	39.1%	38,989
37	Ceremonies & Celeb.	22,725	22,650	-0.3%	22,650
38	Information Center	29,319	29,752	1.5%	29,752
		<u>\$ 2,641,233</u>	<u>\$ 2,634,140</u>	-0.3%	<u>\$ 2,091,172</u>
Unclassified					
39	Employee Benefits	\$ 62,000	\$ 62,000	0.0%	\$ 62,000
40	Reserve Fund	200,000	200,000	0.0%	200,000
41	Salary Reserve	98,193 *	550,000		550,000
42	Land Fund	0	0		0
43	Road Improvements	1,400,683	1,200,683	-14.3%	80,000
		<u>\$ 1,760,876</u>	<u>\$ 2,012,683</u>	14.3%	<u>\$ 892,000</u>
* balance of original approp. of \$400,000 not yet transferred as of 3/31/06 to other accounts					
subtotal, accts 1-43		<u>\$ 18,145,002</u>	<u>\$ 18,790,674</u>	3.6%	<u>\$ 15,648,414</u>
Joint (Town-CPS)					
44A	Group Insurance	\$ 3,068,000	\$ 3,482,000	13.5%	\$ 3,195,000
44B	Property & Liability	375,000	375,000	0.0%	225,000
45	Unempl/ Workers Comp	175,000	200,000	14.3%	200,000
46	Retirement	2,573,894	2,648,100	2.9%	2,310,000
47	Social Security & Medicare	568,900	612,000	7.6%	508,000
48	Debt Service - within limit	2,650,000	2,750,000	3.8%	2,750,000
	Debt Service - debt exclusion	2,108,374	2,219,677	5.3%	2,219,677
		<u>\$ 11,519,168</u>	<u>\$ 12,286,777</u>	6.7%	<u>\$ 11,407,677</u>
Total		<u>\$29,664,170</u>	<u>\$31,077,451</u>	4.8%	<u>\$27,056,091</u>

the direction of the Assistant Town Manager allocates the fund. The FY07-11 Capital Improvement Plan (CIP) proposes gradually to increase the annual allocation. The Facilities Planning Committee Report (2003) had identified an annual funding need of \$450,000 based upon the value of all town government buildings.

2: Legal Services

The Legal Services account is proposed to be level funded at \$250,000. The present volume of litigation and advisory work is expected to continue. From FY03 to FY05, actual expenditures averaged just over \$237,000.

3A: Elections

With a state-wide primary and general election planned for FY07, the Elections budget shows an increase in appropriation from \$23,113 in FY06 to \$38,208 proposed for FY07. The account provides funding for the annual town election in March and one special town election assumed to follow the Annual Town Meeting.

4: Town Meeting and Reports

The budget allows for a four-session Annual Town Meeting.

5A: Planning Division, DPLM

A request was made to increase the hours for the Project Planner from 30 to 40 hours per week. Because of the added workload resulting from staff support for the Community Preservation Committee, this request is being recommended. The proposed funding source is the Community

Preservation Fund (CPF), which by statute can be used for administrative purposes. Action under Article 28 is expected to include a small sum to be appropriated from CPF funds for administrative expenses.

5C: Natural Resources Division, DPLM

This recommended budget provides funding for two part-time Ranger positions (at a total \$10,000) who will work from May to October to assist with conservation land management and natural resources education. This funding is supplemented by a generous gift of \$5,000. In addition, an amount of \$7,500 for pond management, which includes aquatic invasive plant removal, is allocated in the FY07 budget.

5E: Health Division, DPLM

Due to the public health concern relating to the spread of Eastern Equine Encephalitis (EEE) and other mosquito-borne diseases, the budget for mosquito control is proposed to be increased from \$5,000 to \$15,000. This funding will go toward providing surveillance of adult mosquitoes, treatment of catch basins and mosquito habitats with larvicide, and monitoring of infected birds.

9D: Assessing Division, Finance Department

Every three years, the State certifies that the Town has assessed its real property at full and fair market value. The next triennial revaluation is conducted during

calendar year 2007. To assist with this process, the Assessing Division is requesting an additional \$100,000 be allocated to begin data collection and analysis. The major portion of this added funding is to initiate an accelerated interior property inspection program that will shorten the inspection cycle to a 3-5 year range from the present nine-year range.

10: Information Systems

The Technology Fund allocation is increased to \$105,000, in accordance with the CIP for FY07-11. This account has proved crucial in maintaining current technology throughout the Town departments as well as supporting the basic network infrastructure linking all town buildings and linking more than 200 desktops to the web in a secure and reliable system.

13: Fire Department

Replacement overtime is increased to 12,616 hours or \$475,903 (up about \$15,000) to provide sufficient staff throughout the year to maintain coverage of 8 firefighters per shift.

14: West Concord Fire Station

The Capital Outlay budget funds \$27,000 for providing routine unscheduled repairs (\$8,000), repairing the cupola and dormer siding (\$10,000), repaving a portion of the driveway (\$4,000), and replacing an electrical transfer switch (\$5,000).

19: Engineering

In accordance with the FY07-11 CIP, this budget includes \$60,000 in FY07 for GIS software improvements and mapping capabilities enhancements. This is the second year of a three-year plan to further develop the GIS system capabilities and applications. This funding provides for new aerial photography leading to two-foot contour topographic mapping.

20: Highway Maintenance

For FY07, \$51,300 is being recommended to crack-seal 20 miles of roadway, approximately one-fifth of the Town's inventory. Because of the improved conditions of the Town's roads, this is nearly \$20,000 less than the request in FY05 to cover the same mileage.

21: Snow Removal

The snow removal budget is proposed to be funded at a level of \$430,000. This is about \$25,000 lower than the goal, which is the average annual expense calculated over a 10-year period. Expenditures for the winter of 2005-06 to the end of March totaled \$511,000. The deficit of FY06, presently \$106,000, is funded as part of the FY07 Budget Plan.

23: Cemetery

The Cemetery Fund supports the major portion of operating expenses. The proposed budget keeps the General Fund allocation essentially unchanged at 35% of operations. Capital improvements are funded from the Cemetery

Fund.

25: Public Works Equipment

This proposed budget funds the Town's well-planned schedule of equipment replacement, after several years when funding had been reduced.

26: Drainage

Past culvert failures at Heywood Street and Westford Road emphasize the importance of maintaining infrastructure that is otherwise out of sight. A major initiative to address this issue of properly maintaining drainage systems began in the last budget, when funding was increased from \$80,000 in FY05 to \$140,000 in FY06. The FY07 budget seeks to continue this program at a level of \$155,000 (\$65,000 to provide major culvert repairs and \$90,000 to improve drainage systems). The FY07-11 CIP proposes to gradually increase this budget to \$205,000 annually.

27: Sidewalk Management

The recommendation for FY07 is to increase the amount for sidewalk maintenance by \$10,000 to \$90,000. Due to budget constraints, the FY07 budget provides no funding for new sidewalks.

29: Library

In the spring of 2005, renovations to the Concord Free Public Library were completed. Although the Town committed \$400,000 to the renovation for interior furnishings, the great majority of the funding (\$7.5 million) was provided by

private donations. For FY07, there is a recommended increase of \$20,000 for the cost of utilities.

32: Beebe Swim and Fitness Center

In March 2006, the Beebe Community Swim & Fitness Center will open its doors. During FY06, the Town allocated \$100,000 in operating startup costs and \$515,000 in capital equipment costs to help the Center get ready for business. Since the Center is designated as an enterprise and as such its costs will be supported fully by membership dues and program fees, there is no tax-supported funding proposed in the FY07 General Fund budget.

3: Harvey Wheeler Community Center

As with the other Town buildings, rising energy prices have had an impact on this budget. For FY07, the recommended budget amount for natural gas is a 26% increase over what was expended in FY05.

41: Salary Reserve

The allocation in this account provides for the funding of collective bargaining agreements as well as the provision for a 2.75% adjustment to the salary schedules applicable to non-union employees effective July 1, 2006. Also, the recommendation supports a 2.75% step increase for those non-union staff eligible (which makes up about two-thirds of all employees). Transfers from this account to the individual departmental operating accounts are reported to the Finance Committee and Board of Selectmen in accordance with the vote of

Town Meeting adopting the budget article.

43: Road Improvements

For the current year, the State's Chapter 90 funding has increased but is still at a level lower than had prevailed through the second half of the '90's. Despite this reduced funding from the State, the Town has been able to maintain a sound and effective annual funding level. The FY07-11 CIP proposes a 2007 debt authorization of \$700,000. Together with state funds and other appropriated funds, the FY07 road improvement funding will be \$1,200,700.

44A: Group Insurance

Group insurance costs continue to increase. The budget anticipates a 13% increase in FY07 group insurance costs. We are totally self-insured for active employee health coverage, as part of the 16-member Minuteman Nashoba Health Group. Thus, the cost increase directly reflects actual claims experience. The dramatic escalation of health insurance cost

has been a nation-wide phenomenon. The Town pays an average of about 55% of active employee costs (variable by plan) and 50% of retiree plan costs. State law sets a 50% floor for the municipal share of active employee cost. Retiree coverage was voted by the Town electorate in 1960 and there is no provision in the state law to reverse such a vote.

46: Retirement

This budget is based upon a funding plan required by state law to be updated biennially. The appropriation covers all regular employees of the Town and the Concord Public Schools, except teachers, who work at least 25 hours per week in a permanent position. The plan operates under state law that sets a uniform benefit structure for all covered state and local government employees. The Teachers Retirement Plan cost is paid entirely from the state budget.

48A&B - Debt Service

At \$5,447,566, this budget is up about \$300,000 from the prior year. The only permanent financing done thusfar for the Alcott and Thoreau schools was a \$7 million 20-year bond issued in September 2004 for the Alcott school. Financing of the Alcott Phase 2 project (demolition and site work, about \$2.5 million) and the permanent bond issue for the \$17 million Thoreau project remain to be issued. Most of the FY07 projected cost is for interest due on short-term notes issued for construction period financing.

This budget account provides for the payment of principal and interest on the Town's debt coming due in the time period July 1, 2006 through June 30, 2007. It also provides for the cost of debt issuance (typically, about 1% of the principal amount issued) and for any short-term note interest that may be incurred in financing project costs during construction.

Capital Outlay by Account - Town Government Budget, Article 8

Capital outlay - the investment in vehicles, equipment, buildings and various public infrastructure items financed from current revenue, not by the issuance of new debt - is a significant annual component of the Town Government budget. Differences in allocations from one year to the next account for much of the difference in the appropriation by account. This table highlights the differences between the FY06 adopted budget and the FY07 proposed budget, and identifies the main spending purposes for FY07.

<u>Acct #</u>	<u>Title</u>	<u>Budget FY06</u>	<u>Proposed FY07</u>	<u>\$ Change</u>	<u>FY07 Items</u>
1A	Town Manager	\$ 5,000	\$ 5,000	\$ 0	ADA improvements
1B	Townwide Building Maintenance	90,000	110,000	20,000	Maintenance of town buildings
5C	Natural Resources	5,000	7,500	2,500	Pond management
5D	Inspections	20,000	0	(20,000)	
6	141 Keyes Road	5,000	5,000	0	Routine building repairs
10	Information Systems	100,000	105,000	5,000	Technology fund
11	Town House	10,000	10,000	0	Routine building repairs
12	Police Department	119,000	118,000	(1,000)	vehicle & routine equipment replacements
13	Fire Department	65,000	134,000	69,000	Engine 5 repair, call boxes, routine equip.
14	West Concord Fire Station	8,000	27,000	19,000	interior and exterior renovations
15	Police/Fire Station	42,000	10,000	(32,000)	Routine building repairs
19	Engineering	72,500	60,000	(12,500)	Geographic Information System mapping
20	Highway Maintenance	41,000	21,000	(20,000)	Traffic Controls, equipment replacement
22	Parks & Trees	33,000	23,000	(10,000)	Tree replacement, equipment replacement
25	CPW Equipment	249,000	258,000	9,000	Public Works major equipment replacement
26	Drainage Program	140,000	155,000	15,000	Drainage & culvert repairs
27	Sidewalk Management	80,000	90,000	10,000	Sidewalk repairs
28	133/135 Keyes Road	5,000	35,000	30,000	Covered equipment storage building
29	Library	9,000	10,000	1,000	Computer equipment replacement
33	Harvey Wheeler Community Ctr.	5,000	5,000	0	Routine building repairs
38	Visitors Center Restroom	2,500	2,500	0	Routine building repairs
43	Road Improvements	80,000	80,000	0	Road project engineering
	TOTAL	\$ 1,186,000	\$ 1,271,000	\$ 85,000	