

Report of the Acting Town Manager

July 20, 2015

1. Financial Updates-

- a. FY15 General Government Budget** – Settling up the FY15 budget has continued to occupy much of our time as we have gone through the crunch of closing out the books for the year. The Special Town Meeting and year-end transfers with the BOS and FinCom have been very helpful. On the non-school side of things pretty much everything is balanced out and closes in the black. The exception of course is the snow and ice account which we were able to whittle down from a deficit of about \$220,000 to a more manageable \$19,000. This amount will be carried into FY16.

Revenues were still being booked as of the writing of this report but it appears we are in fairly good condition there. That money, albeit relatively small, will go towards generating free cash which under the deficit legislation will go primarily, if not fully, to the deficit borrowing.

The only remaining issue lies with the School Department. Paperwork from the Schools was still being delivered until late on the afternoon of July 15th, the last day legally for submissions. The issue rests with a shortfall of \$17,000 but we will be working to deal with that as we close the books.

Of course there is still the issue of the health insurance trust fund deficit which will require borrowing through the deficit legislation, or use of stabilization funds. I am leaning towards borrowing as that would give us more flexibility but I intend to give this greater consideration and may end up at some mix of approaches.

- b. FY15 Audit-** The FY15 audit has begun and is expected to be completed in late September/early October which should give us ample time to get our tax rate approved.

- c. FY16 General Government Budget-** With FY15 basically completed we are shifting our attention to FY16. Certainly, the decreased snow and ice deficit is welcome news. I am optimistic that we will be able to get through FY16 without any reductions though there may be some budgetary transfers to meet certain service needs. And, I have placed budgetary restrictions on all departments by requiring all purchase orders over \$300 to be signed by the Town Manager. Finally, though we may not need to make cuts I am looking to achieve some savings in various areas but specifically in energy costs and health insurance.

- **Energy Costs-**Currently, the Town purchases electricity under National Grid basic service. As we all know, due to the manner in which these rates are set they tend to be high. As a result of the utility deregulation of the late 1990's the Town has the ability to purchase power through a third party at lower rates. The plan has been to purchase solar power from the landfill project but until this is up and running we are missing out on savings.
- **Health Insurance-**The Town took an important step in controlling health insurance costs when it went to a premium based product. However, it appears that not all insurance options were considered at the time. Specifically, the Town did not look at the state Group Insurance Commission(GIC) and had limited consideration of the Massachusetts Inter-local Insurance Association products. As the DOR report indicates there could be substantial savings through the GIC. I have placed a vote on the BOS agenda for this meeting to begin the process of re-visiting this issue. I have also taken the step of engaging Cook and Company (a health insurance consultant) as our consultant and broker-of-record in order to conduct a re-insurance audit, enrollment audit and assist with looking at health insurance options.

- d. FY16 Cash Flow-** As previously reported another immediate issue facing the Town was cash flow for the first few months of the fiscal year prior to the first quarter tax receipts and local aid payment. Specifically, we wanted to make several large beginning of year payments for insurances and retirement

assessments in order to receive substantial discounts. As expected a short term Revenue Anticipation borrowing of \$1.2 million occurred with an interest rate of .6% to pay these bills. This note will be paid within six months

Action Requested: None Requested.

- 2. Personnel Updates-** There are three personnel actions that have been taken. I authorized the filling of one temporary DPW employee to work on summer projects, I authorized the filling of a wastewater position to meet DEP requirements for staffing of the treatment facility, and I authorized an increase in compensation for the Town Planner for 6 months to fill the full Director of Development position that had been vacant. The funds for this come from the Planning budget and some available DPW funding as much of the ongoing planning work is DPW related. I am planning to rework the Planning budget for Fall Town Meeting and to more appropriately allocate resources for this department based upon the status of various grant applications.

Action Requested: None Requested.

- 3. DOR Report-**The DOR report has been received and circulated to the BOS, FinCom and School Committee as well as members of the financial team. I'm happy to report that we have already moved on many items. We are currently expecting DOR to present the report on August 17th at a tri-board and finance staff meeting.

Action Requested: Scheduling a meeting on August 17th

4. Project Updates-

- a. Police Station Project-** As previously reported we are approximately \$80,000 short of being able to award the contract. I met with the architect, project manager and involved Town staff to review the project and moving it forward. It has been determined that the best course of action is minimally reducing the project scope, phasing certain project elements and having the DPW coordinate certain site work in order to bring the project in on budget. Specifications are now being prepared to go back out to bid in the next couple of months.

Action Requested: None Requested.

- b. Town Solar Farm -** I met with SunEdison to ascertain the status of this project. Unfortunately, the delays that occurred in this project resulted in a lapse of the National Grid inter-connect agreement and the loss of needed net metering credits until a new round of credits become available. In addition local permitting is still needed. We are now looking at a best case scenario of bringing this project on line in 16-18 months. I have reviewed the agreement for this project with Town Counsel and have received an initial determination that there have not been any contractual violations. We will continue to work on this.

Action Requested: None requested

- c. Library Project-**The Library project is nearing design completion and is also scheduled to be put out to bid within the next couple of months. Funding is in place for this project and we will monitor to insure bids are within available resources.

Action Requested: None Requested.

5. Miscellaneous Updates-

- a. Transfer Station- There was some confusion this past week with the closure of the transfer station on Thursday (7/9) as there seemed to be inadequate notice given to residents. After review I ordered the station opened for that afternoon. And, after further review with the DPW Director we determined that there was little savings to be realized with the closure. As a result, a decision was made to re-open the station on Thursdays until further notice and we are working on other means of cutting costs including how the area is maintained (mowed), and using bag tags rather than more expensive trash bags. We will be working on this over the next few months.
- b. We did receive word on 7/16 that the Town was not awarded a CDBG grant for 2015. We are assessing the impact this news will have on our development office. The grant was to fund \$175,000 in housing rehabilitation, \$600,000 for street and sidewalk improvements on Walnut and Chestnut, and \$125,000 for administration.
- c. The State budget was approved with minor increases in the local aid but it did include funding of \$50,000 for the Town to build-out a new accessible bathroom at the Senior Center. The Legislative Delegation is to be thanked for this funding. Assuming it makes it through the Governor's office we will act to quickly receive the money and move forward with the project.
- d. As previously reported, Janet Godin's complaint at the BoS meeting of June 8, 2015 regarding her driveway at 55 Highland Street was reviewed by Town personnel and I concurred with the opinion presented. However, I visited the site and have determined that there are issues that need to be addressed. We will be working in that neighborhood in the early Fall to fix these issues.