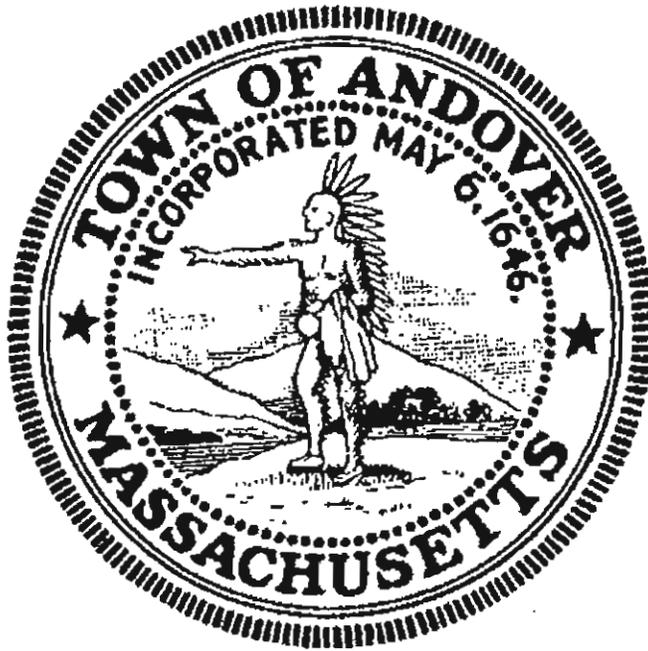


FINANCE COMMITTEE REPORT



**SPECIAL TOWN MEETING
MONDAY, DECEMBER 5, 2011**

SPECIAL TOWN MEETING

PLAN TO ARRIVE EARLY

All Town Meeting attendees must be checked into the meeting in the lobby of the Collins Center on December 5th. Voters must check in at their precinct table. Visit the Town website at www.andoverma.gov and search for your precinct under the "E-Services" tab, then click "Precinct Search." To avoid delays at check in, please check your precinct prior to Town Meeting.

Voters: Only voters who registered by the deadline (November 25th) will be allowed to vote at this Town Meeting. Voters will receive a sticker that must be worn in a visible location on their person to vote.

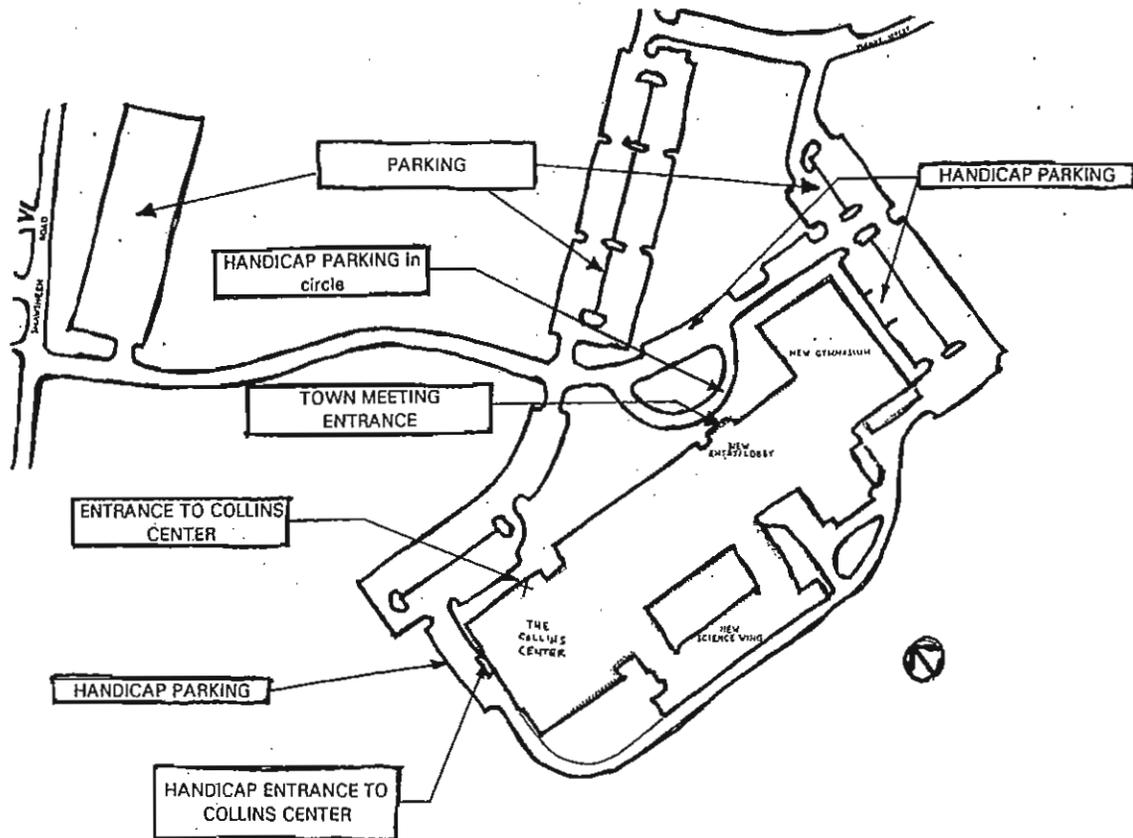
Non-Voters: Non-voters may attend Town Meeting and will be seated in a special section. Non-voters must check in at the Town Clerk's table in the lobby to register before being seated. **Please be aware that non-voters will not be seated until after 7:00 p.m.** when they are voted admittance by the Meeting.

Children: Children may enter the meeting as non-voters. *See above.* Parents must attend small children during the meeting and sit with them in the designated non-voter section. Voters (with visible stickers) in the non-voters section will cast their votes from the non-voter section. No children or non-voters may sit in the registered voter sections.

Parking: There are four parking lots available:

1. West Middle School Lot
2. Main Lot at the High School
3. Lot beside the Field House
4. Collins Center Lot

Handicap Parking: Handicap parking can be found on the side of the Collins Center as well as other areas of the parking lots.





November 18, 2011

To the Citizens of Andover:

An important Special Town Meeting has been called for Monday evening, December 5, 2011 at 7:00 P.M., in the J. Everett Collins Center Auditorium at Andover High School. The warrant has a total of eight (8) articles, and below is commentary and the Finance Committee's recommendation for warrant articles that we deem to have substantial financial relevance.

Article 3 - Andover Youth Center Appropriation

Voters will be asked for their approval to borrow \$2,000,000 to build a new Youth Center behind the Doherty Middle School on Bartlet Street. The Andover Youth Services (AYS) staff, program registration, and certain after school and evening activities currently take place in a three story house at 37-39 Pearson Street and in other locations around town.

The Town is entering into a Grant Agreement with the Andover Youth Foundation, Inc. (the Foundation) to partially fund the design and construction of an approximately 20,000 square foot building. This new building will allow the AYS one central location for activities/programs and, in part, to provide programs that they cannot currently run; those programs may include sports leagues, larger dance/events, theater/rec programs, alternative education programs, technology classes, more community programs, as well as parent classes and programs.

The Grant Agreement between the Town of Andover and the Foundation estimates the total cost for the project to be \$4,200,000. The Foundation grant is estimated to be at least \$2,200,000 with the Town's contribution, on a last dollar basis, to be \$2,000,000. The Foundation's grant will be received in stages with \$400,000 (for paying architect and design costs) provided after a successful Special Town Meeting vote and \$1,800,000 provided before execution of a construction contract. In addition the Foundation will provide \$420,000 for a contingency fund before execution of a construction contract. The Foundation is responsible for cost overruns unless those overruns are the result of Town gross negligence or the additional costs are the result of expansion beyond the original scope of the project. There is no guarantee the Foundation will provide the necessary funding, but if the Foundation fails to perform any of its obligations, the Town may terminate the agreement. As of this report date, the Foundation had cash on hand of approximately \$1,800,000.

The Grant Agreement states the Foundation will contribute \$30,000 each calendar year to offset the total operating costs of the building. While it is unknown what the actual operating expenses will be, a recent estimate was approximately \$100,000 per year. The Town's \$2,000,000 borrowing under the current Article 3 will be General Fund non-exempt debt, with debt service of \$180,000 in the peak year. The debt service associated with non-exempt debt must be within limits set by Proposition 2½. Proposition 2½ limits the total amount that a city or town can levy in property taxes in any given year. This Finance Committee report contains a statement from the Foundation summarizing their work and explaining the building proposal. The Finance Committee report also includes a financial impact of the article.

The Finance Committee voted 4 to 3 to recommend approval of Article 3. The primary discussion and reason for the split vote centered around the debt being non-exempt debt versus exempt debt. Exempt debt requires a 2/3 vote of Town Meeting and a majority vote in a special election, and increases property taxes above what is allowed within Proposition 2½. Non-exempt debt requires a 2/3 vote at Town Meeting, does not require a majority vote in a special election and does not increase property taxes above what is allowed within Proposition 2½.

Article 6 – Supplemental Budget Appropriation

Voters will be asked to vote to appropriate \$500,000 from taxation to the Reserve Fund. This extra dollar amount is the result of New Growth coming in higher than forecast for FY12. The FY12 budget approved at last Spring Town Meeting was formulated using the actual New Growth certified for FY11 or \$1,097,538. The Assessor recently completed the calculation of New Growth for FY12 and is \$1,712,432 or \$614,894 more than the FY12 budget estimated. The increase can be attributed to growth in Personal Property taxes for commercial/industrial businesses. This additional New Growth represents excess levy capacity and to be available for use in FY12, it must be appropriated at the Special Town Meeting. If not appropriated, the excess levy capacity reduces the average tax bill, but it does not reduce the levy limit on which future years 2½ percent increase is calculated.

Each year a budget is approved based upon the best available data, and variances, both in revenue and expenditures occur throughout the year. Generally, revenue variances are less prevalent since most of our revenue is from property taxes. New Growth in Personal Property taxes is harder to predict since it is based upon valuations of business personal property which are submitted to the Town in the Spring of each year. Expenditure variances tend to be more frequent and, at times, harder to predict. An example is snow expenditures which over the past 18 years were as high as \$2,418,211 and as low as \$563,444 with nine (9) years being better than forecast and nine (9) years worse than forecast. Other expenditures that tend to vary are DPW/Plant and Facilities expenditures due to storms such as the recent power outage and/or flooding, Out of District Special Education tuition and transportation, town wide settlements for contracts, and other unanticipated expenditures that are all part of a \$143,691,797 budget.

As a result of budget variances, it is important for the Town to have sufficient reserves available. As of July 1, 2011 the General Fund Free Cash was \$1,240,000; a dangerously low amount for a budget of \$143,691,797. The Finance Committee voted 7-0 to recommend approval of Article 6. Most importantly, appropriating \$500,000 to the Reserve Fund provides the most flexibility to deal with unanticipated expenditures. If everything goes well and the money is not needed during FY12, the amount would flow into Free Cash at the end of the year, or could be appropriated to any purpose by the Spring Town Meeting including the Other Post Employment Benefit Trust Fund (OPEB) or the Stabilization Fund.

Please join us on December 5, 2011 at the Special Town Meeting where voters will decide issues that impact all Andover residents. In addition to Articles 3 and 6, there will be articles dealing with all Town petitions, Bancroft School temporary construction easements, and leases relating to the Blanchard Street baseball and soccer fields. Your participation is important!

The Finance Committee

S. Jon Stumpf, Chairman

Mary O'Donoghue, Vice Chairman

Cynthia Milne
Margaret Kruse
Paul Fortier
Daniel H. Kowalski

Joanne F. Marden
Mark Merritt
Gregory J. Rigby

**SPECIAL TOWN MEETING
MONDAY, DECEMBER 5, 2011**

**J. EVERETT COLLINS CENTER AUDITORIUM
ANDOVER HIGH SCHOOL**

7:00 P.M.

FORM FOR SUBMITTING WARRANT ARTICLES AND PETITIONS

ARTICLE 1. To see if the Town will vote to amend Article II of the Town By-laws by adding the following Section:

12. All petitions to call a Special Town Meeting or to insert a subject in the Warrant for any Annual or Special Town Meeting shall be submitted on a form meeting the following requirements:

- (a) The subject to be inserted in the Warrant shall be prepared by the petitioner(s) and shall appear on the front page of each petition. If space is insufficient the text shall begin on the front page of each petition and be continued on additional pages to be attached to each petition before signatures are gathered.
- (b) Each petition shall include boxes for the gathering of signatures, with residence, street and number, of registered voters of the Town of Andover on the front and/or the back of the petition. Separate signature pages shall not be accepted for filing, nor shall they be stapled or otherwise attached to a petition. All signatures submitted for certification must appear on the petition with the text of the subject to be inserted in the Warrant. The petitioner(s) may submit as many petitions as necessary to meet the required number of signatures.
- (c) The Town Clerk shall prepare and make available to the public petition forms meeting the minimum requirements of this bylaw.

And further that non-substantive changes to the numbering of this By-law be permitted in order that it be in compliance with the numbering format of the Andover Code of By-laws, or take any other action related thereto.

The Town Clerk proposes a General Bylaw amendment to impose minimum standards for citizen's petitions to call a Special Town Meeting or to place an article on a Town Meeting Warrant. Petitions have been filed in the past with signature pages which were not on the same piece of paper as the petition language. This would not be acceptable for state wide petitions or nomination papers. The Board of Registrars of Voters is required to certify the signatures of registered voters on citizen's petitions. There is no way to know that the signers had an opportunity to read the petition and understand what they are signing if the signatures are not on the petition itself. The proposed Bylaw simply requires that the signatures appear on the front or the back of the paper which contains the subject matter of the petition. It also directs the Town Clerk to make petition forms available which meet the minimum standards of the Bylaw. It does not require use of the Town Clerk's form. Any form meeting the minimum requirements of the Bylaw is acceptable.

The BOARD OF SELECTMEN recommends approval.

YES

NO

On request of the Town Clerk

BANCROFT ELEMENTARY SCHOOL PROJECT

ARTICLE 2. To see if the Town will vote to authorize the Selectmen to acquire by purchase, gift or eminent domain temporary construction easements for the purpose of construction of improvements to West Knoll Road and installation of utilities for the Bancroft Elementary School Construction Project, on terms and conditions deemed by the Board of Selectmen to be in the best interests of the Town, on property located at West Knoll Road as shown on a plan titled "Easement Plan of Land in Andover, Massachusetts, West Knoll Road, Scale 1" = 40', Date: October 25, 2011," drawn by Dana F. Perkins, Inc., Consulting Engineers & Land Surveyors, Tewksbury, Massachusetts 01876, on file with the Town Clerk's Office, which easements are more particularly described as follows:

Easement shown on said Plan as "Temporary Construction Easement #1 – Variable Width Area = 1,893 sf ±" on land now or formerly of Thomas M. & Donna D. Garesche, 14 West Knoll Road, Map: 59, Lot: 10A; Easement shown on said Plan as "Temporary Construction Easement #2 – Variable Width Area = 4,438 sf ±" on land now or formerly of Jill A. Langston Nominee Trust No. 1, 16 West Knoll Road, Map: 59, Lot: 10; Easement shown on said Plan as Temporary Construction Easement #3 – Variable Width Area = 4,186 sf ±" on land now or formerly of H. Hammond Barnes & Jane F. Cross, 17 West Knoll Road, Map: 60, Lot: 4; and Easement shown on said Plan as "Temporary Construction Easement #4 – Variable Width Area = 2,985 sf ±" on land now or formerly of Robert M. & Joan B. Saunders, 15 West Knoll Road, Map: 60, Lot: 1, prepared for Town of Andover,

and to appropriate funds and pay the owners of said property for said temporary easements, or take any other action related thereto.

Article 2 provides for four (4) temporary construction easements of 10 to 25 feet each on property located on West Knoll Road. These temporary easements are necessary for the construction of the driveway to the Bancroft School as designed in the Project. Although the Project is not yet underway, approval of this article would authorize the Selectmen to obtain those temporary easements when needed.

Requires a 2/3 vote

The BOARD OF SELECTMEN recommends approval.

YES ___

The FINANCE COMMITTEE recommends approval.

NO ___

The SCHOOL COMMITTEE recommends approval.

On request of the School Building Committee

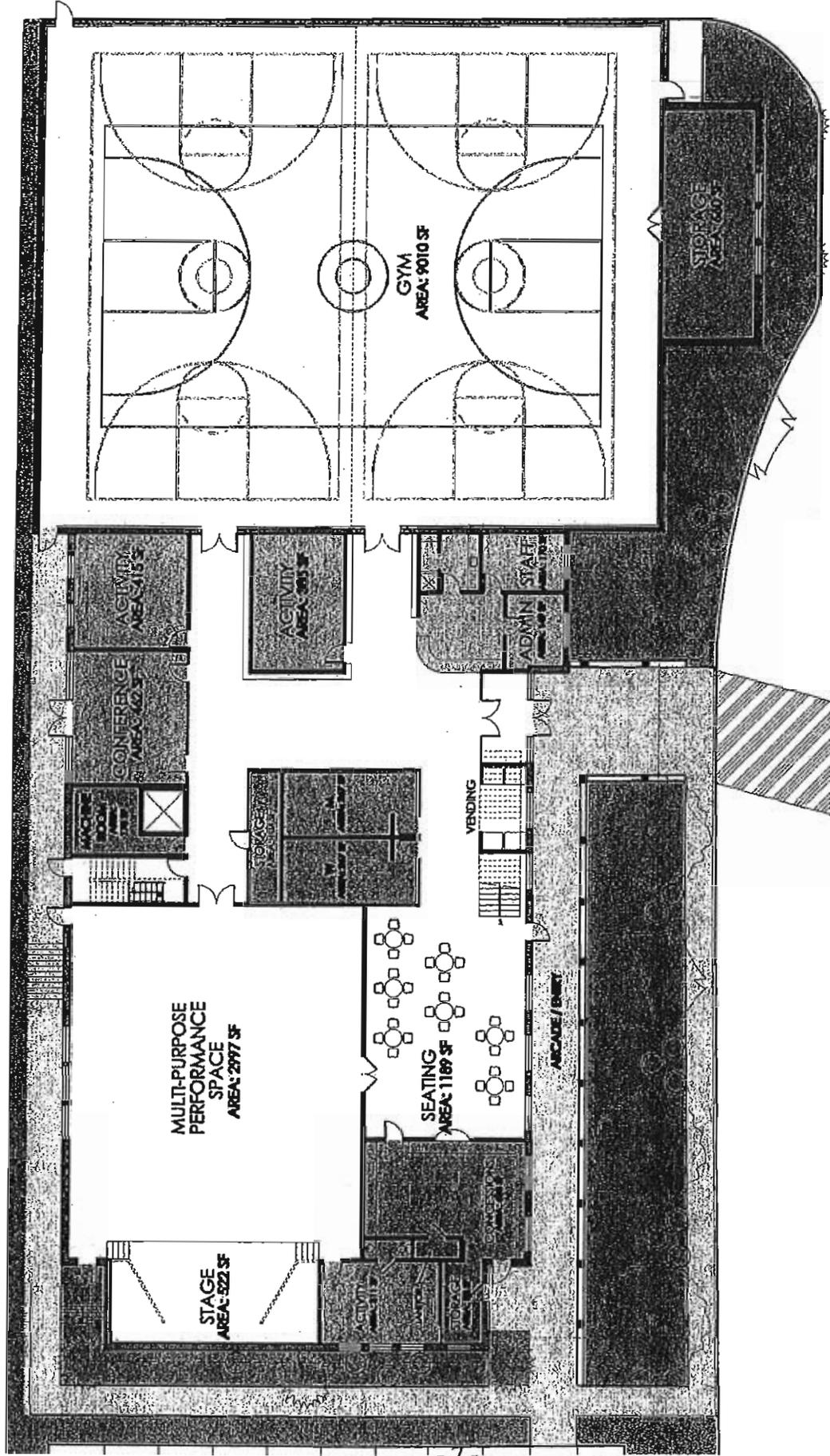
ANDOVER YOUTH CENTER APPROPRIATION

ARTICLE 3. To see if the Town will vote to appropriate and borrow or transfer from available funds the sum of Two Million Dollars (\$2,000,000) to pay costs of designing, constructing and furnishing a Youth Center (approximately 20,000 square feet), including the payment of costs of a related parking area and all other costs incidental and related thereto (the "Project") behind the Doherty Middle School on Bartlet Street provided that the Selectmen have received at least Two Million Two Hundred Thousand Dollars (\$2,200,000) as a grant from the Andover Youth Foundation to pay costs of the Project on terms and conditions the Selectmen deem to be in best interests of the Town, or take any other action related thereto.

Requires a 2/3 vote

CORMIER YOUTH CENTER

BARTLET STREET ANDOVER, MA



GROUND FLOOR PLAN 1
SCALE: 1/8"=1'-0"

The following explanation was submitted by the petitioner:

The Andover Youth Foundation has serviced the Town for over ten years by partnering with Andover Youth Services to support our youth. Our key mission has been to give AYS a permanent home by raising funds to support the building of a youth center. The current plan is the final push towards fulfilling this dream. After on-going collaboration with Town officials and Town departments, we bring forward this proposal which calls for construction of the Cormier Youth Center on a site approved at the 2007 Annual Town Meeting which is adjacent to the Doherty Middle School. The preliminary cost estimate to build the center is approximately \$ 4.2M. The Andover Youth Foundation intends to provide a minimum grant of \$2.2M and additionally will cover all contingency costs and overruns. The Foundation is requesting that the Town appropriate \$2M through borrowing for this project. As per an official agreement, the Town will utilize AYF grant funds for the design and the early stages of construction first. It is therefore expected that municipal borrowing for construction will not occur until fiscal year 2014 or 2015 at the earliest. Once borrowing begins, the debt service costs are expected to be approximately \$150,000 on the average a year for 20 years and will be covered within the Town's Proposition 2½ tax levy limit. This works out to about \$13 of the average homeowners' taxes that will be earmarked towards the center. In terms of operating expenses the Andover Youth Foundation, which has a proven track record raising money to support AYS programs, has committed to a yearly \$30,000 donation to supplement anticipated AYS revenues to finance the future annual operating expenses.

Financial Impact of Article 3

Approval

Town borrows \$2,000,000 to be repaid over 20 years.
No increase in FY2012 tax bill.
Peak year of debt service in FY2015 would require an appropriation of \$180,000.
Would account for approximately \$13 of the FY2015 average residential property tax bill.

Disapproval

No change in FY2012 tax bill.
Money not needed for debt service in future years would be available within Proposition 2½ for other Town/School needs.

* Because the Board of Selectmen has not set the tax rates for FY2012, these numbers are based on FY2011 property values and the actual FY2011 property tax levy and tax rates. The average single family assessed value for FY2011 was \$529,775. The average single family tax bill was \$7,480. Property values have been updated for FY2012. The Board of Selectmen is expected to vote on property tax classification in December after the Special Town Meeting.

The BOARD OF SELECTMEN recommends approval. YES

The FINANCE COMMITTEE recommends approval. NO

The SCHOOL COMMITTEE recommends approval.

On petition of Diane Costagliola and others

ANDOVER YOUTH CENTER – TRANSFER OF LAND

ARTICLE 4. To see if the Town will vote to transfer the care, custody, control and management of a parcel of land containing approximately 36,400 square feet more or less as shown on a plan entitled "Plan Showing Proposed Youth Center" scale 1" = 40', dated November 14, 2006 to the Board of Selectmen for municipal purposes, said plan being on file in the office of the Town Clerk, and if a Youth Center is not built on said property then the land shall revert back to the School Committee with the purpose of this vote being to delete and correct the scrivener's error referencing "Parcel A" in the vote on Article 24 of the 2007 Annual Town Meeting, or take any other action related thereto.

Requires a 2/3 vote

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The 2007 Town Meeting vote on the private warrant article authorizing the transfer of land to the control of the Selectmen for purposes of a Youth Center referred to a "Parcel A" on a plan. Although the plan does show the correct land, there is no specific identifying label of "Parcel A", so this article corrects the scrivener's error in the 2007 warrant article and vote. The proposed site is behind the Doherty Middle School.  
~~~~~

The BOARD OF SELECTMEN recommends approval.

YES ___

The SCHOOL COMMITTEE recommends approval.

NO ___

On request of the Town Manager

BLANCHARD STREET SOCCER AND BASEBALL FIELDS

ARTICLE 5. To see if the Town will authorize the Selectmen to accept gifts and grants and to enter into leases relating to the baseball and soccer fields to be constructed at the Town property on Blanchard Street all on terms and conditions the Selectmen determine to be in the best interest of the Town, or take any other action related thereto.

~~~~~  
Article 5 authorizes the Board of Selectmen to enter into leases with organizations which will be providing funds for the construction of youth baseball and soccer fields on the Blanchard Street property owned by the Town.  
~~~~~

The BOARD OF SELECTMEN recommends approval.

YES ___

The FINANCE COMMITTEE recommends approval.

NO ___

On request of the Town Manager

SUPPLEMENTAL BUDGET APPROPRIATION

ARTICLE 6. To see if the Town will vote to appropriate a sum of money from taxation or available funds to supplement appropriations voted at the April 2011 Annual Town meeting, or take any other action related thereto.

Article 6 authorizes a Supplemental Budget Appropriation for the FY2012 Budget approved at the 2011 Annual Town Meeting. The Board of Selectmen and Finance Committee are recommending the sum of \$500,000 be appropriated into the Reserve Fund to cover additional funding needs not anticipated in preparation of the FY2012 Budget. Examples from prior years include snow and ice costs, additional placements for Special Needs students, employee health insurance deficits, employee union settlements, etc. The source of the \$500,000 is from an increase in New Growth as of June 30, 2011. The sum of \$1,097,538 was planned in the FY2012 Budget and the actual New Growth is \$1,712,432. The increase of \$614,894 is attributed primarily to new growth in Personal Property taxes. The remaining balance of \$114,000 will be added to the FY2012 Assessor's Overlay Account for property tax abatement and exemptions

| Financial Impact of Article 6 | |
|--|---|
| <u>Approval</u> \$500,000 from taxation. Included in projected FY2012 property tax bill. | <u>Disapproval</u> Increases excess levy capacity by \$500,000. Reduces projected FY2012 average residential property tax bill by \$36. |
| * Because the Board of Selectmen has not set the tax rates for FY2012, these numbers are based on FY2011 property values and the actual FY2011 property tax levy and tax rates. The average single family assessed value for FY2011 was \$529,775. The average single family tax bill was \$7,480. Property values have been updated for FY2012. The Board of Selectmen is expected to vote on property tax classification in December after the Special Town Meeting. | |

The BOARD OF SELECTMEN recommends approval of the appropriation of \$500,000 into the Reserve Fund. YES

The FINANCE COMMITTEE recommends approval of the appropriation of \$500,000 into the Reserve Fund. NO

On request of the Finance Director

STABILIZATION FUND

ARTICLE 7. To see if the Town will vote to appropriate a sum of money from taxation or available funds to the Stabilization Fund in accordance with MGL Chapter 40, Section 5B, as amended by Chapter 46, Sections 14 and 50 of the Acts of 2003, for the purpose of funding future one-time or unforeseen costs of the Town, or take any other action related thereto.

To Be Withdrawn

FUNDING OPEB TRUST FUND

ARTICLE 8. To see if the Town will vote to appropriate a sum of money from taxation or available funds to the Other Post Employment Benefit Trust Fund established under the provisions of Chapter 479 of the Acts of 2008, or take any other action related thereto.

To Be Withdrawn

TOWN OF ANDOVER

TOWN MEETING PROCEDURE AT A GLANCE

| To do this... | You say this... | May you Interrupt Speaker? | Must you Be Seconded? | Is the Motion Debatable? | What vote is required? |
|---|---|----------------------------|-----------------------|--------------------------|---------------------------------|
| Request Information | Point of Information | Yes | No | No | No Vote |
| Complain about noise, sound, general room conditions, etc | Point of Privilege | Yes | No | No | No Vote |
| Object to procedure or personal affront | Point of Order | Yes | No | No | No Vote Chair decides |
| Introduce Business (a primary motion) | I move that.... (speakers for articles may be allowed up to 5 minutes) | No | Yes | Yes | Majority |
| Ask for a vote count to verify a vote | I call for a standing count | No | No | No | No Vote |
| Amend a motion | I move to amend this motion | No | Yes | Yes | Majority |
| End Debate | I move the question | No | Yes | No | 2/3 Vote |
| Reconsider something already disposed of | Meeting only reconsiders a vote if an error has occurred | | | | Chair corrects with proper vote |
| Recess the meeting | I move that we recess until... | No | Yes | No | Majority |
| Adjourn the meeting | I move we adjourn | No | Yes | No | Majority |

*Town of Andover
36 Bartlet Street
Andover, MA 01810*

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PLEASE BRING THIS REPORT WITH YOU TO TOWN MEETING

Town of Andover

Special Town Meeting
Finance Committee Report

Monday, December 5, 2011

J. Everett Collins Center Auditorium
Andover High School
7:00 P.M.