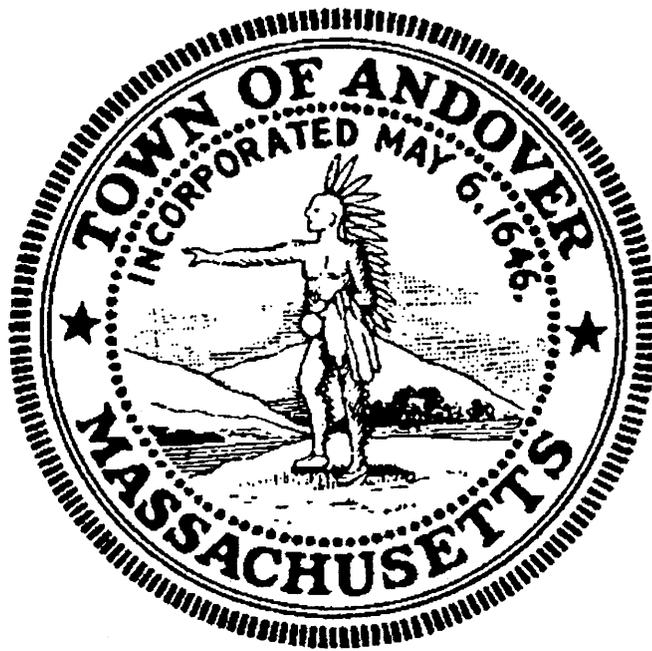


# **FINANCE COMMITTEE REPORT**



**SPECIAL TOWN MEETING  
WEDNESDAY, OCTOBER 7, 2009**

# SPECIAL TOWN MEETING

## PLAN TO ARRIVE EARLY

All registered voters that attend Town Meeting will need to be checked into the meeting in the lobby of Richard J. Collins Field House on October 7<sup>th</sup>. You may also visit the Town website at [www.andoverma.gov](http://www.andoverma.gov) and search for your precinct under "Resources". The Town recommends that you check your precinct number before you go to the meeting to avoid delays at the check-in area.

## Parking:

There are four parking lots available:

1. West Middle School Lot
2. Main Lot at the High School
3. Lot behind the new gym
4. Collins Center Lot

## Transportation:

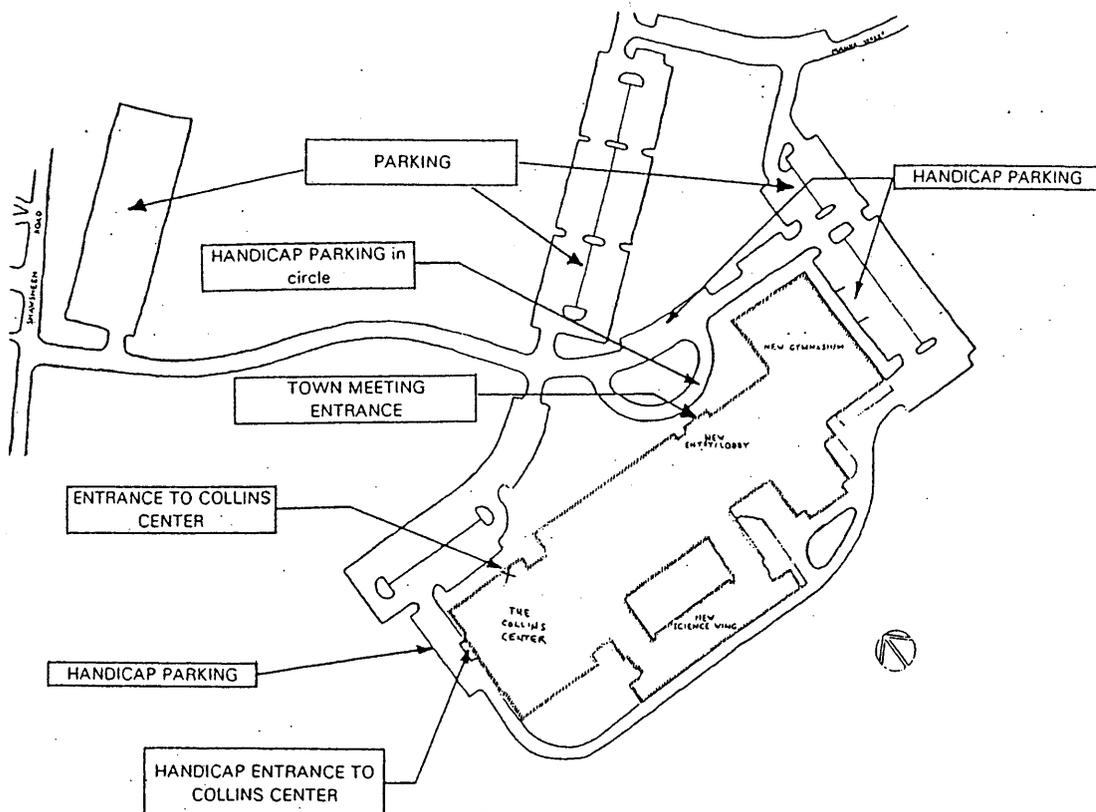
A shuttle bus will run from the parking lot on Red Spring Road and will make a loop through the West Middle School parking lot on nights one and two. Shuttle service will start at 6:15 P.M.

## Handicap Parking:

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

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**Unregistered Voters:** Only voters who registered by the deadline (September 25<sup>th</sup>) will be allowed to vote at this Town Meeting. Others are welcome to attend as non-voters and will be seated in a special section. Unregistered voters must stop at the Town Clerk's table in the lobby to register before being seated.





September 23, 2009

To the Citizens of Andover:

**Andover's budget must be balanced before the property tax rate can be set.** The Board of Selectmen has called for a Special Town Meeting on Wednesday, October 7<sup>th</sup> to take action on the budget reductions needed to bring spending in line with projected revenues. The Board of Selectmen, School Committee and Finance Committee have been working together to develop a budget reduction plan that can be supported by all three boards and approved by the voters. We cannot afford to leave this Special Town Meeting with an unbalanced budget. An unbalanced budget just means having to hold subsequent Town Meetings until the problem is solved.

As this report goes to the printer, the deficit is estimated to be **\$1,416,109**. When the Annual Town Meeting in May voted to spend \$500,000 more than the balanced budget recommended by the Board of Selectmen and Finance Committee, we knew that Andover would not have the revenues to support the adopted budgets and that a Special Town Meeting would be needed to address the deficit. When more definitive information about State Aid became available with the release of the Cherry Sheets, revenue projections were reduced by \$661,697. Once we had the actual collection numbers for FY2009 General Local Revenues, it was evident that the projected total for FY2010 should be \$525,000 less. Concern about the lack of new construction in town led us to lower our estimate of property tax growth revenues by \$400,000. By July, the estimated deficit had grown to \$2.1 million.

Fortunately, property tax revenues from new growth and personal property came in only approximately \$50,000 less than originally budgeted. The August 31<sup>st</sup> Special Town Meeting approved the local option hotel/motel room occupancy tax which is expected to yield \$320,588 for FY2010.

**The status of the FY2010 budget deficit as of October 23, 2009 can be summarized as follows:**

<b>Additional Appropriation Voted by Town Meeting</b>	<b>\$500,000</b>
<b>State Aid Reduction</b>	<b>\$661,697</b>
<b>Local Revenue Reduction</b>	<b>\$525,000</b>
<b>Property Tax Growth Revenue Reduction</b>	<b><u>\$50,000</u></b>
<b>Total Revenue Reduction</b>	<b>\$1,736,697</b>
<b>New Hotel/Motel Tax Revenues</b>	<b><u>-\$320,588</u></b>
<b>Net Deficit as of September 23, 2009</b>	<b>\$1,416,109</b>

The budgets for Fixed Expenses were examined. With the exception of a potential small cost reduction in the Health Insurance account, none of those budgets can be reduced. Using any of Andover's reserves to fund ongoing operating costs is not a fiscally responsible option. **Therefore, Town and School operating budget appropriations must be reduced by approximately 1.5% to balance the budget.** There are two changes that could affect the overall amount to be cut. The employee Health Insurance appropriation might be able to be reduced if having fewer employees has resulted in fewer subscribers. We do not expect this savings to amount to much, but every little bit helps. A private article (Article 5) proposes the adoption of the local option meals tax. Approval of that article would mean an additional \$206,864 in revenue for FY2010. Alternative budget motions will be prepared for Article 7 that result in a balanced budget with or without the additional meals tax revenues.

**The Finance Committee voted 5-4 to recommend disapproval of the local meals tax (Article 5).** Members are concerned about the impact of additional taxes on both Andover residents and local businesses. They understand that many are struggling to make ends meet in this economy. Making Andover a desirable place to do business is critical to the future prosperity of our community. More importantly, the fundamental problem with Andover's Town and School budgets is that the basic cost structure cannot be sustained within available revenues. Adding more money to the pot without addressing the real issues only puts off the difficult choices that must be made if Andover is going to be able to continue to deliver an acceptable level of services given the new economic realities. It is impossible to overstate the importance of the next round of union contract negotiations.

**The Board of Selectmen, School Committee, and Finance Committee agree that our community is best served when we reach agreement on the budget prior to Town Meeting.** At a Tri-Board meeting on September 17<sup>th</sup>, board and committee members considered the progress made by the Board of Selectmen and School Committee in reviewing their respective budgets to identify potential budget reductions. The Chair of the Board of Selectmen outlined the Town Manager's proposed Town departmental budget reductions totaling \$496,000 or approximately 1.5% of the original \$31.5 million total of Town departmental appropriations. Both the Board of Selectmen and Finance Committee have voted to recommend approval of these budget reductions as summarized on pages 10 and 11 in this report.

The Town Manager's reductions are designed to take steps in FY2010 toward sustainable budgets for FY2011. Updating cost estimates based on new information has provided opportunities for reducing budgets without impacting services. For example, total solid waste tonnage has continued its downward trend. Using the new numbers means that \$24,000 less will be spent on solid waste in FY2010 than was originally budgeted. The Town Manager is continuing to pursue his strategy of not filling vacancies unless absolutely necessary. This keeps spending down in the current fiscal year, provides opportunities for reorganization and reduces the number of layoffs needed. There is no question that reducing overtime while at the same time not filling vacancies results in fewer employees available to deliver Town services. It will be a challenge to operate at this level without compromising public safety. In addition, selected services are being reduced, and our reliance on user fees continues to increase.

The Finance Committee applauds and thanks those unions and other staff who stepped up to the plate and voluntarily reduced their contracted pay increases for FY2010. Those concessions really made a difference in our ability to balance the budget and preserve important services. Unfortunately, unlike the other groups, the teachers and firefighters have not been willing to participate in the solution. So far, they have refused to give up any of their FY2010 cost of living increases negotiated in better times or make other concessions. With no increase in available revenues, funding those contractual increases has forced staffing reductions.

The School Committee has identified budgeted expenditures that can be reduced in light of new information revealing lower costs for the same level of service. An example is transportation expenses. New transportation contracts negotiated after last spring's Town Meeting mean that the School Department will be spending \$577,713 less than originally budgeted for this purpose. Because some lines in their budget need to be increased, the School Committee voted to use only a portion of this savings to address the deficit. At their meeting on September 22<sup>nd</sup> The School Committee voted to recommend a \$430,000 reduction in their \$60.4 million budget, a 0.7% reduction. They expressed a willingness to explore options proposed at the recent Tri-Board meeting.

The three boards will continue to work toward a budget agreement. As this report goes to the printer, approximately \$920,000 of the \$1.4 million needed has been identified. This number does not include any money from the meals tax. While we have included the new budget numbers as originally recommended by the Town Manager in this report, along with the current recommendations of the three boards, it is very likely that there will be changes prior to Town Meeting.

**Town Meeting will also be asked to reduce the Water Department operating budget.** Because water operations, indirect costs and debt service are funded entirely with water revenues, and water revenues can only be used to fund water services, water budget issues must be considered separately from the rest of the budget. Water revenues are down by approximately \$1 million. Water sales have been impacted by the economy and an unusual amount of rain. In order to balance the water budget, a \$650,000 budget reduction is being recommended to Town Meeting. The overall plan also may require a water rate increase.

The Board of Selectmen, the School Committee, and the Finance Committee are committed to working together to develop fiscally responsible budgets that best meet the needs of the whole community and that get the most in services from each available tax dollar. Town Meeting makes the final decisions. Join us at the Special Town Meeting on Wednesday, October 7, 2009, at 7PM in the Richard J. Collins Field House at Andover High School.

The Finance Committee  
Joanne F. Marden, Chairman

Mary O'Donoghue  
S. Jon Stumpf  
Mark Merritt  
Paul Fortier

Cynthia Milne  
Richard T. Howe  
Stephen Stapinski  
Margaret Kruse

**2009 SPECIAL TOWN MEETING  
WEDNESDAY, OCTOBER 7, 2009**

**RICHARD J. COLLINS FIELD HOUSE  
ANDOVER HIGH SCHOOL**

**7:00 P.M.**

\*\*\*\*\*

**WILLIAM M. WOOD MEMORIAL**

**ARTICLE 1.** To see if the Town will vote to amend the vote on Article 29 of the 1974 Town Meeting so that the bronze tablet in honor of William Madison Wood shall state:

In honor of  
WILLIAM MADISON WOOD  
(1858-1926)

William Madison Wood was the creator of Shawsheen Village and a founder and President of the American Woolen Company, the largest wool manufacturing concern of its time. An industrial genius, he learned from the difficult experiences of his early life and became a great benefactor of youth, a humanitarian with broad vision, and a public spirited citizen whose good works, many unpublicized, reached in all directions.

or take any other action related thereto.

**The BOARD OF SELECTMEN recommends approval.**

**YES** \_\_\_\_\_

**NO** \_\_\_\_\_

On request of the Town Manager

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**GENERAL BYLAW AMENDMENT**  
**PRIVATE PROPERTY ON MAIN STREET SIDEWALKS**

**ARTICLE 2.** To see if the Town will vote to amend the Town Bylaws, Article XII, Section 45 as follows:

By adding the following definitions to paragraph 2, “Definitions”, to be inserted in the proper alphabetical order:

Flower Pot or Planter – a decorative object used to hold flowers or plants.

Urn – a pedestal vase typically larger than 20 inches high and used for flowers or plants.

Window Box – A usually long, narrow box for growing plants, placed on a windowsill or ledge.

By adding the following language after the words “Article XI, Sections 3(a) and 3(b) of the Town’s Bylaws,” in Paragraph 3b.: “the following are allowed as indicated:”

By inserting “i.” before the words “News Boxes” in the second sentence of Paragraph 3.b.

By inserting the following new section to Paragraph 3.b.

- ii. Privately owned flower pots, urns or any other decorative item may be allowed at locations and times specifically approved by the Board of Selectmen on a Town sidewalk.

The Board of Selectmen may grant permission by means of a written license to a business or person to occupy a public sidewalk or way in downtown Andover for a limited time for the decoration of a doorway or storefront with an object(s) such as a flower pot, urn, planter, and window box. Window boxes that do not touch the ground and protrude less than one (1) foot are exempt from this policy so long as there is at least four (4) feet from the edge of the window box to the edge of sidewalk.

Prior to seeking a license from the Board of Selectmen, a business or person intending to occupy any sidewalk or way at the storefront of a building, shall provide an image showing the object and a plan demonstrating that a travel area between the object and the edge of sidewalk is at least four (4) feet and is free and clear of any other obstructions to the Building Division and the Design Review Board. The Building Division and the Design Review Board may provide a verbal or written recommendation to the Board of Selectmen.

After due consideration, a written license may be provided by the Board of Selectmen to the business owner or person and shall include the length of occupancy or time limit, the location of the object, the size of the object, and a picture, drawing or photo of the object.

All window boxes, flower pots, urns or other decorative item must be kept clean, maintained, and free of litter.

All items must weigh enough to ensure security and stability so as to no fall over or blow away. The owner is responsible for the installation, safety and maintenance of the item. The Town is not liable for theft of or damage to an item or its content.

The business must provide insurance naming the Town as additional insured and written indemnification to hold the town harmless from all claims for loss or damage arising from such occupancy or obstruction.

- iii. Outdoor dining furniture as approved in accordance with Article XI, Section 9 – Outdoor Dining.

By adding the following sub-paragraph to Paragraph 4. Enforcement:

- h. The Board of Selectmen may revoke a license issued under Section 3.b.ii. of this Bylaw if a violation of the license terms has occurred.

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

~~~~~  
The purpose of the amendment is to allow and regulate the placement of privately owned flower pots, planters, urns, or other decorative items on Main Street. Now that the Main Street construction project is finished, allowing floral and other decorations outside of businesses would be attractive and add to the pedestrian experience of a downtown streetscape. Allowing flowers and similar decoration would aim to complement the other improvements that have been made over the last two years. The intent is to make Main Street inviting and attractive.  
~~~~~

**The BOARD OF SELECTMEN recommends approval.** YES \_\_\_\_\_

**The PLANNING BOARD recommends approval.** NO \_\_\_\_\_

On request of the Planning Director

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## **GENERAL BYLAW AMENDMENT – OUTDOOR DINING**

**ARTICLE 3.** To see if the Town will vote to amend the Town Bylaws, Article XI, Section 9, as follows:

By adding the following sentence at the end of paragraph (a) (3) a: All furniture must be secured during the hours it is not in use.

By deleting paragraph (a) (3) b.

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

~~~~~  
The purpose of the Outdoor Dining amendment is to allow for greater flexibility with the placement of the furniture by eliminating the requirement to bring the furniture in nightly but still provide for public safety with the added measure of securing the furniture at close of business.  
~~~~~

The BOARD OF SELECTMEN recommends approval. YES \_\_\_\_\_

The PLANNING BOARD recommends approval. NO \_\_\_\_\_

On request of the Planning Director

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## SALE OF BUILDING AT 16 PEARSON STREET

ARTICLE 4. To see if the Town will vote to transfer the care, custody and control of the building situated on the property at 16 Pearson Street to the Board of Selectmen for the purposes of selling or conveying the building and to authorize the Board of Selectmen to sell or convey the building on terms and conditions they deem to be in the best interest of the town, even if the Town receives no financial payment, or take any other action related thereto.

~~~~~  
This article would authorize the Board of Selectmen to attempt to sell the historical house located at 16 Pearson Street as an alternative to demolishing it. The April 24, 2007 Special Town Meeting authorized the Town to acquire the property at 16 Pearson Street (as well as the adjacent property at 18 Pearson) for the purpose of developing the land into municipal parking lots. This approval also included an authorization for borrowing \$455,000 "to pay for the costs of said acquisition, and related demolition and for any other costs incidental and related thereto." The Town subsequently purchased the property in July, 2007 for \$425,000. If this article is approved, the Town will proceed to conduct a competitive bidding process for the disposition of the structure, with the condition that it is moved off the lot and preserved at another location. If the Town is ultimately unsuccessful in selling it, the building will be razed to make way for a new municipal parking lot.  
~~~~~

The BOARD OF SELECTMEN recommends approval. YES \_\_\_\_\_

The FINANCE COMMITTEE recommends approval. NO \_\_\_\_\_

On request of the Town Manager

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## LOCAL MEALS TAX

**ARTICLE 5.** To see if the town will vote to accept Massachusetts General Laws Chapter 64L, Section 2(a) to impose a local meals tax, or take any other action related thereto.

~~~~~  
This article proposes the acceptance by the Town of a state statute allowing the adoption of a local meals tax of 0.75% on sales of meals served by restaurants located in Andover.  
~~~~~

**The BOARD OF SELECTMEN recommends disapproval.** YES \_\_\_\_\_

**The FINANCE COMMITTEE recommends disapproval.** NO \_\_\_\_\_

**The SCHOOL COMMITTEE recommends approval.**

On petition of John F. Zipeto and others

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## AMEND FY-2010 CAPITAL PROJECTS FUND APPROPRIATION

**ARTICLE 6.** To see if the Town will vote to amend appropriations voted under Article 5 of the 2009 Annual Town Meeting (FY-2010 Capital Projects Fund), or take any other action related thereto.

~~~~~  
This article was inserted upon request of the School Committee to provide a potential mechanism for reducing the FY2010 Capital Projects Fund appropriation as one element of a budget balancing plan. Article 5 of the 2009 Annual Town Meeting included \$166,000 for School Department technology purchases. The intent of this article is to allow the School Committee to use their unspent technology funds as an alternative to operating budget reductions.  
~~~~~

**The BOARD OF SELECTMEN will make its recommendation at Town Meeting.** YES \_\_\_\_\_

**The FINANCE COMMITTEE will make its recommendation at Town Meeting.** NO \_\_\_\_\_

**The SCHOOL COMMITTEE will make its recommendation at Town Meeting.**

On request of the School Committee

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## **AMEND APPROPRIATIONS – THE BUDGET**

**ARTICLE 7.** To see if the Town will vote to amend appropriations voted under Article 4 of the 2009 Annual Town Meeting – The Budget – or take any other action related thereto.

~~~~~  
This article includes the appropriation amendments needed to balance the budget. The next two pages show the proposed budget changes in a format similar to the summary pages for Article 4 used at the Annual Town Meeting. The line items with proposed changes have been highlighted. These numbers incorporate the information available when this report went to the printer. A Tri-Board budget balancing agreement could result in changes to individual line items.  
~~~~~

**The BOARD OF SELECTMEN recommends approval of the balanced budget shown YES \_\_\_\_\_  
on pages 10 & 11 based on information available as of September 21, 2009.**

**The FINANCE COMMITTEE recommends approval of the balanced budget shown NO \_\_\_\_\_  
on pages 10 & 11 based on information available as of September 21, 2009.**

**The SCHOOL COMMITTEE recommends disapproval of the Town Manager’s FY2010  
Budget number for the School Department in the amount of \$59,512,687.**

**The SCHOOL COMMITTEE recommends approval of a budget number of \$60,003,158 for  
FY2010 for the School Department.**

On request of the Town Manager

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## ARTICLE 7 SPECIAL TOWN MEETING - FY2010 OPERATING BUDGET

LINE ITEM	DEPARTMENT	BUDGET FY2009	May 26, 2009 TOWN MEETING APPROVED FY2010	Sept 23, 2009 SELECTMEN/ FIN COM REC FY2010	Decrease
PUBLIC SAFETY					
1	PERSONAL SERVICES	12,112,602	12,938,024	12,736,024	-202,000
2	OTHER EXPENSES	<u>1,253,235</u>	<u>1,273,112</u>	<u>1,273,112</u>	
	TOTAL	13,365,837	14,211,136	14,009,136	
Includes \$276,163 - parking receipts, \$75,000 - detail fees, and \$1,035,000 - ambulance collections					
GENERAL GOVERNMENT & COMMUNITY DEVELOPMENT					
3	PERSONAL SERVICES	3,657,269	3,990,278	3,965,278	-25,000
4	OTHER EXPENSES	<u>1,361,392</u>	<u>1,426,688</u>	<u>1,366,688</u>	-60,000
	TOTAL	5,018,661	5,416,966	5,331,966	
Includes \$6,000 in receipts from wetland filing fees.					
PUBLIC WORKS					
5	PERSONAL SERVICES	1,605,356	1,609,754	1,588,254	-21,500
6	OTHER EXPENSES	<u>3,786,200</u>	<u>3,632,250</u>	<u>3,570,750</u>	-61,500
	TOTAL	5,391,556	5,242,004	5,159,004	
PLANT AND FACILITIES					
7	PERSONAL SERVICES	3,001,805	3,076,879	3,030,605	-46,274
8	OTHER EXPENSES	<u>1,387,086</u>	<u>1,350,307</u>	<u>1,327,581</u>	-22,726
	TOTAL	4,388,891	4,427,186	4,358,186	
Includes \$70,000 in rental receipts; \$10,000 perpetual care income and \$57,000 from cemetery fees.					
LIBRARY					
9	PERSONAL SERVICES	1,988,696	2,052,489	2,011,489	-41,000
10	OTHER EXPENSES	<u>628,600</u>	<u>564,900</u>	<u>564,900</u>	
	TOTAL	2,617,296	2,617,389	2,576,389	
COMMUNITY / YOUTH/ ELDER SERVICES					
11	PERSONAL SERVICES	1,231,559	1,176,448	1,171,648	-4,800
12	OTHER EXPENSES	<u>441,404</u>	<u>452,794</u>	<u>441,594</u>	-11,200
	TOTAL	1,672,963	1,629,242	1,613,242	
Includes \$544,127; \$13,760; \$61,632 in user fees and \$66,544 in grants					
UNCLASSIFIED					
13	COMPENSATION FUND	968,000	0	0	
14	RESERVE FUND	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	
	TOTAL	1,168,000	200,000	200,000	
TOWN TOTAL					
		33,623,204	33,743,923	33,247,923	-496,000
	<i>less budgeted Revenues</i>	<u>(2,094,507)</u>	<u>(2,215,226)</u>	<u>(2,215,226)</u>	
	NET TOTAL	31,528,697	31,528,697	31,032,697	



## **TRANSFER TO WATER RESERVES**

**ARTICLE 8.** To see if the Town will vote to transfer \$400,000 from Article 29 of the 2009 Annual Town Meeting – Water Main Street Construction and Re-construction – to Water Reserves, or take any other action related thereto.

~~~~~

The Board of Selectmen has a financial policy to maintain a self-sufficient water enterprise. This article transfers funds back to the Water Reserve account (which can be utilized only for the water enterprise.). It is the Town's goal to maintain approximately 20% of the water annual costs in reserves for emergencies, extraordinary cost increases, unexpected drop in revenues and rate stabilization. Because of an unanticipated drop in water usage and receipts, water reserves have been completely utilized. This transfer provides for some reserves. Water main work that would have been accomplished under Article 29 of the 2009 Annual Town Meeting will be at \$100,000 and the balance will be requested as part of the FY2011 Capital Improvement Program.

~~~~~

**The BOARD OF SELECTMEN recommends approval.** **YES** \_\_\_\_\_

**The FINANCE COMMITTEE recommends approval.** **NO** \_\_\_\_\_

On request of the Town Manager

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## 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  
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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**

**Wednesday, October 7, 2009**

**Richard J. Collins Field House  
Andover High School  
7:00 P.M.**