

**TOWN OF WESTFORD
OFFICE OF THE TOWN MANAGER
TOWN HALL
55 MAIN STREET
WESTFORD, MASSACHUSETTS 01886**

February 1, 2007

Dear Honorable Members of the Board of Selectmen and Finance Committee:

Enclosed herein please find the Town Manager's recommended budget for Fiscal Year 2008 for the Town of Westford, pursuant to the Town Charter.

As always, the FY08 budget was developed with a set of revenue assumptions. Clearly, one of the major wild cards over the past decade has been the growth of local aid. Governor Patrick, in his address at this year's Massachusetts Municipal Association Annual Conference, said he would be proposing "a modest increase" in local aid. We have projected 3% growth in local aid.

The main challenge that the Town of Westford faces is that the growth in tax revenue under Proposition 2 _ does not even cover the increase in health insurance costs. This problem is not unique to Westford and we all realize the health insurance crisis is a national problem.

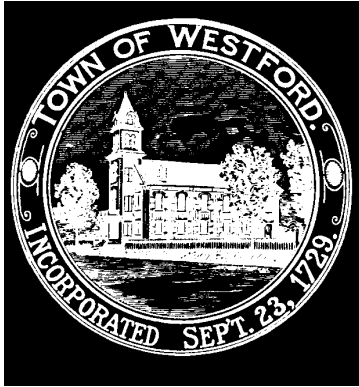
Nonetheless, our estimate for growth under Proposition 2 _ for FY08 is \$1,124,413. Our increase in health costs alone is \$1.2 million.

It has become absolutely clear that the Town cannot sustain itself within the confines of our current revenue structure. The proposed FY08 budget adheres to the one of the Selectmen's annual goals; namely that there be no override for FY08.

All Town Department Heads including the School Superintendent participated in three all day budget retreats during December and January. Budget presentation, critiques, questioning and feedback were open and honest. As part of this exercise, all operations were looked at for savings, economies of scale and reductions. It is a tribute to all our Town Departments that they have displayed flexibility, creativity and a commitment to work extraordinarily hard to preserve services to the public during this revenue challenged era. I was deeply impressed by many of the glaring needs our departments displayed during the retreats. Consequently, this document includes a Town Manager Budget Recommendation 2, which creates a budget that would at least attempt to meet some of the Town's pressing needs.

REVENUE SUMMARY

- The property Tax levy increase by the statutory limits under



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Proposition 2_ is **\$1,124,413.00**

- New growth is estimated at **\$1,000,000 with \$500,000** estimated for Summer Villages
- Local Aid has been increased by 3% equals **\$465,000**
- Local Revenue is increasing by **\$155,000 or 2_**. Investment income is **\$500,000**
- Free Cash of **\$3,433,787** is used to balance the budget, leaving our reserves at 5% of the General Fund budget.
- The Tax impact on the average Westford Home is projected to be **_ .12%** and Total revenue has increased by **.7%**.

EXPENDITURE SUMMARY

As I have often said, budgeting is a simple mathematical .formula.

$$\text{Revenue} - \text{Expenditure} = 0$$

However, what constitutes necessary expenditures is the tricky part, particularly when revenues are not keeping up with the increases in the municipal market basket. Consequently trade offs; cuts or other revenue services must be explored.

In order to balance this budget equation, Town and School services can only be funded at a modest level increase. For the Town departments, the net of health insurance and other unclassified expenses, this means an increase of 1.28% in all Town budgets and for the Westford Public Schools. This means an increase of 1.98%.

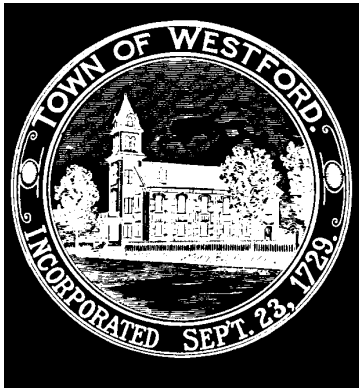
In addition, over the past seven years, we have strived to fund capital request at \$1,500,000 annually. Under the Town Manager's recommended budget, the capital appropriation would be \$500,000. A mere pittance in dealing with our problems of capital needs.

The proposed FY08 budget is a "no frills" budget. With fixed costs such as insurance and utilities increasing at a greater rate than our revenue status creates the need to limit growth in operational budgets or find other sources of revenue.

RAMIFICATIONS OF THE PROPOSED BUDGET

General Government:

The Town Manager's proposed budget will greatly impact the Town's ability to meet an increasing demand for public information, preservation of vital records as well as dealing with the Town's



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growth along with the Route 40 Corridor and assisting with the administration of the Comprehensive Master Plan. The Town's newly found Technology Partnership with the Public Schools will be impacted by not fully funding the help desk as well as shared purchasing and network administration. The ability to maintain Town Hall to the level it should be will be impacted as well.

Public Safety: Within the Police Department, the Town will not be able to fund a second administrative assistant position, causing excessive delays in processing citations, report requests, F.I.D. cards, and motor vehicle accident report requests. The Fire Department's recommended budget does not address the Town's poor response time and does not staff the Rogers Fire Station.

Education: The Westford Public Schools increase of 1.98% does not address the burgeoning growth in demands on Special Education that the School Department is experiencing, as well as other pressure due to the growing school population. The 1.98% represents \$780,346 over FY08. The original request of 4.9% would have increased the school budget by \$1,931,147.00.

Public Works: Almost annually, new subdivisions are accepted by the Town that creates additional maintenance responsibilities for the Highway Department. The staffing level for the Highway Department is the same that it has been since 1979. The Town Manager recommended budget continues to ask the Highway department to manage more without the necessary increase in expenditures. The recommendation also does not assess the concept of vehicle maintenance for the entire Town. Under Public Works, a small budget entitled sewerage collection has been added for the operation of maintenance of the Town Center Sewer project.

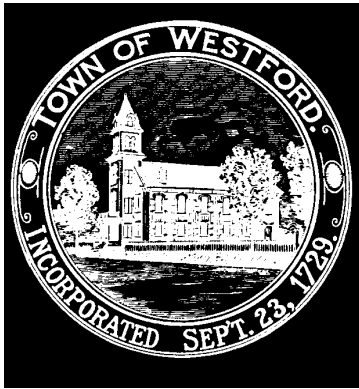
Health and Human Services: The Board of Health staff has increased by 2.7 % but does not address the demands for increased hours for the Substance Abuse Coordinator, not fund the request for a Food inspection position. The other budgets in the Health and Human Services area remain flat.

Culture and Recreation: The Town Manager recommended budget does not fund Sunday hours, which in past years has been funded by the Friends of the Fletcher Library. The remainder of the Culture and Recreation budgets is at level service.

Unclassified: As stated earlier, health insurance and retirement assessment have greatly impacted the FY08 budget. Unclassified is increased by a 17% increase.

COMPARATIVE DATA

It is always useful to see how one compares with our peers. The Town of Westford uses the following communities for comparison based on demographics size of budget,



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populations etc. The communities are Action, Andover Bedford, Belmont, Billerica, Burlington Chelmsford, Dracut, Lexington, Lincoln, North Andover, North Reading, Reading, Stoneham and Sudbury.

Based on the FY05 2005 data, compiled by the DOR (2006 Info not complete). This is how Westford compared with our Market Basket and the state average in the per capita spending for the major expenditure areas.

PER CAPITA SURVEY IN MAJOR EXPENDITURE AREAS

	Gen Govt.	Police	Fire	Public Services	Education	Public Works	Human Services	Culture	Debt	Fixed Costs
Westford	130.70	153.35	91.14	15.91	1664.86	174.51	32.85	71.17	561.50	274.84
Average Costs Market Basket	126.29	156.83	133.84	26.42	1380.02	212.84	26.97	68.98	287.95	335.24
Westford Ranked In Market Basket	6/16	6/16	15/16	12/16	5/16	10/16	4/16	7/16	1/16	13/16
State Average	115.82	181.77	134.20	29.55	1134.37	161.07	37.94	49.85	184.11	335.64

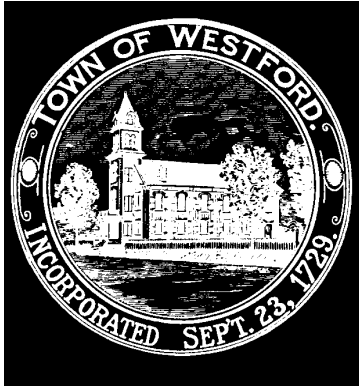
As one can see, in most areas, Westford is about average with its peers and in 5 of the 10 categories is beneath the state wide average, particularly in Public Safety. One dubious distinction is that Westford was ranked first in the Market Basket for per Capita debt. Given the number of school projects as well as the Police Station and Highway facility project, this figure is not surprising.

In my mind, what these statistics display is that firstly, Westford's spending has not been out of line with our Market Basket and the state at large; secondly, our Department Heads and employees do an amazing job with the resources that they have to work with.

TOWN MANAGER RECOMMENDATION 2

As stated earlier, the Town Manager's recommended budget does nothing to improve services, meet the demands of citizens in this instant access era or improve the education of the children of the community, let alone deal with our aging infrastructure.

The Town Manager's Recommendation 2 is a budget that modestly meets the Town's needs. In this scenario, Town Departments as a whole would increase by 2.95% and the Westford Public Schools would increase by 4.9%. Capital would be funded by at \$1,500,000. The overall budget would be an increase of 2.58%. The items that would be added to the Town Manager's Recommended budget would include in addition to fully funding, the school's request:



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- Town Manager’s Office-Administrative Assistant
- Technology- Help Desk Hours, Shared Purchasing, Shared Network Administrator
- Town Clerk-Increase Senior Assistant Hours to full time, Add Part time Assistant
- Planning- Route 40 Corridor Study, Comprehensive Master Plan Administrator
- Police- Administrative Assistant
- Fire- Staffing and Station Location Study(in Capital Plan)
- Emergency Management-Emergency Management Director- (30 hours)
- Building- Coverage for Wire Inspections during vacations
- Highway Department; DPW Feasibility Study and Staffing Analysis (in Capital Plan.)
- Health-Part Time Food Inspector, Increase hours for substance abuse
- Library- Restore Sunday Hours
- Historic- Demotion Delay Consulting, Historic Structure Inventory, Archeological Assessment Survey

However, as needed and noble as these undertakings are, it puts the Town \$2.5 million under our minimum recommended reserves, leaving only \$1.2 million left in our reserve account.

Obviously, even this modest increase is not sustainable in the long run unless we develop a long range financial strategy for meeting our growing demands. Based on the revenue assumptions in our five year model, the estimated tax impact (including CPA) for the next five years is as follows:

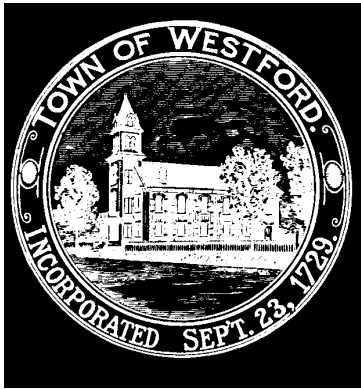
FY 08	FY09	FY10	FY11	FY12
-12%	0%	2.03%	3.67%	.88%

We have to decide as a community whether services such as Fire, Education and customer services are more important than keeping taxes flat. In essence, we have to decide in what direction our community is going.

I chose a career in Town Management because I believe in the sanctity of public service. I know how quality public service can make a huge difference in people’s lives. I believe we need to put our collective minds together; Selectmen, Finance Committee, School Committee and Department Heads, as well as the citizen’s and plan for how we are going to meet our future needs. For example, even at \$1.5 million per year for Capital, we are only scratching the surface of our infrastructure demands.

Let us all commit to working on this. I envision spending the bulk of the budget season trying to develop a long range strategy.

As always, I stand ready and willing to assist the Selectmen and Finance Committee during this challenging time.



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Respectfully submitted,

Steven Ledoux
Town Manager