

TOWN ADMINISTRATOR

The Stow Town Administrator, by Charter, serves as the Town's chief administrative officer. In this capacity, the Town Administrator manages the day-to-day operations of the Town, function as its chief fiscal officer, chief procurement officer, chief personnel officer and chief contract negotiator. In addition, this position serves the Town as chairman of the dispatch communications administrative body, as the labor union grievance hearing appeal officer, the sexual harassment officer and the public records management officer. Throughout the year 2006, functioning in these various administrative positions, the Town Administrator was engaged in several significant matters.

At the Annual Town Meeting in May 2006, for the first time in four years, the Town Administrator recommended a FY-07 balanced budget that did not require general override. The FY-06 operating budget needed \$350,000 in the form of a general override to be balanced and the FY-05 operating budget required a general override of \$250,000. In FY-04, the Town faced a one million dollar budget deficit and was required to utilize both an approval of a general override of \$414,500 together with budget cuts and the expenditure of stored assets to balance the operating budget.

The FY-07 municipal budget is a reasonably tight operational budget. Total spending for the general municipal budget, which includes all of the Town departments (excluding the two school districts), increased by only 5.8%. The Nashoba Regional School District assessment increased by 6.2%; and the Minuteman Vocational Technical District assessment decreased by 1.6%. The Town's capital improvement project costs for non-bonded projects decreased in FY-07 by 26% to \$415,728. The Town's non-capital special articles budget decreased in FY-07 by 11.2% compared to FY-06; falling from \$298,618 to \$265,080. However, the Town's annual debt payment increased by 25.2% from \$1,294,683 to \$1,621,305. The annual debt payment budget funds pays the principal and interest on bond notes for the Town's building projects such as the Hale School, modular classrooms, Pompositticut school improvements, the police station and the Town Building. We also have borrowed money for property acquisition and the purchase of fire and ambulance trucks.

For the current fiscal year, the Town is utilizing \$158,798 in Free Cash to balance the operating budget. And \$100,000 has been transferred from Free Cash to the Stabilization Fund in a continuing effort to increase the amount of the Town's savings. Also, \$113,672 in Free Cash has been provided in FY-07 to fund a number of capital improvement projects. Included in this list of capital projects, the Town has purchased a new police cruiser for \$33,000 along with a new backhoe for the highway department for \$80,000. Hales school improvements have been made to the Hale school totaling \$58,175. Additionally, the School Building Taskforce has been provided \$117,255 to enable the due diligence process to continue toward a school building project affecting Center and Pompositticut schools.

There were two primary reasons that allowed the Town to balance its FY-07 operating budget without a general override. First, the Department of Education School Building Assistance program audit for the Hale school construction project was completed late 2005, and the one time financial benefit resulting from the completed audit of \$196,000 was applied to reduce the amount of FY-07 taxes that otherwise would have been necessary to balance the budget. Also, the FY-07 Minuteman Vocational High School assessment actually decreased compared to FY-06.

Looking forward to next year's budget, FY-08, there is a possibility that another general override will be necessary to balance any budget recommendation that exceeds an approximate total expenditure growth rate of greater than 5% above the current fiscal year. Stow possesses several structural fiscal impediments, which is making it increasingly more difficult to balance annual operating budgets without overrides.

The Town's tax base represents approximately 88 percent of the Town's total annual budget revenues and this revenue source is providing an increasingly larger percentage of the Town's total revenues each year. Annual municipal state aid to Stow only represents between 2 to 4 percent of the Town's total annual revenues each year with little expectation that this contribution percentage will increase in the foreseeable future. On the contrary, Stow experienced cuts in municipal state aid just two years ago. Further, approximately 50 percent of the Town's total taxable property is either totally exempted from being taxed or is taxed at a significantly reduced rate through different tax abatement programs. Stow's tax base is almost completely undiversified. The only growth in the Town's tax base results primarily from annual housing development and increases in housing values. Stow residential taxpayers receive negligible tax relief from the commercial and industrial contributors to the Town's tax base.

Until last year, the Town had been successful in delaying the inevitable collision of these two competing fiscal trends by primarily utilizing local funding sources: unused levy capacity and savings. Over several fiscal years up until the late 1990's, the Town on an annual basis had generally experienced total budget expenditures in amounts less than its total annual revenues. During that time, the Town's unused levy capacity grew annually until it peaked eventually at \$372,000. The Town's Free Cash and Stabilization Fund, our stored assets or savings accounts, peaked at approximately \$1,400,000. For FY-07, July 1, 2006 to June 30, 2007, the Town's total amount of Free Cash and Stabilization Fund is only \$472,768. Between the years FY-98 and FY-06, the Town had expended approximately \$4,495,262 in Free Cash and Stabilization Fund money both to balance the Town's annual operating budgets and to fund various capital improvement projects.

The Town administrator is directly responsible for managing and controlling the Town's legal budget. In the area of legal services provided during the year 2006, lawsuits relating to previously approved cell tower site permits continued unresolved as they had for the last several years and a new cell tower related lawsuit was filed. I have been involved in managing more than ten separate cell tower litigation cases over the last several years. There are three cell tower litigation cases remaining to be resolved. Beyond the cell tower litigation in 2006, the Town has been engaged in several other court cases during the last year.

The Town is currently litigating two Land Court cases involving Massachusetts General Law Chapter 61B. This statute allows the Town to purchase, or assign its right to purchase to a qualified non-profit organization, recreation, agricultural or conservation land that has been protected from development in returned for reduced taxes. In their opinion, had not perfected its statutory rights pursuant to MGL Chapter 61B. The Town is involved in another major lawsuit as a defendant. The Town faces a charge of sexual harassment, and wrongful termination of a prior public safety dispatcher. It is not known when adjudicative process will be completed on these cases.

In 2006, the Town Administrator organized a working group to assist the Town's Lower Village area commercial property owners in analyzing and assessing the water and sewer problems they are currently facing. This working group is hopeful that it can facilitate a process that is

successful in locating a common water source that will enable a private water company to invest in constructing a water supply system to service the Lower Village area.

Also in 2006, the Town Administrator was successful in negotiating separately with representatives of the fire, police, clerical and dispatch unions to execute new labor contracts.

Beyond serving the Town's interests and needs by attending to specific management issues such as the matters detailed above, the Town Administrator in general is engaged regularly attending to the routine matters associated with the day-to-day operations of the Town. In performing these duties, the Town Administrator is in frequently in direct contact with municipal staff, Town board and committee members, local, state and federal agencies and officials, the public and various private groups and individuals. The Town Administrator continues to be diligent in the performance of these duties and responsibilities.

Respectfully submitted,

William Wrigley, Town Administrator

Susan McLaughlin, Administrative Assistant