

Although the Selectmen have taken on numerous activities to better the lives of Stow residents, we know we cannot act alone. Stow is blessed with an experienced and committed Town Administrator, Bill Wrigley, a dedicated group of Town employees, and many talented residents who step forward to volunteer for numerous boards and task forces, which perform much of the Town's work. The Selectmen appointed members to approximately 20 committees, and we recognize and thank all who volunteered their time and skills to the Town in 2010. We continue to post all available volunteer opportunities on the Town website, and we encourage residents to review it regularly to see how they can participate.

We would like to conclude by offering our most sincere appreciation to all of the residents who contributed their time and effort during the year. The Selectmen and Town employees could not do it without your help. Thanks to you, Stow is a great place to live.

Respectfully submitted,

Laura Y. Spear, Chair  
James H. Salvie, Clerk  
Stephen M. Dungan  
Charles Kern

Thomas E. Ryan III

Susan McLaughlin, Administrative Assistant  
Phoebe Haberkorn, Office Assistant

### **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, functions 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 2010, functioning in these various administrative positions, the Town Administrator managed several significant matters.

At the Annual Town Meeting in May 2010, as has been the case for several years, the Town Administrator recommended a balanced FY 2011 budget that contained expenditure amounts totaling considerably less than the upper limit prescribed by proposition two and one-half.

The FY 2011 municipal budget is a level services budget. More important, the FY 2011 municipal budget of 21,543,118 represents an actual decrease in total spending of 3.2% in comparison to FY 2010. It is important to note that the FY 2011 budget will produce a significant amount of unused levy capacity (i.e. excess taxing capacity). This is very good news for the taxpayer. Essentially, the Town's total tax appropriation for FY 2011 is approximately \$900,000 below the amount it is authorized to appropriate pursuant to the provisions of proposition two and one-half.

Within the total budget, spending for the general operating budget (excluding the schools) increased by 2.7% to \$5,235,405 in comparison to the FY 2010 budget. The Nashoba Regional School District assessment decreased by .2% to \$13,014,640; and the Minuteman Vocational Technical District assessment decreased by 24% to \$609,427. The Town's non-debt capital project budget decreased by 16% in FY 2011 to \$376,000.

The Town's non-capital raise and appropriate special articles budget decreased in FY 2011 by 7.5% to \$323,803 in comparison to FY 2010. Included in the FY 2011 non-capital raise and appropriate special articles budget are annually recurring items such as \$70,000 for the Reserve fund; \$25,000 for legal services and \$10,600 for audit services.

For FY 2011 the Town's annual debt payment increased by 1.7% to \$1,297,693. The annual debt payment budget funds the principal and interest due on bond notes issued to fund the Town's larger capital improvement projects. Currently on the debt schedule are annual debt payments for previous borrowings on capital projects such as the Hale School expansion, the Pompositticut and Center School improvements, the police station facility and the Town Building construction. Also, the Town regularly borrows to purchase some of the more expensive pieces in the rolling stock fleet such as fire engines and ambulances. Finally, the town periodically borrows money to acquire property for conservation and recreational purposes.

Of special note in 2010 relative to the debt schedule, is the fact that the first annual interest only debt payment on the Town's new Center School has come due and payable. The first annual principal and interest payment on this school bond is loaded onto the debt schedule in FY 2012. This significant capital project will have a substantial impact on the Town's annual debt payment during the next 25 years. The Town will benefit from approximately 50% state reimbursement on the total project costs, thus reducing the principal amount bonded long term by the amount reimbursed.

The FY 2011 budget appropriates and transfers \$50,000 from Free Cash to the Stabilization Fund, in a continuing effort to increase the amount of the Town's stored assets. Also, \$200,000 in Free Cash has been provided in FY 2011 to fund a number of non-bonded capital improvement projects. The same total amount of Free Cash was appropriated for the same two purposes in FY 2010.

The Town's Free Cash account is currently certified at \$778,703. This represents an increase of 29% above the amount of Free Cash certified by DOR last year at \$604,198. The Town's Stabilization Fund account balance, including the \$50,000 that was transferred at last May's Annual Town Meeting is \$650,000. Combined, the current Free Cash and Stabilization Fund balance of \$1,428,703 is higher than it has been the last nine years. We are fortunate to be able to continue to grow our stored asset accounts during these difficult economic times.

Looking forward to next year's FY 2012 budget, the Town is facing serious constraints that will require significant adjustments in order to balance the budget. In balancing the FY 2012 budget, it will be necessary to limit recommended total budget expenditures to approximately 4% above the current fiscal year as that is the projected percentage increase in total recurring revenues.

Driving this prediction is the fact that Stow possesses several structural revenue impediments that make it increasingly more difficult to balance annual operating budgets.

Most importantly, the Town's tax base represents approximately 90 percent of the Town's total annual recurring budget revenues. More problematic, this primary recurring revenue source is providing an increasingly larger percentage of the Town's total revenues each year. By comparison, Stow's annual municipal state aid revenue, on average, represents approximately only 3 percent of the Town's total annual revenues. And there is little expectation that this small percentage will increase in the foreseeable future. On the contrary, for FY 2011, Stow's municipal state aid has been cut by 3.5% and we can expect additional cuts by the state in local aid in FY 2012.

The Town's annual local receipts revenues represent approximately 7% of the Town's total revenues. The Town's local receipts revenues have declined each of the last two years; however, there are indications that the local receipts revenues will level off in FY 2012.

It is a distressing fact that a disproportionately high 90% of the Town's recurring revenues come from taxation. This distressing fact is exacerbated by the fact that the tax base is almost completely undiversified. Approximately 92% of the Town's tax base is residential. Ten years ago, residential taxes represented 89% of the total tax base; so the trend line is negative. Further, through various governmental tax reduction programs, approximately 50 percent of the Town's total taxable property is either exempted from taxation or is abated to a significantly reduced rate.

The combined effect of these factors is that the Town suffers from a limited revenue base consisting primarily of property tax revenues and this tax base is essentially undiversified. Stow residential taxpayers receive negligible revenue relief from the contributions generated by the commercial, industrial and personal property taxpayers. And there is no indication that there will be any meaningful future growth in commercial or industrial taxes.

Throughout several months during 2010, the Town Administrator worked closely with other Town officials, as well as many state agencies and elected officials, in an organized effort to assist 175 Harvard Acres residents in disconnecting from the Assabet Water Company water system. As a major part of this effort, the voters approved accepting a 1 million dollar 0% loan from the state Water Pollution Abatement Trust. The Town is utilizing this money to provide 2% interest loans to Harvard Acres residents for the purpose of drilling individual wells. All 175 Harvard Acres residents will need to be disconnected from Assabet Water Company by March 15, 2011, when a federal bankruptcy judge expects to shut down the Company's water system.

Beyond performing functions as the Chief Fiscal Officer, the Town Administrator is directly responsible for directing and managing the Town's legal matters. As it relates to litigation in 2011, there are number of on-going administrative cases. A few lawsuits relate to various ZBA and Planning Board decisions that have been challenged by permit applicants. At the moment there are no significant claims against the Town that expose us to substantial monetary loss.

In August 2010, based on a financial stability credit analysis, the Town was notified by Standard & Poor's Ratings Services that they had reaffirmed our previous year's rating upgrade to AA. The credit upgrade resulted from our discussions with Standard and Poor's analysts and the submission of financial documents and proof that Stow consistently applied financial management best practices. Given the troubling economic climate, this upgrade is significant and timely. The Town will save an appreciable amount of interest costs on our major capital borrowing for such projects as the Center School.

As a regular course of business, the Town Administrator performs a number of management functions relative to fulfilling the responsibilities associated with maintaining a close and productive working relationship with our fire, police, clerical and dispatch unions. For the last two decades, without exception, the Town's four labor unions and Town management have successfully negotiated and abided by all employee labor agreements without ever reaching an impasse or filing for arbitration. This cooperative track record is a tribute to both the Town's union employees and Town management.

Beyond serving the Town's interests and needs by attending to specific management issues such as the matters detailed above, the Town Administrator is generally engaged in regularly attending to matters associated with the day-to-day operations of the Town. In performing these duties, the Town Administrator is regularly in direct contact with most departmental staff and many Town board and committee members. In addition, the Town Administrator frequently works directly with local, state and federal agencies and officials, the public, and various private groups and individuals.

Respectfully submitted,

William Wrigley  
Town Administrator

Susan McLaughlin, Administrative Assistant  
Phoebe Haberkorn, Office Assistant

## **PLANNING BOARD**

A five-member elected board with one appointed associate voting member, the Planning Board has specific statutory requirements. The Board reviews and approves the division of land under the State Subdivision Control Law (MGL c. 41) and the Stow Subdivision Rules and Regulations; serves as a special permit granting authority under the State Zoning Act and the Stow Zoning Bylaw; guides the process of Zoning Bylaw amendments under the State Zoning Act (MGL c. 40A); and adopts a Master Plan that is designed to provide a basis for decision making regarding the long-term physical development of the town (MGL c.41).

By statute, the Board is charged with the responsibility of protecting the health, safety and welfare of Stow's residents. Guided by the Massachusetts General Laws, the Stow Zoning Bylaw, the 2010 Stow Master Plan, and citizens' comments and concerns, the Board strives to preserve and enhance the integrity of Stow's character through the use of these regulatory tools, while safeguarding property owners' rights. We recommend and specify changes to