

November 2004 Warrant

ARTICLE 3 To see if the Town will vote to amend the FY 2005 – FY 2014, Capital Improvements Program as provided for in Section 7-7 of the Reading Home Rule Charter, or take any other action with respect thereto.

Board of Selectmen

Background: There are several amendments to the Capital Improvements Program (CIP) that are required for this Town Meeting. They include:

- ◆ B-S-019 - Wood End School – The School Department had a surplus of over \$650,000 in the FY 2004 Budget due to better than anticipated reimbursement of SPED costs under the “Circuit Breaker” Program. The School Committee voted to transfer those one-time revenues to capital projects -- the three school projects under construction. The State Department of Revenue ruled that transfer to be inappropriate indicating that for transfers of this magnitude and for projects of this type, Town Meeting approval is needed. Therefore, there will be a requested transfer from Free Cash to fund these additions to previously approved capital projects, and the moneys from the FY 2004 Budget that the School Committee had previously transferred will revert to Free Cash. **Funding of these projects would be accomplished under Article 5 of this Warrant.**
- ◆ B-S-020 – Barrows School (see above).
- ◆ B-S-021 – RMHS (see above).
- ◆ PW-P-004 – Reconstruct Playgrounds – This change reflects the amendment to the CIP voted last Spring by Town Meeting, adding \$20,000 for the Hunt Park Playground. The FINCOM approved a Reserve Fund Transfer in the amount of \$7,500 which allowed the first phase of this project to be done this Fall. It is possible/likely that a budget amendment will be sought this Fall for the additional \$12,500 authorized but not appropriated for this project.
- ◆ PW-W-002 – Well Improvements - This project was funded in the FY 2005 Budget but was inadvertently left out of the Capital Improvements Program.
- ◆ PW-W-005 – Main – West Street from County to Willow – This project was included in the CIP for FY 2005 but at a lower amount - \$575,000. The increase is due to the increase in scope – and updated for recent bid prices. The previous scope was West Street from County to Palmer Hill. The new scope is West Street from County to Willow Street. With this project, plus the current project which is under construction connecting from Willow to Enos, and Enos to Catherine, this will complete the West Street water line upgrade. **Funding of this project would be accomplished under Article 11 of this Warrant.**

- ◆ PW-W-015 – Replace Dump Truck – This project was funded in the FY 2005 Budget but was inadvertently left out of the Capital Improvement Program.

A marked up copy of the Capital Improvements Program is attached to this document, and the changes from the previous CIP are noted. (See Appendix 2 - blue pages.)

Finance Committee Report: The Finance Committee recommends the subject matter of this Article by a vote of 9-0-0. These changes do not appropriate any funds, but the inclusion of projects on the CIP is required in order for Town Meeting to further consider whether or not to fund the projects.

Bylaw Committee Report: No report.

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→ **School Committee Report:** School Department Transfer - In FY04, the Commonwealth of Massachusetts implemented a new method to reimburse towns for Special Education costs. This new method, called the "Circuit Breaker," replaced the former "50/50 Account." The 50/50 account only allowed for reimbursement of out-of-district residential placement costs. The Circuit Breaker expanded the definition of reimbursable expenses to include day program and high cost in-district placements. Since the FY04 school committee budget was developed prior to the enactment of the Circuit Breaker and state reimbursements for any new educational program was questionable due to the financial crisis at the state level, the town accountant and the school committee could not budget with certainty the anticipated reimbursement for FY04. This, along with a very aggressive effort to include all possible expenses that the Circuit Breaker program would allow, resulted in a much higher than anticipated reimbursement in the amount of \$563,000. Furthermore, sound fiscal oversight resulted in additional budgetary savings in FY04. The combination of these factors resulted in the School Department having \$683,000 remaining in the Budget at the close of the year, which the School Committee voted to transfer to the three building projects it oversees, as follows, with the remaining \$33,000 going into free cash:

High School	\$350,000
Barrows	\$200,000
Wood End	\$100,000

The Department of Revenue disagrees with the method the School Committee took in transferring these funds and believes that Town Meeting is the only body that can add to an existing building project fund. Though the School Committee, Town Counsel, Town Accountant, Town Finance Director and Superintendent of Schools all believe the powers of the School Committee do afford them the right to add to existing projects, it was decided that the most expeditious method of resolving this issue was to comply with DOR's suggested method of transferring these funds so they could be used for the projects as voted upon by the School Committee. Therefore, the School Committee is requesting that Town Meeting affirm the votes of the School Committee by voting to transfer the above-mentioned funds from Free Cash, where the \$683,000 from the School Department FY04 budget will revert, to these previously approved building projects. Funding of these projects would be accomplished under Article 5 of this warrant.