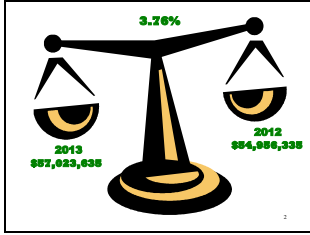


FISCAL YEAR 2013
ANNUAL TOWN MEETING PRESENTATION
March 10, 2012



Good morning and welcome to this year's edition of the FY 2013 Annual Town Meeting. Has it been a year already since we last met? Thank you all for being here. I cannot stress strongly enough the importance of your presence here to determine the direction to be taken by the Town of Duxbury. I stand here before you to present my seventh balanced operating budget.

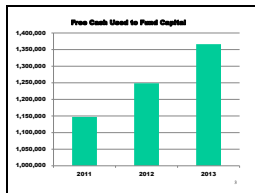


The Fiscal Year 2013 Operating budget totals \$57,023,635 which represents an increase of 3.76% or \$2,067,300 over Fiscal Year 2012. I have spoken of balanced budgets in the past. I have also spoken about what it is to truly balance a budget. I have emphasized the importance of supporting a budget with recurring and renewable revenues. While we have achieved this goal, you have heard me speak of the difficulties associated with maintaining this plan, this vision if you will.

This has not always been an easy task. Year after year department heads present their budgets with their plans, priorities, and goals. There is, however only so much available funding. It has only been in the last two years that we have seen minor improvement in the financial environment in which we function. Small gains have been made, especially in the area of staffing. For a number of years we have reduced staffing through attrition; replacing only the most critical of positions. In the last year we have found ourselves in the enviable position of being able to replace some of our vacancies.

But it is not just about balancing the operating budget. Through prudent fiduciary practices and

solid management of our financial planning, aside from providing the services that the Town of Duxbury has come to expect, we have also been able to implement a capital plan that is both effective and comprehensive.



This “Big Picture” approach has not only provided 5 consecutive years of renewable revenue based budgeting of the Town’s operations, but has yielded a Capital Plan funded by over a million dollars of Free Cash for three consecutive years and four out of the last five. At the same time we have been able to plan and implement several major projects. None of this

came about by accident. The management team that has been assembled over the past few years has a clear understanding of what needs to be accomplished, how we can achieve our goals, and what resources we have to work with.



On March 2nd of this year Standard & Poor's Bond Rating Agency extended the Town's AAA bond rating. This makes Duxbury one of only a few communities out of 351 cities and towns in the commonwealth so designated. Additionally, Duxbury was awarded a SP1plus as the highest level awarded for the issuance of temporary notes. These designations have nothing

to do with the perceived affluence of Duxbury.

Rather, it is a reaffirmation of the policies and financial principles employed by the management of the Town. We are proud of our accomplishments and will not waver or bend to outside influences.

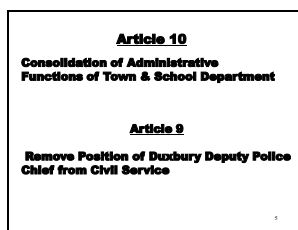
This has all been accomplished against a backdrop of state, national, and international economic turmoil. According to the Mass Taxpayers Foundation, overall revenue growth for FY 2013 will be approximately 3.9% or half of what it was during FY 2011. “The state’s tepid revenue outlook stems from a sluggish forecast for the national economy and a weakening employment picture for both the nation and Massachusetts. The state has lost approximately 5,000

jobs since July, and the Foundation projects there will be minimal job growth through 2013”.

This past January Governor Patrick presented his budget for FY 2013. The overall increase to the State budget over FY 2012 will be approximately three percent. The Governor has pledged strong support for Local Aid, funding Chapter 70 to its highest levels ever and level funding Unrestricted Governmental Aid. However, he has funded these and other initiatives through taxes that might not meet legislative approval.

The State’s budget process still has a long way to go. As I appear before you today the legislature is considering the Governor’s budget while making

recommendations of their own. From there the Senate and House versions will go into a joint committee and presumably we will have a budget prior to July 1 that mirrors our projections.



All things considered, I consider this year to be one of opportunity. Town Meeting will consider a number of articles that have the potential to dramatically change how the Town does business. First and foremost is an article that will allow for the consolidation of municipal services. This article will give management the tools to better manage areas of government including buildings and grounds, human

resources, financial services, and information services.

I consider this to be groundbreaking and should lead to greater efficiencies.

Two articles are being presented requesting the reclassification of one position and the creation of another. By reclassifying the position of Deputy Police Chief we will be creating a position that can step in as acting police chief in the absence of the chief and provide clarity regarding the chain of command.

<u>Article 8</u>
Create Facilities Manager Position
<u>Article 15</u>
"Other Post Employment Benefits Liability Trust Fund" O.P.E.B.
<u>Article 27</u>
Repairs to Powder Point Bridge

The creation of a Facilities Manager will provide greater oversight of building construction and

maintenance and equipment replacement scheduling.

Ultimately, this should equate to cost savings and

better long-range capital planning. The Town of

Duxbury owns 85 buildings with a total assessed value

of over \$123,000,000. While we have made great

strides in maintaining these properties, it is critical

that we dedicate more professional attention to our

building needs.

You will be presented with an article to establish a trust fund to provide for a vehicle to begin funding the

Town's retiree health insurance liability. While some

may feel that this unfunded liability is staggering, we

need to take the first steps, no matter how small, in

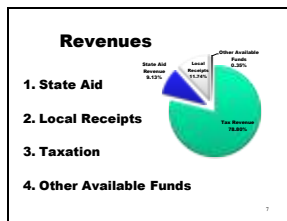
addressing this obligation. In recent years we have taken measures to reduce this liability,

Recently the Town took measures that will further reduce our liability. By adopting sections of M. G. L. Chapter 32B, Duxbury has the opportunity to redesign its health insurance plans. In doing so, both the Town and its retirees and active members will save on premium increases. At the same time, some costs related to deductibles and out-of-pocket expenses will be borne by the employee. Through education we believe that our participants will continue to enjoy the benefits that have always been available to them.

One of the many gems that exist in Duxbury requires care and attention. The Powder Point Bridge is

**showing signs of wear that endangers its future as a
viable causeway. Town Meeting will hear of the
problems and the solutions related to this most
important asset. Passage of this article will ensure
many years of continued enjoyment.**

REVENUES



For the fifth consecutive year we have developed and built an operating budget supported entirely by renewable revenue. Once again we have held fast to our practice of renewable revenues for ongoing expenses and one-time revenues for one-time expenditures. This has proven to be a successful formula that we will continue to adhere to.

This provides us with four areas of revenue that satisfy our requirements.

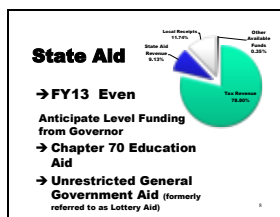
1. State Aid

2. Local Receipts

3. Taxation

4. Other Available Funds

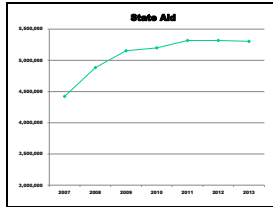
State Aid



Revenues on the State level have shown signs of strengthening in recent years. Over the last few months, the state has raised its revenue forecasts significantly. Still, according to the Mass Taxpayers Foundation, a weak economy coupled with an even weaker employment outlook, will stunt any major revenue growth. While revenue growth increased in

FY 2011 by over ten percent, projections for growth in FY 2012 are projected to be a third of that.

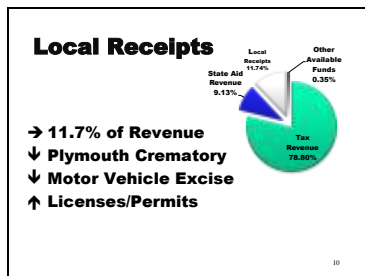
What else are we seeing on the State level? The good news is that for the month of January, the most recent month for which we have data, unemployment is down to 6.9%. At this time last year that number was 8.3%. While job growth for FY 2012 is expected to slow, our unemployment rate is well below the 8.3% national average.



What this has translated into is some level of confidence that the Town can count on at least level funding of Local Aid. For too many years we have had to endure a waiting game in anticipation of Duxbury's annual award. While stability is a good thing, in reality Local Aid has increased, on average, only .73% annually since FY 2009 through the Governor's numbers for FY 2013. For the coming fiscal year, we estimate that State Aid will make up slightly more than 9% of budgeted revenue.

I am recommending that we budget State Aid at the same amount allocated to Duxbury for FY 2012. The amount that we are projecting is \$5,318,909. We are confident that for FY 2013 that the governor and the legislature will agree to level fund both Chapter 70 Education Aid and Unrestricted General Government Aid, formally referred to as Lottery Aid.

Local Receipts



Local Receipts comprise slightly more than 11% of the revenues required to balance the budget. Local receipts include such items as fees, licenses & permits, rentals, transfer station revenue, beach revenue, ambulance revenue, crematory revenue, and Motor Vehicle excise to name a few.

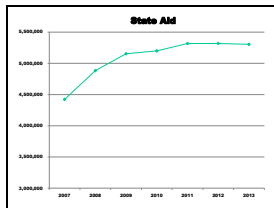
Overall, in FY 2011 this category was down slightly to the levels of FY 2009. Actual revenues were off from FY 2010 by about \$80,000. No one particular item showed a significant reduction with the exception

of Crematory revenue. We anticipated there would be a decrease in this area due to the opening of the facility in Plymouth. The good news is that since FY 2010 the numbers have shown improvement and we expect that this trend will continue.

Motor Vehicle excise showed a minimal increase in FY 2011 over FY 2010 of about \$11,000. We expect this trend to continue as car dealers prolong their new car programs to entice buyers and shore up their own automotive industry. In anticipation of this, we have built in a 2% increase from our FY 2012 estimates.

An area that we are cautiously optimistic about is in revenues related to the building industry. During FY 2011 we saw not only a stabilization as opposed to

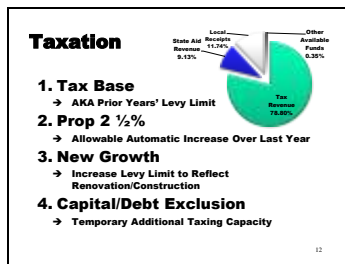
decline, but indeed saw an uptick resulting in higher licenses and permit revenue. Ultimately, the Town saw an amount of FY 2012 New Growth revenue over 48% higher than projected. We are pleased by this, hopefully ending several years of decline.



Our projection of Local Receipts remains conservative given some lingering economic uncertainty. We do not anticipate any surprises of new or increased revenues outside those for which we have planned. We believe that history supports our approach. Since FY 2006, local receipts have increased at an average annual rate

**of .17%. As always we continue to monitor these
revenues to identify trends both negative and positive.**

Taxation



Revenue from property taxes provides slightly less than 79% of funding needed to support the budget. Property values fell for the third straight year, most recently by 4.54%. Proposition 2 ½, passed by the voters in 1980, caps revenue growth at 2.5% of the previous year's tax levy. Added to this is new tax revenues from construction and improvements to buildings and property as well as voter authorized debt excluded from the constraints of Proposition 2 ½.

Proposition 2 ½ taxation increases for FY 2013 are estimated to be \$1,076,905, while new growth reflects cautious optimism in the economy and is projected at \$330,000. Finally, revenues raised through debt exclusions total approximately \$2,014,119. An increase of \$224,026 over FY 2012, this amount includes the latest projects passed recently.

Tax Revenue Comparison			
	Fiscal Year 2012	Fiscal Year 2013	% Change
Tax Levy	41,306,011	42,716,208	3.41%
2.5 % Increase	1,032,680	1,067,908	3.41%
New Growth	377,546	330,000	(12.59%)
Debt Exclusion	1,790,093	2,014,119	12.51%
Total Tax Revenue	44,136,781	45,928,388	3.89%

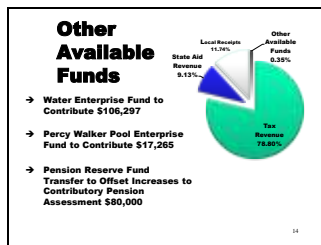
Duxbury remains a strictly rural and residential community. This inhibits the opportunity for increased revenue through commercial development. The Town does, however, possess pockets of

opportunities for development such as Island Creek.

We constantly keep an eye on development to ensure that it conforms to concepts consistent with the residents' expectations.

All of this, complete with the requisite element of uncertainty regarding State aid, provides a total revenue projection to fund the FY 2013 General Fund operating budget of \$57,023,635

Other Available Funds

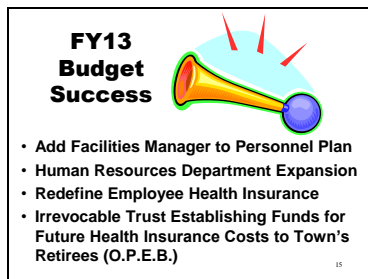


The Water and Pool Enterprise Funds will provide support for their portion of operations appropriated in the General Fund. The Water Enterprise Fund will contribute \$106,297 for its share of billing and collections services and associated benefits related to the Treasurer/Collector's Office as well as its share of expenses related to Town Hall maintenance. The Percy Walker Pool Enterprise Fund will provide \$17,265 for its share of billing and collections services

**and associated benefits related to the
Treasurer/Collector's Office.**

**In addition, \$80,000 will be transferred from the
Pension Reserve fund to offset increases in the
Contributory Pension Assessment. This has been our
practice for several years now. As we did last year, we
will also, whenever possible, endeavor to replenish this
fund. This will ensure that the fund remains solvent
into the foreseeable future.**

Expenditures



Fiscal year 2013, with all its challenges, presents itself as a year of opportunity. While the current economic climate is one of lingering uncertainty, Duxbury, through years of patience and conservative budgeting has positioned itself to take small steps forward.

This year's budget provides for overall growth that will allow the departments to keep pace with the increased costs of providing services. It will allow for the expansion of the Human Resources Department that will permit staff to continue to develop town-wide

policies, negotiate contracts, settle staff issues, and manage employee benefits.

This year Town Meeting will be asked to consider the position of Facilities Manager to be added to the Personnel Plan. The need for this position has been discussed for several years, and the time is now to bring it forward for consideration. Recent strategic planning sessions have made it clear, that management and the public see the need for a focused effort toward maintaining the Town's many buildings. While we are not requesting funding at this time, Town Meeting approval will provide us the opportunity to further develop and refine this most important responsibility in time for FY 2014. Preliminary discussions have

already begun, and it is clear that the cooperative spirit between Town and School boards and committees will create an environment of success in this undertaking.

No greater opportunity stands before us than the chance to redefine employee health insurance.

Through passage at the State level of Municipal Health Reform, we now have the tools with which we can modify nearly every area of health insurance to more fairly balance the cost of this ever growing liability. Beginning in the very near future we will begin to take steps, as laid out by the municipal relief guidelines, to bring forth reform that will further mitigate increases in municipal health care costs.

Preliminary studies indicate that in the first year alone, plan changes could generate savings to both Duxbury and its employees an amount in excess of one million dollars. We believe this to be a win-win situation and I look forward to commencing the process as soon as possible.

Management is bringing forward an article to establish an irrevocable trust for the purpose of establishing funding for future health insurance costs of the Town's retirees. Commonly referred to as O.P.E.B., which stands for Other Post Employment Benefits, this action will provide for a special purpose fund into which it is our intention to deposit, initially, minimal amounts of money. This outstanding liability,

which cannot be ignored, was recognized by management a number of years ago. Since then two actuarial studies have been done to determine this outstanding liability. One study was done prior to the Town's adoption and implementation of Section 18; the second done subsequent to that action. Those decisions alone reduced our outstanding liability by nearly \$20,000,000. We believe that a combination of municipal health reform and even meager funding of the trust will reduce this liability even further.



Fiscal Year 2013 will be a year when the Town begins in earnest the transition from old to new of three critical facilities. By mid to late summer of 2012 we expect to have the Fire Station Renovations and the Crematory Construction completed. Additionally, it is expected that by late spring or early fall of 2013, the new Police Station located on Mayflower Street will be ready for occupancy. Finally, bids have been received for the co-located middle-high school approved at the October Special Town Meeting and later at the polls. The contractor has been chosen and work is set to

**commence soon after the students leave for their
Summer break.**



**The Powder Point Bridge is in need of major repairs
in order for it to remain a viable access road to
Duxbury Beach. A picturesque focal point of Duxbury
that leads both residents and non-residents alike to
one of the most beautiful beaches in New England, the
bridge has suffered the effects of both time and tide.
The Powder Point Bridge Committee has
recommended a solution that is a combination of state-
of-the-art preservation techniques as well as some**

reinforcement and replacement to ensure that the bridge remains safe for years to come.

Expense Comparison					
EXPENSES	FY12 BUDGET	FY13 DEPT REQ	Town Mgr Recommend	% Change	Dollar Change
General					
Government	2,196,513	2,230,657	2,232,928	1.66%	36,415
Public Safety	6,151,397	6,465,539	6,412,076	4.24%	260,679
Education	28,946,458	29,548,310	29,796,458	2.94%	850,000
Public Works					
Library & Recreation	3,782,287	3,832,383	3,896,362	3.02%	114,075
Human Services	1,339,447	1,368,579	1,366,825	2.04%	27,378
Shared Costs	565,597	577,876	577,227	2.06%	11,630
Debt Service	9,610,311	10,024,082	10,199,087	6.12%	587,776
SUB-TOTAL	2,364,325	2,610,997	2,543,672	7.59%	179,347
OPERATING	54,956,335	56,657,523	57,023,635	3.76%	2,067,300

The budget being presented is up 3.76% or \$2,067,300. The operating budget, net of debt and shared costs is 3.02% or \$1,300,177. This increase has allowed for minimal expansion of services, but expansion none the less. While the \$850,000 increase in the School budget does not approach the budget increase of FY 2012, it is the result of hard work and compromise. I want to thank Dr. Tantillo for his understanding of our financial position overall and his

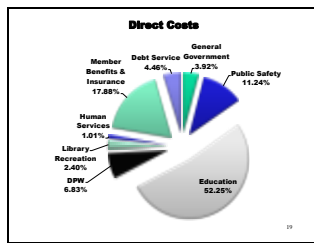
cooperation in the process. That being said, we have been able to provide funding for Special Education instructors previously funded through expiring grants. In doing so, we should be able to keep more students in-district thereby mitigating cost increases.

Member Benefits and Shared Costs are up 6.12%. Health Insurance plan changes allowed us to hold our appropriation increase to 5%. Without this change, and our recent claims experience, the increase would have approached 10%. This increase would have been difficult to provide without cuts in other areas.

Debt Service is up 7.59%. During FY 2013 we plan to begin the process of bonding our Crematory, Fire, Police, and School projects. This will mean an

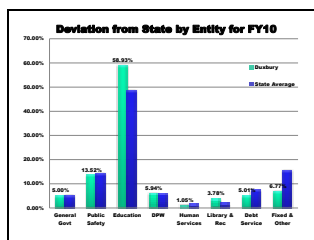
increase in long-term interest payments. The first principal payments will come due during FY 2014.

Direct Costs:



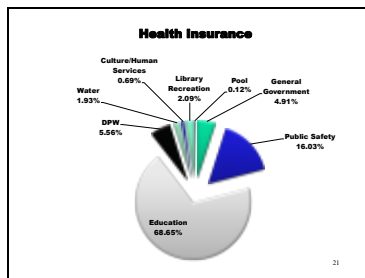
The chart identifies how budgets are allocated under Article 5.

Duxbury vs. State:



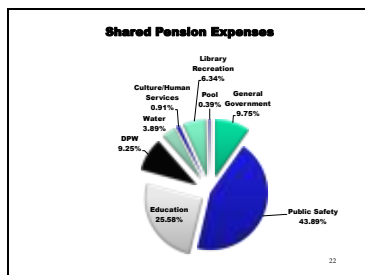
This slide shows a comparison of Duxbury versus the state for the most recent year for which the DOR has records, FY2010. What you are seeing is allocation of the Town's Operating Budget by major function compared with the state average.

Health Insurance:



This slide takes the Health Insurance appropriation and allocates it across the various entities. The percentages are related to the population of employees who participate in each department.

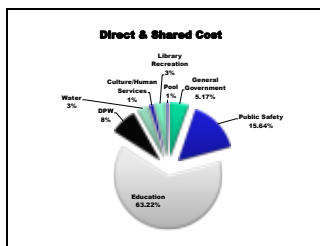
Shared Pension Expense:



This slide takes the Pension Assessment appropriation and allocates it across the various entities. The reduced percentage related to the schools reflects the

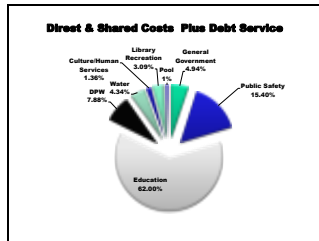
reduced population as most employees in the School Department are members of the Mass Teachers Retirement System.

Direct and Shared Costs:



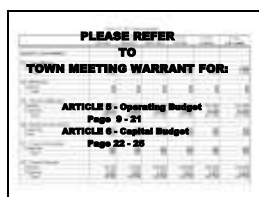
The chart before you presents the allocation of direct costs, health insurance costs, and the pension assessment, as well as the Medicare Town Match, Unemployment Compensation, Workers Compensation, and Property & Liability Insurance.

Direct & Shared Costs Including Debt Service:



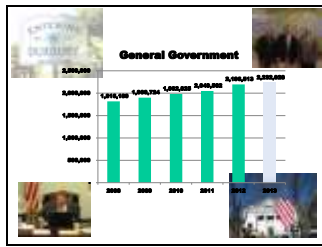
Before you is a chart that represents the allocation of all direct costs, shared costs, and debt service by entity.

Please Refer to your Town Meeting Warrant for:



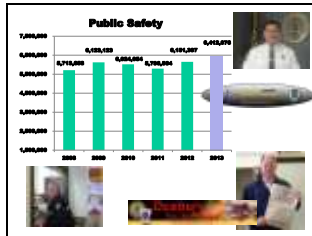
**Article 5, the Operating Budget and
Article 6, the Capital Budget**

General Government:



Since FY 2007 this category has increased, on average, 4.09% each year. This year the increase is 1.66%, or \$36,415, consisting of a 1.85% increase in Personal Services and a 1.23% increase in Other Expenses. The increase in salaries reflects the results of contract settlements, somewhat offset by a reduction in force through attrition. All other increases are minimal and provide for level service funding.

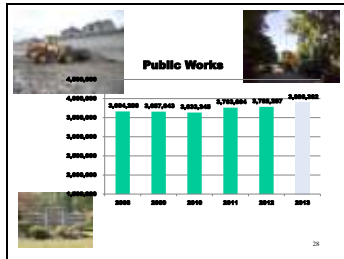
Public Safety:



Since FY 2007 this category has increased, on average, 2.91% each year. This year the increase is 4.24%, or \$260,679, consisting of a 3.71% increase in Personal Services and a 9.86% increase in Other Expenses. The increase in salaries reflects the results of contract settlements, somewhat offset by a reduction in force through attrition. The increase in Other Expenses is due primarily to the increase in the Police Vehicle account. Additionally, there is an increase in Inspectional Services for licensing and permitting services. This increase reflects the

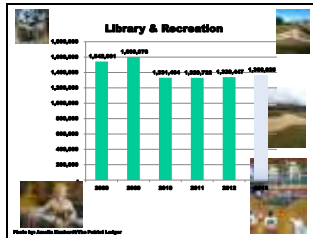
**expanded role of the department in the consolidation
of this process.**

Public Works:



Since FY 2007 this category has increased, on average, 1.74% each year. This year the increase is 3.02%, or \$114,075, consisting of a 1.75% increase in Personal Services and a 4.40% increase in Other Expenses. The increase in salaries reflects the results of contract settlements. Nearly half of the increase, \$50,000 is to provide funding for Stormwater Mitigation studies; an unfunded Federal mandate. The other significant increase is in Central Fuel to provide funding for rising gas prices.

Library & Recreation:



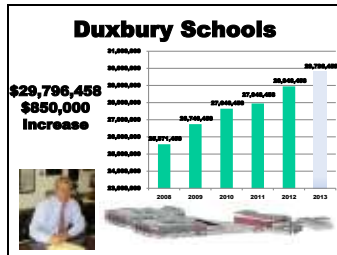
Since FY 2007 this category has decreased, on average, 1.10% each year. This year the increase is 2.04%, or \$27,378, consisting of a 2.47% increase in Personal Services and a .61% increase in Other Expenses. The increase reflects level service funding. As always, efforts of the “Friends of the Library” are greatly appreciated.

Human Services:



Since FY 2007 this category has increased, on average, 5.19% each year. This year the increase is 2.06%, or \$11,630, consisting of a 2.82% increase in Personal Services and a .71% increase in Other Expenses. The increase reflects the results level service funding. As always, I want to thank the volunteers for their tireless service and to the “Friends” of the Council on Aging for its support; financial and otherwise.

Duxbury Public Schools:



Since FY 2007 this category has increased, on average, 3.47% each year. This year I am recommending an increase of \$850,000 or 2.94%. I want to thank Dr. Tantillo for the cooperative spirit he brings to the table. Working with him has been a pleasure, and I look forward to working together in the coming years.

Shared Costs:

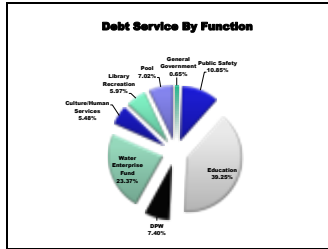
Town and School Shared Costs/Employee Benefits
Health Insurance
• Since FY07 Average Increase 1.82%
• 3.46% Increase FY12 to FY13
• Industry-Wide Estimates 10% - 14%
Pension Plymouth County Retirement
• Since FY07 Average Increase 9.16%
• 3.05% Increase FY12 to FY13
• Utilize Pension Reserve Fund to Offset Cost
• Payment in July to Save Interest Cost

Since FY 2007 this category has increased, on average, 1.86% each year. This year there is an increase in this category is 6.12%, or \$587,776. We continue to wrestle with the rising cost of health care and pension assessments. FY 2013 marks another great stride in controlling these escalating costs.

Debt Service:

Outstanding Debt
As of 6/30/2011 \$19,861,566
• Levy Limit Outstanding Debt \$ 2,743,885
• Water Enterprise Fund Outstanding Debt \$ 5,428,610
• Voter Authorized Outstanding Debt \$ 11,689,071
As of 6/30/2021 Amount Paid Down \$17,720,732

As of June 30, 2011 the Town has an outstanding Debt balance of \$19,861,566. This breaks out as \$2,743,885 in outstanding debt within the levy limit; \$5,428,610 in outstanding Water debt; \$11,689,071 in voter authorized excluded debt. Under the current bonded Debt Schedules, in ten years that balance will be reduced by \$17,720,732 or nearly 90%. This aggressive approach to paying down debt has served us well. According to Standard & Poor's, Duxbury has a favorable debt position "given the Town's above average amortization schedule".



For FY 2013 we have budgeted \$268,500 in long-term interest. These expenses mark the beginning of the bond payments for the Fire, Police, Crematory, and School Projects. During this Town Meeting, you will also be asked to consider borrowing for the rehabilitation of the Powder Point Bridge and the installation of water mains.

Capital Improvement Program

Article 6 Capital Projects General Government		Fiscal 2013 Request	Town Manager Recommend
Service/Help Desk System	Information Systems	4,000	4,000
Fiber Network	Information Systems	125,000	125,000
Mayflower/Townhall Campus	Information Systems	50,000	50,000
New Data Center in Fire Department	Information Systems	30,000	30,000
Consulting Services - Personnel	Information Systems	60,000	60,000
Software Subscriptions	Information Systems	40,000	40,000
Replace Assessing LAMM System	Assessors	40,000	40,000
Wind Treatment - Lower Chamber Bldg	Conservation	40,750	40,750
General Government Total		\$285,750	\$285,750

Over three years, including FY 2013 we have provided an average of \$1,256,156 from Free Cash to fund the Town's Capital Improvement Program aimed at maintaining, replacing, and improving the town's buildings & equipment. During each of those years the amount has increased nearly 10%.

This year will mark the beginning of the implementation of the IT Master Plan approved at the FY 2011 Annual Town Meeting. If approved we will begin the process of upgrading the communications connectivity between Town buildings.

Article 8 Capital Projects Public Safety		Fiscal 2013 Request	Town Manager Recommend
Replace K9 Kariquest Cruiser	Police	35,000	35,000
Replace 2007 Ambulance	Fire	200,000	200,000
Refurbish 1995 Pumping Engine	Fire	125,000	125,000
Paint & Replace Tires - Station 2	Fire	12,850	12,850
Update Public Safety Radio System	Fire	144,000	144,000
Thermal Imaging Camera	Fire	10,000	10,000
Replace 2005 Patrol Vehicle	MarlboroMaster	37,000	37,000
Automated External Defibrillators (2)	MarlboroMaster	6,140	6,140
8.5 Inflatable Vessel	MarlboroMaster	800	0
3.5 Engine	MarlboroMaster	1,020	0
Public Safety Total		\$572,910	\$425,990

Under Public Safety, among other front line vehicles in need of replacement, we are recommending the purchase of an ambulance to replace an aging, unit that spends more time being serviced. Additionally, funding for the refurbishing of a Pumping Engine is expected to add at least ten years to the life of the vehicle.

Article 8 Capital Projects Department of Public Works		Fiscal 2013 Request	Town Manager Recommend
Replace Town Hall Archives Photo 2	General Building	25,000	25,000
Replace 1994 Van And Pro Snowing Rate	Lovell Nat Res	25,000	25,000
Replace 2001 Dump Truck 807	Lovell Nat Res	0	0
Replace 2004 Pick up Truck 809	Lovell Nat Res	25,000	25,000
Replace Fuel Pump/Water Control	Park Road	41,000	0
DPW Facility Feasibility Study	DPW Admin	75,000	0
Replace 2003 4 Wheel Dump Truck 913	Highway	155,751	0
Replace 2007 4000 Gallon Water Tank Trailer	Highway	25,000	0
Replace 2000 Front End Loader	Highway	120,261	120,261
Pave Parking Area	Station	75,000	0
Replace 1995 Light Pole Truck	Community	25,000	25,000
Replace 9246 Monitor	Community	6,770	0
DPW Total		\$777,287	\$241,761

We are recommending the funding of the top five DPW priorities including a much needed Front End

Loader for the Transfer Station. In addition to its Transfer Station duties, this piece of equipment is also utilized for Highway, Lands & Natural Resources, and Snow & Ice activities.

Article 6 Capital Projects Human Services		Fiscal 2013 Request	Town Manager Recommend
Paint Interior Walls & Trim	COA	31,390	31390
First Floor Carpet Replacement	COA	6,800	6,800
Reconfigure Front Desk Area	COA	2,648	2,648
Purchase Modular Office Furniture	COA	2,870	2,870
Human Resources Total		\$43,408	\$43,408

As always, there is a lot going on at the Senior Center. Year after year more and more visitors take advantage of the many services provided. Including the addition of a coffee shop area that is planned, we are recommending funding that will allow for the updating and the reconfiguration of the first floor front desk area, as well as much needed carpet replacement.

Article 6 Capital Projects		Fiscal 2013 Request	Town Manager Recommend
Library & Recreation			
Assessment Study - Engineering & Mechanical Systems	Library	15,723	15,723
Paint Exterior Trim & Cupola	Library	24,750	24,750
7 HP Lawnmower	Library	800	0
Replace PC Workstations (5)	Library	4,000	4,000
Waterproofing North Wall	Library	10,600	10,600
Front Entrance Masonry Repair	Library	12,990	0
Carpet Replacement	Library	8,850	8,850
Thermal Pane Window Units (5)	Library	1,025	1,025
Repair Sand Traps	North Hill	35,000	35,000
Repair/Replace Ladies Toes	North Hill	15,000	15,000
Upgrade Phone System	North Hill	4,275	4,275
Library & Recreation Total		\$133,013	\$119,223

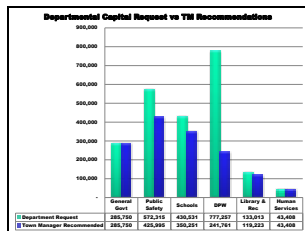
This year we will address a number of imminent building needs at the Library, as well as an assessment study to guide us as to what will be necessary going forward.

The golf course continues with the upgrades to the course and is in line to upgrade the communications systems in line with the other Town Facilities.

Article 6 Capital Projects		Fiscal 2013 Request	Town Manager Recommend
School Department			
Network Upgrades - System Wide	Schools	10,000	10,000
Wireless Technology Ph II - BMS	Schools	15,000	15,000
Replace Computers - System Wide	Schools	107,100	107,100
Upgrade Other Hardware - System Wide	Schools	30,042	30,042
Computer Labs - Mobile System Upgrades	Schools	28,100	28,100
Allen & Chandler Building Assessment	Schools	15,000	15,000
Artistic Assessment/The Replacement	Schools	10,000	10,000
Carpet Replacement	Schools	5,000	5,000
White Marker Boards	Schools	10,000	10,000
Replace Classroom Furniture	Schools	15,000	15,000
Classroom School Lighting Upgrade	Schools	45,000	45,000
Chandler Gym Floor Replacement	Schools	60,000	60,000
Replace Computers - System Wide - Ph II	Schools	10,700	0
Upgrade Other Hardware - System Wide - Ph II	Schools	23,042	0
Computer Labs - Mobile System Upgrades Ph II	Schools	24,478	0
Artistic Blending Steel & Pop-up Domes	Schools	10,000	0
Weighting Mats	Schools	10,000	0
School Department Total		\$430,531	\$350,251

We continue to support the advancement of technology in our schools as well as attending to the building needs throughout the district. We are

recommending the funding of all the priority one requests submitted by the School Department.



In all, the departments have submitted \$2,242,274 in capital requests under Article 6. I am recommending funding of over 65% of these requests. We are committed to ensuring that our equipment and building needs be met now and in the future.

I am recommending that funding for the Powder Point Bridge come from long-term borrowing. The plan that has been developed provides for approximately 80% of the \$2,400,000 cost to be borne by those who use the bridge. The remaining balance

**will come from existing tax levy that has been set aside
for capital needs.**

Water Enterprise Fund



The Water Enterprise Fund continues to upgrade and improve the Town's water system through the ongoing PCE Pipe Replacement and System Rehabilitation programs. In addition to this is a plan to expand the system in the Pine Street area. When this project is completed it will provide water to homes that are currently experiencing private system failures. This project will also expand fire prevention in this area of Town.

Water Enterprise Expense Comparison					
EXPENSES	FY12 BUDGET	FY13 DEPT REQ	Town Mgr Recommend	% Change	Dollar Change
Salaries	640,136	646,863	656,287	2.52%	16,151
Expenses	957,639	963,639	986,287	2.99%	28,648
Sub Total Operating	1,597,775	1,610,302	1,642,574	2.80%	44,799
Debt Service	917,628	802,543	802,543	(12.54%)	(115,085)
TOTAL	2,515,403	2,412,845	2,445,117	(2.79%)	(70,286)

The Water Fund operating budget for FY 2013 is expected to increase nearly \$45,000 or 2.8%. This is due primary to salary increases and an increase in indirect costs and employee benefits.

Article 6 Capital Projects Water Enterprise Fund		Fiscal 2013 Request	Town Manager Recommend
Tremont Well Rehab	Water Enterprise	80,000	80,000
Replace PCR Main Pipe	Water Enterprise	100,000	100,000
System Rehab	Water Enterprise	150,000	150,000
Water Enterprise Fund Total		\$330,000	\$330,000


The Department of Revenue certified \$1,099,392 in Retained Earnings to dedicate toward Capital Improvements. These retained earnings will provide funding for needs identified under Article 6 as well as

**to offset borrowing for the Pine Street Water Mains
Project.**

Pool Enterprise Fund



FY 2013, we project, will be a year in which the Pool Enterprise Fund will become financially self-sufficient . Fees have been adjusted and for the first time other Town departments utilizing the pool services will be charged. This is a practice consistent with those of the Water Enterprise Fund. I anticipate that the Pool will remain an Enterprise fund in the future. At this time, revenues remain strong as citizens continue to support the facility.



Percy Walker Enterprise Expense Comparison

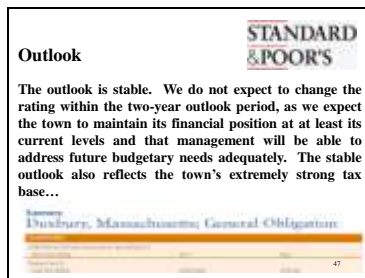
EXPENSES	FY12 BUDGET	FY13 DEPT REQ	Town Mgr Recommend	% Change	Dollar Change
Salaries	210,633	185,118	184,767	(12.3%)	(25,866)
Expenses	161,348	166,508	179,080	11.0%	17,732
TOTAL	371,981	351,626	363,847	(2.19%)	(8,134)

The budget for FY 2013 is down from FY 2012 by 2.2%. Salaries have been reduced by slightly more than 12% reflecting the elimination of one aquatic supervisor position. Other Expenses is up a little more than 11% due to energy increases and increases to employee benefits.

Closing Comments

Formulating this year's budget presented challenges and obstacles as have every budget to come before it.

Whether it be the uncertainty on Beacon Hill, employee and contractual obligations, or wrestling with Health Insurance issues.



According to the Town's most recent review by Standard & Poor's, and I quote here, "The Town's financial position remains strong and consistent...The outlook is stable. We do not expect to change the rating within the two-year outlook period, as we

expect the Town to maintain its financial position at at least its current levels and that management will be able to address future budgetary needs adequately “

High praise indeed. None of this is by accident, but rather careful planning. Our approach to balancing the budget, while at the same time developing a viable capital improvement plan, are what have set us apart from other communities. This approach is what has given us a certain level of financial security and the continued AAA designation by Standard & Poor’s.

But we are not satisfied, nor will we ever be satisfied with our position. We will continue to improve and seek better ways to provide for the residents of Duxbury.



I want to thank all the department heads for their cooperation in this process. As always, each and every person has shown a desire to work toward the best interests of the Town and I am proud to be associated with such a fine group of individuals.