

# **“Executive Summary”**

**For**

## **Strategic Planning**

*Learning from Our Past*

*Planning for Our Future*

**Developed by: Board of Selectman**

**Dated: 15 November 2010**

**Version 1.0**

# Town of North Reading

## **Strategic Plan 2011-2015 Executive Summary**

### Overview

The Board of Selectman (BOS) and Town Administrator created a Strategic Plan to provide stability and coherence to clarify the town's goals and objectives while providing direction and guidance to the Town's leadership and employees in carrying out the town's mission and vision,

### **Mission**

*"The Board of Selectmen, as ethical stewards of the public trust, shall set policy that is consistent with the Town Charter, respectful of the needs of the Community, the laws of the Commonwealth and within the financial means of the Community. It shall seek all opportunities that will advance the overall well-being of the Community and its citizens by providing the best quality education, public safety and public health. It shall provide the necessary leadership through consensus building and communication for the benefit of its constituencies and employees by proving to them of their vested interest in the Town. "*

### **Vision**

*"North Reading, while maintaining its suburban small town character, will implement a strategic plan that improves the quality of life for all its residents through controlled community development, supportive infrastructure and the implementation of a budgetary plan with, cost savings, increased efficiencies, and new revenues which support services on an annual basis town wide."*

This latest version of the strategic plan continues to meet the BOS intent that the strategic plan be a living document that will continually change in order to meet the future needs of the Town of North Reading. It builds upon the town's current strengths, resources, and strategic advantages and includes significant increased focus on financial analysis, improved infrastructure and new sources of revenue.

A major part of the plan are the semi-annual reviews, updates and implementation that will ensure that the document stays current and that new solutions and responses become action items on an annually revised schedule. The starting point for this plan is the state in which the Town of North Reading finds itself today and a brief history of how it arrived there.

Using 2000 as a base year for a 10-year progression, the following analysis brings us up to 2009:

<i>Description</i>	<i>2000</i>	<i>2009</i>	<i>Variance</i>	<i>% of Change</i>
<b>Total Population</b>	<b>13,387</b>	<b>14,721</b>	<b>1,334</b>	<b>10%</b>
<b>Student Population</b>	<b>2,479</b>	<b>2,735</b>	<b>256</b>	<b>10%</b>
<b>Over 60 Population</b>	<b>2019</b>	<b>2578</b>	<b>559</b>	<b>28%</b>
<b>*Net Amt Raised by Taxation</b>	19,863,916	\$32,422,732	\$12,558,816	63%
<b>Avg. Home Assessed Value</b>	<b>\$228,254</b>	<b>\$490,247</b>	<b>\$261,993</b>	<b>114%</b>
<b>Avg. Residential Tax Bill</b>	<b>\$3,684</b>	<b>\$5,903</b>	<b>\$2,219</b>	<b>61%</b>
<b>Employees: Town</b>	<b>345</b>	<b>342</b>	<b>(3)</b>	<b>(1%)</b>
<b>Employees: Schools</b>	<b>295</b>	<b>363</b>	<b>68</b>	<b>23%</b>
<b>Retirees: Town</b>	<b>86</b>	<b>96</b>	<b>10</b>	<b>11%</b>
<b>Retirees: Schools</b>	<b>139</b>	<b>205</b>	<b>66</b>	<b>47%</b>

\*Exclusive of Motor Vehicle Excise Tax

The average Annual New Growth amount for the past 10 years is \$551,339. In 2009 this figure is \$856,102. The estimated amount of New Growth for FY 2011 is approx. \$100,000. This is a significant reduction in revenue we've have become reliant over the past 10 years.

The averaged home assessed value percentage of change in the above table needs some explaining. A major effect on this number is the fact that home styles have changed dramatically over the past 10 years. We went from many Cape and Ranch style homes to modest Colonials which had a direct impact on the overall increase to the average assessed home value.

<i>Budget</i>	<i>2000</i>	<i>2009</i>	<i>Variance</i>	<i>Avg. Inc. Per Yr.</i>	<i>% of Change</i>
<b>General Gov.</b>	<b>\$12,163,272</b>	<b>\$18,976,959</b>	<b>\$6,813,687</b>	<b>\$681,369</b>	<b>56%</b>
<b>*Debt</b>	<b>\$1,935,863</b>	<b>4,225,464</b>	<b>\$2,89,601</b>	<b>\$228,960</b>	<b>118%</b>
<b>**Fixed</b>	<b>\$2,720,623</b>	<b>\$6,734,293</b>	<b>\$4,013,670</b>	<b>\$401,367</b>	<b>147%</b>
<b>School</b>	<b>\$13,963,760</b>	<b>\$22,377,445</b>	<b>\$8,413,685</b>	<b>\$841,368</b>	<b>60%</b>
<b>SPED</b>	<b>\$2,290,172</b>	<b>\$5,508,444</b>	<b>\$3,218,272</b>	<b>\$321,827</b>	<b>141%</b>
<b>Voc. School</b>	<b>\$21,786</b>	<b>\$398,445</b>	<b>\$376,659</b>	<b>\$37,665</b>	<b>1728%</b>

\* Debt Service Includes permanent & short term principal and interest.

\*\* Fixed Costs: County Retirement, workers Comp., Health Ins., Medicare Tax, Unemployment, Life Ins., and Public Safety Disability.

Special Education students represent 14% of the total student population in North Reading. The number of students for whom we are providing services both in-district and out-of-district has remained constant however the cost of providing services to special needs students has increased. North Reading Public Schools remains in compliance with state and federal guidelines by continuing to develop and expand appropriate in-district programs to meet the individual needs of students on IEPs.

Over the last ten years, North Reading's combined School and SPED cost increased a total of \$8.4M, averaging \$841K annual increase. Residents of North Reading know that special education (SPED) is an integral part of the school's overall services for our children, but also a significant cost contributor to our overall cost increases.

We have also seen that federal and state governments have placed tremendous pressure on schools to provide more and more services for special needs children, while they have neglected to help individual schools pay for the rising cost of these services. Based on the trend data above, we can see that the percentage of change for regular education and SPED are vastly different, even when special education costs affect only Nationally 11%, State average 13%, and District average 14% of the total student population.

Other major cost contributors are the towns' Health Insurance and Retirement Assessments annually. Increases in health insurance costs per employee have continued to substantially outpace the growth of operating funds available to the Town, increasing annually by an average of 22% over the last 10 years. Retirement Assessment continues to have a significant financial impact on our unfunded liabilities. To date, the town is faced with over \$40M in unfunded pension and other post employment benefit liabilities. With an almost 18% increase annually over the past 10 years, it is vital that these pension systems get a fresh look to make sure that the costs and funding assumptions are accurate and fully state the obligations that North Reading taxpayers will face over the next 10 to 20 years.

	<b>2000</b>	<b>2009</b>	<b>% of Change</b>
<b>*Health Insurance</b>	\$1,409,773	\$4,519,387	<b>222%</b>
<b>Retirement Assessment</b>	\$775,312	\$2,138,978	<b>176%</b>

\* The 22% annual increase in Health Premiums was a result of the combination of premium increases applied by BCBS and the increase in employee participation

In 2009, **87.5%** of the town's taxes are being paid by residential homeowners with only 12.5% being paid by the town's commercial, industrial, and non-residential personal property taxpayers.

While the average household income for North Reading families in 2008 was \$98,956 (it was \$76,962 in 2000), the state average was \$65,401 according to the most recent data published from city-data.com. It will be interesting to note how these figures change when the next federal census data is collected and distributed.

### **Why the need for a Strategic Plan?**

One of the long-term challenges that have faced North Reading is identifying and generating new Revenues. With the lack of a Strategic Plan in place, North Reading's efforts to stimulate new economic development have been limited; mostly due to the absence of a Wastewater (Sewage) Infrastructure. North Reading is extremely fortunate to have a significant quantity and quality of land available for commercial development and redevelopment. We must make the best possible use of this scarce resource to offset the residential taxpayer's financial burden placed on them due to continual increases in town expenses (i.e. core services, education, benefits).

### **Data Trend (Includes assumptions from the 5 Year Financial Plan)**

This section will give the reader a detailed look at the various considerations used to arrive at yearly revenue and expense figures and estimates for the fiscal years 2011 through 2015. The following chart projects the annual increases for:

<b>Expense</b>	<b>% Annual Increase</b>
Healthcare Insurance	20% +
Retirement Assessment	17% +
Medicare	5%
General Government	5.6%
School Department	6.7%
SPED	14%

Using 2009 as a base, projected revenue increases to 2015 with no change to our town's infrastructure, will be in the range of \$600,000 to \$750,000, or only about a 1.0 to 1.5% increase.

Using 2009 as a base, projected expense increases to 2015, will be approximately 9%, or about a \$4.2 million increase. General Government Local-Aid decreased by **\$870,165** between FY 2009 and FY 2011. It is anticipated this account will be level funded at best through 2015.

If nothing else changes based on the assumptions currently being used and costs continue to escalate while revenue growth remains low; we could have projected yearly deficits at approx. \$2,760,000 annually over the next five fiscal years.

Because municipalities are prohibited by state law from operating or budgeting at a deficit, in developing this year's Strategic Plan, considerable time was spent analyzing the financial data and trends in new ways to provide possible examples of how future projected deficits can be addressed and future budgets balanced. In addition to likely reductions in services, the Strategic Plan also identifies numerous threat-areas to determine if they are feasible in either decreasing future revenues or increasing future expenses. Many of these may entail long term analysis, but based on deficit levels the Town is projecting, they should be evaluated to better determine their impact.

There are many factors, including state aid amounts and the potential future casino funds, that will help turn these projections into actual figures and possibly produce a different end result. Taking the time to do these projections and recognizing that we have a problem allows us to make plans now to best deal with the future.

## **STRATEGIC PLANNING OBJECTIVES**

The objectives put forth to be implemented by the Strategic Plan are the result of analyzing the town's needs and the direction that would have to be taken to realize these goals.

To give them order and clarity, they have been organized into common purpose groups.

To reach the objectives of **Enhancing the Community**, the town leadership will need to raise public awareness with regard to decision making processes and reach out through a variety of means - news publications, electronically, cable access, public forums, and by personal contact. The implementation of an awareness program would be an important step towards this goal.

The objectives of **Achieving Long-Term Financial Stability** will require constant attention to possible new sources of revenue streams and actively pursuing increasing commercial development along with eliminating any services no longer needed by the community and looking for ways to share common resources with our neighboring communities.

- Wastewater Plan Implementation
- Economic Development
- Marketing Plan & Strategy

**The Continuous Improvement in Government Efficiency** will require constant evaluation of staffing needs, the introduction of professional development, and increased investments in technology systems & programs. The technology based information systems will need to be expanded and better integrated to include all of the functions of both the Town and School departments to eliminate mistakes, duplication and confusion.

- Technology Solutions Expansion & Implementation
- Develop Collective Bargaining Strategy
- Shared Municipal/School Services
- Greater Energy Self-Sufficiency
- Improved Management/Labor Relations
- Regional Public Safety Dispatch
- Combined Public Safety Dispatch

The objectives to **Provide Quality Education, Public Safety, and Public Health** deals with many areas that are considered North Reading's Core Services and will be evaluated annually by the Selectmen in conference with the Town Administrator, Department Heads, Committees, and citizens. In addition, efforts to increase our recreation facilities and access to public transportation for our citizens are important elements in achieving this objective.

- ALS Service
- New High and Middle School
- New or Renovated Senior Center
- Renovate Fire Station
- Renovate DPW Facility
- New Town Hall
- Improved Management/Labor Relations

## The objectives to **Implement Responsible Growth Management while Maintaining**

**Community Character** gets to the heart of what it is we want to leave for future generations in North Reading. How we proceed and develop a much needed commercial revenue base in North Reading, while maintaining the quality of life that brought us here (and has kept many here for generations), is a question that needs to be answered. It will require constant study and review as we progress and is another reason why this Strategic Plan has been created as a living document.

### **The Strategic Plan Timeline**

The Timeline shows how the Objectives and other future projects fit into a schedule of events for a period extending out 3 years. There are many projects in the **Community Development Plan** that extend beyond 3 or even 10 years and the Timeline is flexible enough to be extended out to any time in the future, if desired. The Timeline takes into consideration when funds for a particular project may become available and then shows best estimates of start and completion dates. The Timeline also serves as a reminder of important events or projects by scheduling timely reviews and updates.

The Timeline, like the Strategic Plan itself, is a living document that will be reviewed and changed as necessary each year by the Selectmen at the Annual Strategic Planning Review.

### **The 5-Year Financial Plan**

Our financial planning begins with a list of assumptions based on past experience and best estimates relating to variables such as State Aid, Estimated New Growth, Local Receipts, Ambulance Receipts, Surplus Revenue, and other revenue sources. These are balanced against assumptions related to expense items such as insurance increases, operating budget increases for town and school expenses, ice and snow removal, and other purchases and repair items normally included in a budget forecast.

Those assumptions are then used to create a year-by-year 5-year projection of the financial future of the Town. This document will be updated more often than the Plan as new figures become available throughout each fiscal year on both revenue and expenses.




## Summary

The **Strategic Plan** is a multifaceted document that makes sense and order out of a wide array of needs and priorities found in our beloved Town. The insistence of the Board of Selectmen that this document is a continuous living plan will ensure that the concerns of the future will have planned potential answers before they become unforeseen problems. The ongoing review and revision process will cause this plan to evolve over time to meet the ever-changing needs of the community of North Reading.



Selectman, Robert Mauceri



Selectman, Sean Delaney



Selectman, Stephen O'Leary



Selectman, Jeffrey Yull



Selectman, Michael Prisco