

Year 2001 Annual Report
Office of the Town Manager

I respectfully submit to the citizens of Hull the Year 2001 Annual Report of the Town Manager's Office. The year proved to be a challenging year. Every accomplishment has had input from a variety of individuals who share a common goal; to take those actions and make those decisions that are in the best interest of the community.

The members of the Board of Selectmen have provided support, guidance and knowledge that has made my job easier. Every Department Head and employee has contributed to the advances we have made.

As you review the Annual Reports from your Departments you will see that service requests and levels have increased steadily and consistently over the last several years. As an organization we have been able to meet the increased demand and improve services in a variety of areas by taking advantage of our strong financial position and greater cooperation and coordination amongst the various Departments. In short we are planning and executing our service delivery plans in a more efficient and effective manner.

The Town's financial health has not been better in many years. Our fiscal health is the result of the last eight years of conservative budgeting and the emphasis on stabilizing the Town's finances. The FY2001 Budget reflected the fact that we are pro-actively budgeting and addressing the general finance issues that face our Town.

The most significant event in the Town's financial outlook and will continue into FY2003 involves the School Building Projects. In November the State School Building Assistance Bureau (SBAB) indicated that they would be delaying the reimbursements for all school building projects in the Commonwealth. When we began the school building projects in FY2001 the SBAB was reimbursing on a four-year schedule. This schedule coupled with our cash reserves allowed us to craft a plan that would allow us to complete all three projects without a Proposition 2-1/2 debt-exclusion as is commonly done in most communities. The original financing plan significantly limited our tax liability.

The change from a four-year reimbursement schedule to an eight-year schedule came without warning and has a severe implication on the cash flows associated with the projects. We still have the financing in place to complete Memorial School without seeking additional taxes. The High School project has grown from a \$13,500,000 dollar project estimate to a \$20,000,000 dollar estimate due to statewide inflation in school construction costs. This factor coupled with the delayed reimbursement means that in we would have to carry the full bond payments (principal & interest) for both the Memorial and High School Projects at the same time for a number of years. Our cash flow will not support these costs.

The School Building Committee has been examining alternatives to allow us to continue the needed rehabilitations of the schools. In order for the High School project to go forward we must ask the community to consider a debt-exclusion. If the debt-exclusion or another viable financing plan does not pass then the High School project will be delayed.

Other budgetary items of interest include:

Total expenditures for Fiscal-Year 2002 total \$26,882,719 dollars, a 4.97% or a \$1,273,753 dollar increase from the Fiscal-Year 2001 Budget. In preparing the Fiscal 2002 budget all efforts were made to contain costs and reduce expenditures in accounts where possible. Three expenditure areas account for the over one million dollars of the increase stated above: All three areas are expenditure centers that we do not have discretionary control over. They are:

- A \$600,000 dollar increase to the School Department operational budget as required under the 1993 Education Reform Act. The FY02 School Department budget recommended funding is \$10,820,777 dollars. The School Committee Recommended Budget and the Town Manager Recommended budget were in agreement.
- A \$380,618 dollar increase in the Retirement System, which is required to fully fund our obligation over time.
- A \$150,000 dollar increase in the cost for health insurance.

Capital Improvement Program.

The FY02 Budget contained a limited capital improvements program. The proposed FY02 Capital Projects are as follows:

- Funding \$80,000 for a new Fire-Pump Truck to replace an aging piece of equipment
- Funding to replace docks and floats
- Funding to paint the Council on Aging building
- > Funding for one police cruiser
- > General roadway improvements
- > Seawall repairs
- > Funds for Library repairs

I believe the trend of the community is positive and that we are all contributing a great deal towards improving the day-today quality of life. We are not managing by crisis but rather we are planning and executing. I would like to thank all Town Employees and in particular, Nancy Allen, Janet Bennett and Terry Herlihy in the Town Manager's/Board of Selectmen Office for their tireless assistance throughout the year. I thank you for the opportunity to serve the residents of Hull.

Sincerely,
Philip .E. Lemnios
Town Manager