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City and Town

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SJC Issues Decision in the *Hancock* Case

by Jeff Wulfson, Associate Commissioner, Massachusetts Department of Education

In February the Supreme Judicial Court (SJC) handed down a final decision in *Hancock v. Driscoll*, bringing an end to more than two decades of litigation over the funding of the state's public schools.

The *Hancock* case was a continuation of the landmark *McDuffy v. Secretary of Education* case that the SJC decided in 1993. In *McDuffy* the SJC ruled that the state constitution guaranteed an education to each child, that it was the state's responsibility to provide that education, and that the state was not meeting that duty. The court directed the governor and Legislature to take appropriate action and left the case open to allow for further review.

The same week that the SJC issued the *McDuffy* decision, Governor Weld signed the omnibus 1993 education reform law. This was the culmination of more than two years of discussion and planning led by a coalition of business, education, and political leaders. The new law completely overhauled the Chapter 70 school finance formula, leading to a 153 percent increase in state school aid over the next decade. The law also brought many programmatic changes to the educational landscape, including statewide curriculum frameworks and student assessment (MCAS testing), high school graduation requirements, charter schools, state intervention in underperforming schools and districts, and new teacher certification rules.

In 1999, the *McDuffy* case, now renamed *Hancock v. Driscoll*, was reopened. The plaintiffs argued that despite the extra funding and new programs, students in poorer districts

were still not receiving an adequate education. The SJC directed Superior Court Judge Margot Botsford to conduct a trial and to report back to the high court. The trial began in June 2003 and took seven months, with 114 witnesses and more than one thousand exhibits. Judge Botsford issued her report in April 2004, in which she found that there were indeed still significant problems in some districts. She recommended that the SJC order the state to identify and provide an appropriate level of funding for all districts.

The SJC heard legal arguments from the parties last fall and issued its decision on February 15, 2005. By a 5–2 vote, the court declined to adopt Judge Botsford's recommended actions. The court did accept her findings on the extent of the problems still facing some school districts, but the majority found that the executive and legislative branches had made, and were still making, a concerted effort to address those problems. The decision also reflected the traditional reluctance of the judiciary to become involved in the administration of government programs except in the rare cases where the other branches were clearly neglecting their responsibility. Noting the high priority given to education reform over the past 12 years, Chief Justice Margaret Marshall, author of the majority opinion, expressed confidence that the executive and legislative branches would continue to make progress:

"The legislative and executive branches have shown that they have embarked on a long-term, measurable, orderly, and comprehensive process of reform to provide a high quality public educa-

tion to every child. ... They have committed resources to carry out their plan, have done so in fiscally troubled times, and show every indication that they will continue to increase such resources as the Commonwealth's finances improve. ... The evidence here is that the Commonwealth's comprehensive statewide plan for education reform is beginning to work in significant ways."

Now that the litigation is over, what happens next? We can expect a continued focus on raising the standards for our public schools and on helping schools to meet those standards. Within the past year, legislation has been enacted creating new agencies for pre-school education and for school building assistance. Following the SJC decision, Governor Romney expressed his desire to work with the Legislature to enact a new education reform law that will focus on educational programs and help

[continued on page ten](#)

Inside This Issue

From the Deputy Commissioner 2

Legal

Court Ruling on Payments in Lieu of Taxes ... 2

Focus

The Massachusetts Water Pollution Abatement Trust — A Primer 3

Bridging the Gap Between Business and Government 5

The Erosion of Public Library Services in Massachusetts 6

Clean Water SRF Loans Awarded 7

DLS Update

Finance Forum Reminder 8

Farmland & Animal Excise Values 8

Vehicle Management Policies 8

FY05 Sewer Rate Relief Awards 8

DLS Profile 10

Mark Your Calendars 10



From the Deputy Commissioner

The Division of Local Services (DLS), through its Technical Assistance (TA) section, provides comprehensive financial

management consulting services to cities and towns. In the course of completing more than 300 financial management reviews over many years, TA has compiled a substantial knowledge base. In an effort to share this knowledge, TA staff recently created a new online resource.

This new Financial Management Assistance web page contains several write-ups on financial management practices including topics such as reserve policies, establishing a financial management team and pursuing delinquent taxes. Among the benefits of putting this information online is the ability to easily link to key definitions and the Massachusetts General Laws. There is also a section that details the statutory responsibilities of each financial officer. Another section discusses reorganizing government through a home rule charter commission, special legislation or a consolidated department of municipal finance. Links to recently approved special acts reorganizing local governments are also included.

In addition, this site includes links to the Open Meeting Law Guidelines, the School Building Authority and the DLS Municipal Data Bank.

The direct link to this new feature is www.mass.gov/dls/mdmstuf/Technical_Assistance/techassistance.htm. Although this is a work in progress, it is our hope that this page will become a valuable resource for Massachusetts' cities and towns.

Gerard D. Perry
Deputy Commissioner

Legal

in Our Opinion

Court Ruling on Payments in Lieu of Taxes

by James Crowley

In *Salem and Beverly Water Supply Board v. Assessors of Danvers*, Mass. App. Ct. (2005) the Appeals Court affirmed a decision of the Appellate Tax Board (ATB) concerning the proper calculation of payments in lieu of taxes. Pursuant to special legislation in 1913, the Salem and Beverly Water Supply Board (Water Supply Board) operated a joint water supply system for the cities of Salem and Beverly. By a 1951 legislative amendment to the special act, the Water Supply Board acquired through eminent domain 454 acres of land in Danvers for construction of a reservoir. The Danvers Reservoir, known as the Putnamville Reservoir, stores water that is pumped from the Ipswich River. The water supply system works in this manner: The Water Supply Board drains water from the Putnamville Reservoir into its Wenham Lake Reservoir. Water is then drawn from the Wenham Lake Reservoir to a treatment plant in Beverly. The treated water is kept in the Beverly Reservoir until it is pumped by the cities of Salem and Beverly, which operate separate water distribution systems. The two cities are assessed by the Water Supply Board for capital, operational and maintenance costs for the joint system, and these costs are then passed on to consumers by the two communities, which issue their own water bills.

In accordance with M.G.L. Ch. 59 Sec. 5F, the Water Supply Board is required to make payments in lieu of taxes to the Town of Danvers. For land acquired on or after January 1, 1946 for any public purpose, as was the case here, M.G.L. Ch. 59 Sec. 5F provides for an in lieu of

tax payment based on the average assessed valuation of land and buildings on the three assessment dates preceding the acquisition. M.G.L. Ch. 59 Sec. 5F adjusts the parcel's valuation in the year following a revaluation to establish a new payment level to the host community. A city, town or district aggrieved by the new valuation determined by the assessors can appeal, within six months after written notice thereof, to the ATB.

For fiscal year 2002, the Danvers assessors placed a value of almost \$10,700,000 on land and structures in Danvers owned by the Water Supply Board. The Town of Danvers also planned to use its commercial tax rate to calculate the amount of the payment in lieu of tax. The Water Supply Board promptly appealed to the ATB. At the pre-trial stage, the parties agreed to reduce the reimbursable value to about \$5,127,000 since only 142 acres in Danvers constituted watershed land. The remaining 312 acres were under the reservoir itself. The ATB relied on the court decision of *Town of Boylston v. Commissioner of Revenue*, 434 Mass. 398 (2001). In *Boylston*, the Supreme Judicial Court held that land beneath the Wachusett Reservoir was not watershed land for the purpose of determining in lieu of tax payments under M.G.L. Ch. 59 Sec. 5G that were due the Town of Boylston from the MWRA. According to the court, "watershed" by definition does not include submerged land under a reservoir. Consequently, in this case, the ATB determined that the Water Supply Board was not required to make in lieu of tax payments for the land under the Putnamville Reservoir.

The sole issue remaining to be decided in the case at hand was the correct tax rate to be applied in calculating the amount of the payment in lieu of tax.

continued on page seven

Focus

on Municipal Finance

The Massachusetts Water Pollution Abatement Trust — A Primer

by Scott A. Jordan, Executive Director,
Massachusetts Water Pollution Abatement Trust

Introduction

The Massachusetts Water Pollution Abatement Trust (the Trust) funds the Commonwealth's ongoing effort to reduce water pollution and provide clean drinking water to everyone. Through the Trust's subsidized loans, communities, local governmental units and private water suppliers are able to construct or repair wastewater and drinking water treatment plants and related infrastructure, at significant savings to ratepayers.

The Trust is funded through the federal Environmental Protection Agency's (EPA) State Revolving Fund (SRF) programs. Out of the 351 cities and towns in the Commonwealth, 244 have received funding through the Trust's SRF loans. Over 95 percent of the population of Massachusetts is served by Trust programs.

Governance and Management

The Trust is governed by a board of trustees, chaired by Treasurer Timothy P. Cahill. Other members of the board are the Secretary for Administration and Finance and the Commissioner of the Department of Environmental Protection (DEP).

Project approval and management is the responsibility of DEP. Through DEP's Division of Municipal Services, Massachusetts' cities and towns have a partner to guide local officials through all phases of water infrastructure project planning and construction. Financing of eligible projects is provided through the Trust, which acts as a bank for lend-

ing and repayment of the Trust's subsidized SRF loans.

National Leadership

The Trust is a recognized national leader. Among similar State Revolving Fund programs in all 50 states, the Trust is ranked third in terms of gross dollars loaned, with more than \$2.9 billion lent. The Trust is ranked second in the U.S. in number of projects funded, with 1,030. By environmental area, the Trust is ranked first for storm sewers funding, third for nonpoint source funding, and fifth for combined sewerage overflow funding.

On a financial basis, the Trust was among the first in the nation to substantially accelerate funding by its program by leveraging federal and state grants through the bond market. It has done so very conservatively, earning a rating of AAA by Moody's, Standard and Poor's, and Fitch rating services.

Programs

The Trust offers three types of loans to Massachusetts' cities and towns.

Clean Water Loans — for the reduction of water pollution, primarily through the construction of wastewater infrastructure. This includes wastewater treatment facilities, collection systems, and storm collection systems.

Drinking Water Loans — for the improvement of drinking water through the construction or improvement of treatment facilities, distribution systems and other infrastructure.

Community Septic Management Loans — Through local communities, the Trust lends to individual homeowners who must repair or replace failing septic systems to comply with state regulations. These are betterment loans, where the homeowner repays the community through a betterment on their property tax bill.

Financing Terms

The Trust seeks to offer loans to Massachusetts cities and towns at the lowest possible cost, while preserving its AAA credit rating. We also have worked with the EPA to offer a 30-year loan to mitigate the impact of system improvements on ratepayers. Below are the Trust's loan terms:

Low Fixed Interest Rate — For clean water and drinking water loans, the fixed rate is 2 percent. For community septic management loans the rate is 0 percent.

Term of 20 or 30 years — Clean water loans can be repaid over 30 years; drinking water and community septic management loans over 20 years.

Interim Financing — Once approved for financing, the Trust will provide short-term financing at one-half market rate, providing substantial savings during initial construction.

General Obligation Pledge — Cities and towns are required to offer a general obligation pledge to the Trust. This means that Water Pollution Abatement Trust loans carry the same level of security as bonds issued by the city or town on their own. This allows the Trust to issue its own bonds with a AAA rating, ensuring continued access to funding at as low a cost as possible.

How an SRF Loan is Funded — a Massachusetts Success Story

When a community receives an SRF loan through the Massachusetts Water Pollution Abatement Trust, the mechanisms for funding the loan are unique to Massachusetts, and are the result of a federal, state and local partnership. No other state is as generous in its support to its SRF program. *Table 1* illustrates the steps by which an SRF loan is funded.

[continued on page four](#)

Water Pollution Abatement Trust

continued from page three

How to Apply for an SRF Loan

The SRF loan program is a partnership between DEP and the State Treasury. The steps for loan application, approval and project management are managed by DEP's Municipal Services Division.

To apply, please contact the Director of the Municipal Services Division, Steven McCurdy at 617-292-5779. More information is available online at www.mass.gov/dep/brp/mf/files/srfhowto.htm.

Once a project has been approved, and is ready to be funded, the Trust staff will administer the loan. For questions on loans, contact Scott A. Jordan at 617-367-9333 x 579. ■

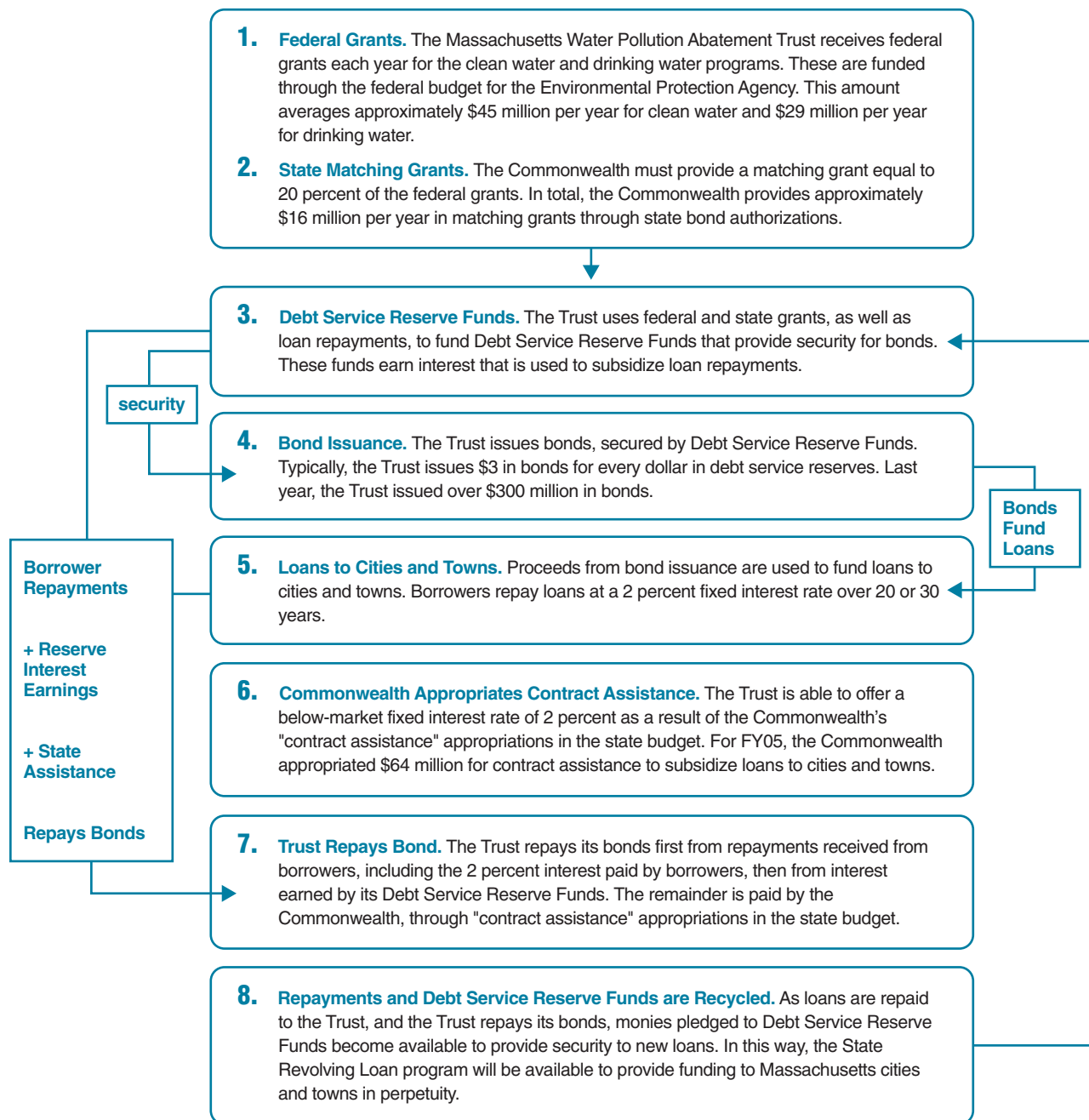


Table 1

Bridging the Gap Between Business and Government

by Paul Guzzi, President & Chief Executive Officer, Greater Boston Chamber of Commerce

All residents have a vested interest in ensuring the health and vibrancy of their region's economy, yet it is often difficult to marshal a unified, collaborative voice in that effort. By building consensus around a set of key policy initiatives and leveraging the collective influence of key decision-makers in the government and business sectors, Chambers of Commerce work to strengthen the competitiveness and economic vitality of their respective regions.

With the involvement of approximately 1,700 members that represent virtually every industry and profession throughout Greater Boston, the Greater Boston Chamber works to maintain a competitive climate for economic development and job creation while promoting diversity in the business, government, and civic life of our community. The primary means by which the Chamber advances these goals is through advocacy of public policy initiatives and legislation on the city, state and federal levels.

The Chamber's policy agenda focuses on promoting innovation, improving business costs and competitiveness, growing and retaining a skilled workforce, and advancing development and transportation. At the municipal level, the Chamber works closely with the Mayor's office, the City Council, the Boston Redevelopment Authority (BRA), Massport and other local civic and business organizations on economic and quality of life issues impacting the City of Boston. These issues often include enhancing the transportation system, facilitating the development of valuable land parcels, and cultivating a highly-skilled workforce.

Some of the Chamber's advocacy activities at the municipal level include directly lobbying elected and appointed officials, testifying before various hearings, and participating on or convening standing committees and broad-based, ad-hoc coalitions. Critical policy decisions made at the municipal level have contributed to the region's ability to establish itself as a premiere destination for industries of all kind. However, the region's competitive landscape must be considered in the context of our overall state business climate.

The successful implementation of an agenda that seeks to promote economic growth, foster job creation, and enhance quality of life, hinges upon the ability to impact policy and influence discourse at the regional level as well. For this reason, the Chamber concentrates the majority of its time, effort and resources on affecting favorable policy change at the state level. The Chamber's state level advocacy primarily involves interaction with the Governor's office and key executive team officials, and members of the Massachusetts General Court and their key legislative staffers. The Chamber collaborates closely with business organizations, quasi-public state agencies, and leaders in the private, non-profit and community sectors to establish a statewide economic policy.

The Chamber's state policy work focuses on areas such as increasing the region's housing supply, establishing a permanent state "rainy day fund," encouraging life sciences development, retaining a talented and skilled workforce, and improving the competitiveness of the state's business cost structure. These issues are advanced through a variety of methods including drafting and filing legislation, directly lobbying executive and legislative officials, and communicating positions through independent research reports and media publications.

Whether directly or indirectly, many policy issues are also impacted by decisions made at the federal level. As a result, the Chamber works with Massachusetts Congressional members and staffers, as well as key Congressional Appropriations Committee decision-makers in order to advocate for expanded international trade opportunities or increased federal transportation and research dollars for the region.

Greater Boston is respected across the globe for our unmatched intellectual capital, research capacity, and diverse economy. However, competition for economic growth and investment has never been greater as municipal and state officials from across the country hasten to implement "business-friendly" policies designed to lure industries and jobs to their region. The Chamber will continue to work with public, private and non-profit sector leaders in order to advance comprehensive public policy strategy that will nurture and sustain job creation and ensure the future competitiveness of our region. ■

Editor's note: This article represents the opinions and conclusions of the author and not those of the Department of Revenue.

The Erosion of Public Library Services in Massachusetts

by David A. Rochefort, Ph.D.,
Northeastern University

In his FY06 budget recommendations, Governor Romney proposed an increase of more than \$200,000 in funding for library services in the state. The proposal came as welcome news to a public library community that has spent several years coping with budgetary reductions while the cost of books, computers, and other materials continues to climb. Although program areas like schools, health care, and public safety are highly visible within the budgetary process, comparatively little attention has been given to the erosion of public library services during the current decade.

Beginning in fiscal year 2001, when state tax revenues started to plummet, public libraries in Massachusetts became caught in a fiscal vise tightened by three converging forces. First, cuts in state aid amounting to hundreds of millions of dollars dealt a stunning blow to municipalities, which are the mainstay of public library funding.

Second, state policymakers reduced funding for public library services. Since 2001, appropriations for the Massachusetts Board of Library Commissioners and the grant programs it manages have fallen by more than 22 percent, from \$34.62 million to \$26.95 million. (This calculation excludes library construction grants, which are part of the state's capital budget.)

Third, just as they were losing money from state aid programs and library grants, towns and cities also faced major problems locally due to falling revenues, rising expenses for items like salaries and health benefits, and property tax limitations. According to the most recent analysis of municipal revenues and spending by the Massachusetts Taxpayers Foundation, "Massachusetts cities and towns continue to reel from the impact of the significant cuts in state aid that have dominated the local fiscal picture over the last three years." There is no reason for localities to expect anything more than moderate relief from the state in the foreseeable future.

In the spring of 2004, a team of researchers in the Political Science Department at Northeastern University carried out a study to assess the status

of public library services in this period of budgetary scarcity. Findings revealed widespread reductions as local libraries struggled to meet rising public demands with declining resources. The project is based on a statewide survey of all public libraries in Massachusetts — with 45 percent of 370 library directors responding — as well as detailed profiles of six libraries located in each of the state's six administrative regions for library services.

According to the Northeastern University survey, a quarter to a third of public libraries have cut services for adults, young adults, and children either "moderately" or "a great deal." Thirty-six percent of libraries in our sample curtailed reference services. Approximately one-half of libraries reduced the purchase of materials for their collections. Reductions in staff, hours, and building maintenance also occurred at many libraries and seem to be growing more common with each new fiscal year. Among libraries bearing the brunt of tough economic times are those located in the state's major urban centers — Worcester, Springfield, and other cities — that serve the largest clientele with the most diverse information and educational needs. Even the venerable Boston Public Library had to close its doors on Sundays for six months during 2003.

In the area of technology, nearly three-quarters of libraries scaled back their electronic database subscriptions, while 22 percent reduced classes for computer and Internet usage. Of all areas in the Board of Library Commissioners' budget, the technology line item has received the biggest cuts from state policy makers, plunging from \$4.42 million to \$.54 million between fiscal years 2001 and 2005. Economy measures such as these contradict the state's approved strategic plan for libraries, which calls for a strong technological infrastructure and access for all community groups to electronic resources.

Although many libraries located in the Commonwealth's more affluent communities have been able to maintain sound

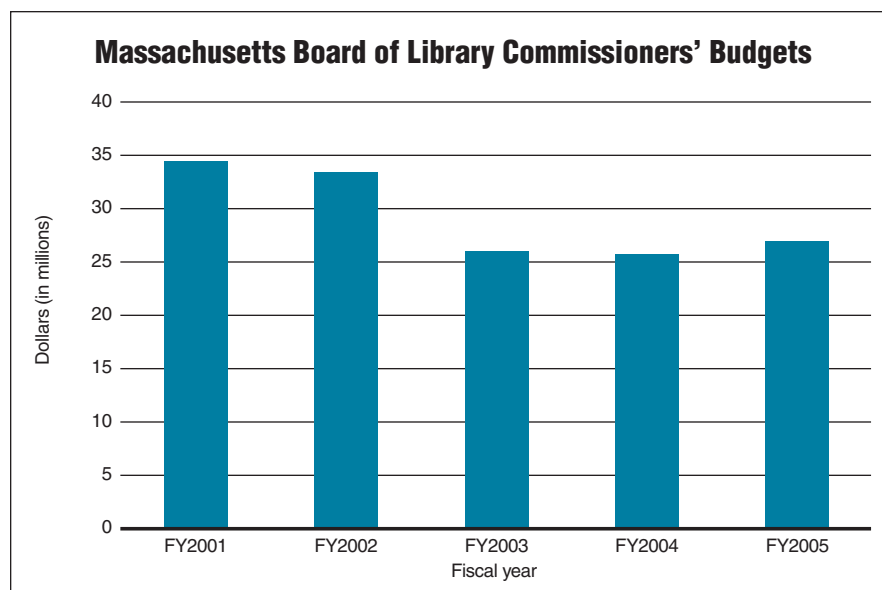


Figure 1

continued on page seven

Court Ruling

continued from page two

The Town of Danvers argued that the higher commercial tax rate should be used. The Water Supply Board, however, contended that the lower residential rate should apply. The ATB noted that M.G.L. Ch. 59 Sec. 5F was silent regarding both the classification of land subject to reimbursement as well as the resulting tax rate. The ATB therefore looked to other provisions in M.G.L. Ch. 59 regarding usage classification. Specifically, M.G.L. Ch. 59 Sec. 2A(b) established four classes of real property: residential, open space, commercial and industrial. "Class one, residential" property is defined in M.G.L. Ch. 59 Sec. 2A(b) as "property used or held for human habitation" and includes "land that is situated in a residential zone and has been subdivided into residential lots." On the other hand, "Class three, commercial" property is defined in the statute as "property used or held for business purposes and not specifically includible in another class" and includes "governmental" property.

Looking at the usage of the subject parcel, the ATB held that storing water was a governmental function and hence the parcel should be classified as commercial property. Even though the parcel

was in an area zoned for residential purposes, it was the actual use of the land that controlled its classification. According to the ATB, the highest and best use of the property had no relevance to the classification of the property. In support of the use of the commercial tax rate, the ATB cited an earlier ATB case concerning M.G.L. Ch. 61A agricultural/horticultural land. In *Hill v. Board of Assessors of Sudbury*, 17 Mass. App. Tax Bd. Rep. 46 (1994), the ATB approved the use of the commercial tax rate in calculating roll back taxes on the sale of M.G.L. Ch. 61A land even though the farm land was located in a residential zone. For these reasons, the ATB held that the commercial tax rate should be used in calculating the in lieu of tax payment under M.G.L. Ch. 59 Sec. 5F.

On appeal, the case came before the Appeals Court. Although M.G.L. Ch. 59 Sec. 5F did not explicitly require the application of the commercial tax rate, the court reasoned that the entire statutory structure compelled the conclusion that the commercial tax rate was the appropriate rate. Consequently, the Appeals Court upheld the decision of the ATB in favor of the Danvers assessors' classification of the property as commercial. ■

Clean Water SRF Loans Awarded

On March 14, more than \$519 million in low-interest loans was awarded to 67 Massachusetts communities, wastewater districts and water suppliers for 92 environmental infrastructure and planning improvements. The funds come from the Clean Water and Drinking Water State Revolving Fund (SRF), known formally as the Massachusetts Water Pollution Abatement Trust.

The Clean Water SRF will provide \$364.6 million in financing for 64 construction and planning projects aimed at eliminating combined sewer outflows, upgrading waste-

water treatment facilities, extending sewers and developing long-term wastewater management plans. An additional \$154.7 million in loans from the Drinking Water SRF will finance 28 drinking water treatment, storage and distribution projects across the Commonwealth.

Massachusetts has awarded more than \$3.2 billion in Clean Water SRF loans since the program's inception in 1991. Annual grants from the federal government provide seed money for the Massachusetts SRF programs. Matching state funds leverage the federal contribution to make it possible for qualifying municipalities, wastewater districts and infrastructure projects. ■

Libraries

continued from page six

budgetary positions, other local libraries have not. The public library in Seekonk, a small suburb in the southeastern part of the state, was one of those profiled in this study. The Seekonk Public Library has won national distinction and is one of the busiest places in the community, with circulation and membership constantly on the rise. In FY2004, the library's municipal budget was cut 1.1 percent. Because of increasing expenditures for salaries, library materials, computer network charges, vendor services, and other items, even such a seemingly small reduction strained staff resources, limited acquisition of new materials, and led to increased fines and fees.

Following the defeat of a Proposition 2½ override in May of 2004, the library received another 8.4 percent budget cut from the town. This time, it was forced to limit service to five days a week throughout the school year (fewer during the summer) and to cut staff and programs. To maintain minimum state certification standards, the library has requested a 14 percent funding increase from town officials for next year. Anything less could jeopardize the library's participation in the state's inter-library loan program, as well as its access to state library aid and grants.

The same story is being repeated to a greater or lesser degree for public libraries in all parts of the state. Few services have been hit harder than public libraries during these fiscal hard times. Massachusetts is home of the nation's first lending library and the first state aid program for local libraries. The question now appears to be whether it can maintain its position of leadership for public library services. ■

Editor's note: This article represents the opinions and conclusions of the author and not those of the Department of Revenue.

David A. Rochefort is Arts and Sciences Distinguished Professor of Political Science at Northeastern University and lead author of the report, *Massachusetts Public Libraries At Risk: Gauging the Impact of Budgetary Cuts*, available at www.cbri.neu.edu.

DLS Update

Finance Forum Reminder

The Division of Local Services (DLS) is presenting a seminar for recently elected officials on Friday, June 3, 2005, at the Yankee Drummer Inn in Auburn. Selectmen, mayors, city/town council members, accountants, auditors, assessors, collectors, treasurers, clerks, finance directors, city/town managers and finance committee members and their staffs are invited to participate. New officials will gain a basic understanding of Proposition 2½, budgeting, setting the tax rate, free cash and reserve and debt policies.

A registration bulletin containing further information is available on our website (www.mass.gov/dls) under "Training and Seminars."

Farmland and Animal Excise Values

The Farmland Valuation Advisory Commission (FVAC) adopted FY06 recommended land values pursuant to M.G.L. Ch. 61A. Values will remain the same as last year based on a circuit breaker provision that was voted at the FVAC meeting on March 18, 2004. When farmland values return to a positive number the FVAC will adjust land values accordingly. Data used to determine land values is taken from the United States Department of Agriculture 2002 Census of Agriculture (this census is conducted once every five years). The data is then updated annually using the USDA's Economic Research Service.

Also accompanying the Chapter 61A recommended values is the Farm Animal Excise list of values for FY06. Last year there was some confusion about the value of horses. The Bureau of Local Assessment in consultation with the FVAC has made modifications in the list this year for clarification purposes. (M.G.L. Ch. 59, Sec.8A.) Luxury horses

are now called *Prize Horses*, which is consistent with the category on the return, State Tax Form F.A.E.-M.E. (Application for Excise on Farm Animals Machinery and Equipment) that must be filed annually by March 1. Additionally, these *Prize Horses* are defined as "those with recognized bloodlines that have been inspected and registered by world-recognized breeding associations to excel in the sport of dressage, show jumping or possess other athletic or genetic excellence." These animals will have values between \$5,000 and \$10,000. Also, we have reintroduced the category *Horse*, which will have a \$1,000 value. The other two traditional horse categories, *Ponies* and *Miniature Horses* will be valued at \$500 and \$700 respectively. In the "Other Livestock" group we have combined *Buffalo*, *Deer*, and added *Oxen*, etc. these animals will have values ranging between \$250 and \$700 and *Alpacas* were added to the *Llama* category at \$800.

Vehicle Management Policies

In December 2004, the Inspector General released the *Guide to Administering and Complying with Vehicle Policies*. The guide is intended to be a resource for municipalities that need to develop policies for fleet administration or who wish to re-examine their current policies. This guide also is a resource for public employees who manage and/or operate municipal vehicles.

In the face of ever tightening municipal budgets, policies surrounding the use of municipal vehicles have come under close scrutiny. In many cases, municipalities discover they have inadequate or non-existent policies, regulations, or guidelines to govern use of municipal vehicles.

For example, does your community have policies that deal with the use of vehicles during non-business hours and overnight travel? Do these policies discuss maintenance responsibilities of the driver? Do they discuss potential fringe benefit income from the use of public vehicles?

Adequate policies governing the use of vehicles and fleet administration is the first step in preventing the misuse of municipal vehicles. A copy of this guide can be downloaded by visiting www.mass.gov/ig/publ/vmadv.pdf.

FY05 Sewer Rate Relief Awards

The Commissioner of Revenue recently released awards from the Commonwealth Sewer Rate Relief Fund for FY05. The Fund was established in 1993 to mitigate sewer rate increases due to debt service obligations for qualified sewer construction projects.

The Division of Local Services (DLS) in consultation with the Department of Environmental Protection (DEP) administers the program. For FY05, the balance in the Fund from the prior year and the FY05 state budget appropriation provided for awards calculated at \$9,978,667, up from \$5,028,412 in FY04.

For FY2005, based on applications received and reviewed by DLS and DEP, the following awards were granted: Massachusetts Water Resources Authority (MWRA) \$8,018,696, two local Water and Sewer Commissions totaling \$240,363, five Sewer Districts totaling \$411,545, and 54 cities and towns totaling \$1,308,063. (See *Table 1* on page 9 for sewer rate relief awards.)

Since FY94, the sewer rate relief program has distributed over \$434 million for the purpose of rate relief for a wide array of projects. ■

DLS Update

FY04 and FY05 Sewer Rate Relief Awards

Governmental entity	FY04 award	FY05 award	Amount change	Governmental entity	FY04 award	FY05 award	Amount change
Amesbury	\$ 4,201	\$ 18,022	\$ 13,821	Methuen	0	7,775	7,775
Andover	23,053	62,219	39,166	Milford	7,789	13,807	6,018
Ashfield	525	968	443	Milton	865	0	-865
Ayer	0	22,351	22,351	Monson	369	0	-369
Barnstable	4,039	7,457	3,418	Montague	1,320	0	-1,320
Barre	4,439	0	-4,439	Natick	0	11,963	11,963
Bellingham	5,285	10,037	4,752	Needham	8,848	13,755	4,907
Beverly	2,532	0	-2,532	New Bedford	82,208	154,872	72,664
Billerica	53,219	96,273	43,054	Newburyport	0	9,937	9,937
Boston Water & Sewer Commission	101,750	191,531	89,781	Newton	1,268	0	-1,268
Braintree	9,622	17,694	8,072	North Andover	8,458	15,423	6,965
Brockton	10,050	18,511	8,461	North Attleborough	0	25,493	25,493
Cambridge	58,793	146,318	87,525	North Brookfield	3,660	6,852	3,192
Canton	9,461	18,515	9,054	Northfield	0	2,606	2,606
Charlemont Sewer District	302	570	268	Oxford-Rochdale Sewer District	1,014	1,865	851
Chelmsford	56,932	115,633	58,701	Palmer	2,218	6,518	4,300
Chelsea	0	14,176	14,176	Pepperell	9,950	0	-9,950
Cherry Valley Sewer District	5,512	10,370	4,858	Plymouth	4,580	8,193	3,613
Cohasset	5,446	0	-5,446	Quincy	5,549	0	-5,549
Danvers	4,643	0	-4,643	Raynham	0	16,529	16,529
Dartmouth	4,362	0	-4,362	Rockland	20,027	23,799	3,772
Dracut	22,178	40,703	18,525	Rutland	0	1,460	1,460
Dudley	4,779	0	-4,779	Salisbury	13,431	24,238	10,807
Edgartown	18,272	33,497	15,225	Somerset	5,447	0	-5,447
Fall River	0	19,079	19,079	South Essex Sewerage District	183,190	342,653	159,463
Fitchburg	11,678	33,953	22,275	Southwick	6,718	12,640	5,922
Franklin	4,267	0	-4,267	Sturbridge	10,861	19,886	9,025
Grafton	0	15,524	15,524	Tewksbury	7,357	25,070	17,713
Great Barrington	7,739	14,146	6,407	Upper Blackstone WPA District	29,874	56,087	26,213
Greenfield	801	1,452	651	Wakefield	2,189	0	-2,189
Groton	229	0	-229	Walpole	1,949	3,568	1,619
Hopkinton	6,545	0	-6,545	Waltham	3,942	12,109	8,167
Holyoke	0	3,475	3,475	Wayland	1,294	0	-1,294
Hudson	1,309	0	-1,309	West Springfield	0	17,671	17,671
Ipswich	5,206	0	-5,206	Westborough	5,499	10,063	4,564
Lexington	4,365	0	-4,365	Westfield	6,095	10,220	4,125
Lowell	18,310	28,923	10,613	Weymouth	0	17,106	17,106
Lynn Water & Sewer Commission	16,779	48,832	32,053	Whitman	12,754	22,602	9,848
Malden	1,221	689	-532	Williamstown	2,635	4,895	2,260
Manchester-by-the-Sea	750	1,371	621	Worcester	18,685	42,959	24,274
Marion	0	13,352	13,352	Totals	5,028,412	9,978,667	4,950,255
Marshfield	6,481	11,716	5,235				
Mass. Water Resources Authority	4,063,294	8,018,696	3,955,402				

Table 1

DLS Profile: Western Regional Manager

Deputy Commissioner Gerard D. Perry has announced that **Thomas Guilfoyle** has been appointed the Division of Local Services' (DLS) Western Regional Manager, effective as of January 2005. Tom also is the Director of Administration for the Division.

Tom began his career at DLS in 1987. His experience in working in the production unit and later in the Bureau of Accounts as a member of the field staff prepared him well for his current positions. He not only gained experience relative to the Division's internal operations, but also an understanding of the key aspects of municipal finance.

As Director of Administration, Tom oversees the Division's budget, human resource and facility-related matters, and procurement. He also supervises the unit that produces various training materials and other publications. As Western Regional Manager, Tom is the direct link between the Division's Boston office and the staff in the Worcester and Springfield offices. He not only supervises all staff in the regional offices, but also draws on his technical expertise to oversee municipal finance issues that confront the western regional staff.

Deputy Commissioner Perry said that Tom was chosen for this position because he has "excellent leadership skills, as well as a great track record in handling management and personnel issues." Perry also noted that since his appointment as Western Regional Manager, "Tom has worked very hard at opening the lines of communication between the Boston office and the regional offices. His technical knowledge of municipal finance is a real asset."

Tom holds a bachelor of science degree from Merrimack College. A native of Braintree, he currently resides with his family in East Bridgewater. In 2002, Tom received the Deputy Commissioner's Award for Outstanding Performance for his role in the conversion of the Division's databases and applications to Oracle Systems. ■



Thomas Guilfoyle

Mark Your Calendars

The Division of Local Services' Property Tax Bureau will offer the seminar "What's New in Municipal Law" on Friday, September 23, 2005, at the Best Western Hotel in West Springfield and Friday, September 30, 2005, at Lantana in Randolph. Presentations will include new legislation and recent court decisions pertaining to local government. The attorneys of the Property Tax Bureau are specialists in property taxation and municipal finance. Watch for a registration bulletin in July. ■

Hancock Case

continued from page one

school districts identify and implement best practices. There is also a growing consensus that any new school funding should not be totally unrestricted, as is the case with current Chapter 70 aid, but should contain appropriate controls to ensure that the funds are used effectively.

The time is also right to address some of the long-standing concerns relating to the Chapter 70 aid formula, including the issue of municipal equity. Every school district budget is financed through a combination of federal, state, and local dollars. The ratio of these revenue sources was not an issue in the *Hancock* case but is of great concern to municipal officials. Ideally, towns of comparable wealth should receive comparable levels of state aid and contribute comparable levels of local dollars, but that is not always the case. We need to reach a consensus on how to measure municipal fiscal capacity to begin smoothing out the differences among cities and towns.

We also need to address the issue of declining enrollments, particularly in the rural areas of the state. Statewide enrollment peaked in FY02 and is now beginning a slow, steady decline. The projected demographic trends will further shrink the size of many school districts, and some elementary schools will become too small to survive.

The *Hancock* case may be over, but the hard work of education reform continues. ■

City & Town

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