

Balanced Budget Proposal:

A Bridge to 2013

Fiscal Year 2011

Office of the Town Manager

1.26.2010

“Bridge: a. a structure carrying a pathway or roadway over a depression or obstacle; b. a time, place or means of connection or transition” – Merriam Webster



Balanced Budget Framework

- Limit impact on service delivery until revenues begin to grow (expected in 2013)
 - Mitigate (and not worsen) structural budget gap for FY2012
 - Continue to invest in capital
 - Continue sustainability efforts
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Sustainability

- Refrain from appropriating any portion of the Stabilization Fund for operations
 - Building up Reserves
 - Allocating **only** recurring free cash for recurring expenses
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Financial Forecast

- ❑ Actual local receipts in FY2009 were \$1.8 million **less** than FY2008.
 - ❑ Local aid estimate is \$1 million **less** than FY2010
 - ❑ Townwide Expenses are \$2.7 million **higher** than FY2010
 - ❑ Department budgets are **\$520,476** higher than FY2010
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Revenue Projection Changes

- Tax Levy Increase 5%
 - State Aid Increase (13%)
 - Local Receipts Increase 0%
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General Fund Revenue Sources

	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
Property Taxes	76.5%	80.7%	82.1%
State Aid	7.9%	7.8%	6.6%
Local Receipts	8.8%	7.40%	7.2%
Other Sources	1.4%	1.3%	0.9%
Free Cash	5.5%	2.9%	3.2%

State Aid: Uncertain

Governor Patrick: “Despite the fiscal challenges the Commonwealth continues to face, I will propose taking another step forward in our commitment to education by funding Chapter 70 at the highest level in the history of the Commonwealth at \$4.048 billion. Every district will be fully funded at foundation...I will propose unrestricted general government aid at the FY 2010 level...” 1/22/2010

State Aid: Uncertain

House Ways and Means Chair Charlie Murphy:
“Don’t balance municipal budgets with the
Governor’s proposal.” 1/23/2010

Michael Widmer, Mass. Taxpayers Foundation:
“Even with this revenue growth, the State faces an
estimated \$3 billion structural deficit in fiscal
2011. Balancing the FY2011 budget will require
significant cuts across all of state government.”
12/16/2009

The State of Local Aid (C. 70 & UGGA)

FY2003	\$6,565,744	FY2011* \$6,507,351
FY2004	\$5,228,666	
FY2005	\$5,228,666	
FY2006	\$5,663,972	
FY2007	\$6,508,063	
FY2008	\$7,296,880	
FY2009	\$8,291,519	
FY2010	\$7,534,542	*current estimate

Moderation in Energy Costs

- ❑ Worldwide reduction in wholesale energy prices
 - ❑ Beneficial pricing agreements
 - ❑ Town is building energy sustainability, exploring and implementing energy saving measures
 - ❑ \$400,000 reduction in FY2011 budget
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Human Resource Costs

- ❑ Restructuring of group health program to higher out-of-pocket plans for new hires
- ❑ Health insurance enrollment increasing:

	FY08	FY09	FY10
Active Town	287	293	286
Active School	509	491	541
Retired	775	804	796
Total	1,571	1,588	1,623

Human Resources

- Proposed budget includes no allocation for cost of living increases
 - No new positions without a dedicated funding source
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FY2011 Budget Recap

Non-Discretionary	\$ 1,941,388
Townwide Expenses	\$31,626,060
Departments	\$78,053,421
Financial Warrant Articles	\$ 65,000
Appropriate to Other Funds	\$ 654,216
Capital Budget	<u>\$ 1,580,564</u>
Available for Appropriation	\$113,920,649

Financial Warrant Articles

<input type="checkbox"/> Compensated Absences	\$0
<input type="checkbox"/> Senior Corps	\$15,000
<input type="checkbox"/> Property Tax Relief	\$15,000
<input type="checkbox"/> Planning Study	\$25,000
<input type="checkbox"/> Energy Challenge	\$10,000

Changes from Base Budget Requests

- Property/Casualty Insurance (\$14,000)
 - Classification/Settlements (\$21,500)
 - Reserve Fund (\$235,698)
 - BOS/TM Performance Mgmt. (\$5,000)
 - Legal Services (\$20,000)
 - Finance Partial Accountant (\$29,000)
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Changes from Base Budget Requests

<input type="checkbox"/> Police Fuel	(\$15,000)
<input type="checkbox"/> DPW Fuel & Expenses	(\$105,000)
<input type="checkbox"/> Municipal Lighting	(\$10,000)
<input type="checkbox"/> PFD Project Allocation	(\$74,000)
<input type="checkbox"/> PFD Energy	(\$400,000)
<input type="checkbox"/> NPS Nonrecurring Revenue	\$221,200

Budget Proposal: Needham Public Schools

- ❑ Reduce reliance on one-time revenue to fund the operating budget by increasing the Department's spending request by \$221,200
 - ❑ One-time revenue freed up by this proposal to be used for School cash capital
 - ❑ Cash capital freed up by this proposal to be used for DPW Core Fleet
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Performance Budget & Deferred

<input type="checkbox"/> Sealer Weights & Measures	\$7,416
<input type="checkbox"/> Natural Turf Maintenance	\$13,100
<input type="checkbox"/> Computer Replacement	\$12,500
<input type="checkbox"/> Desktop Network Support	\$52,054
<input type="checkbox"/> Grounds Maintenance	\$100,000
<input type="checkbox"/> Existing Hours Library Staff	\$50,886

Recommended Funding Through Alternative Approaches

- Volante Property Restoration \$55,000
 - Town Hall Documentation \$50,000
 - Historic Artifacts \$57,500
 - Construction Inspector \$66,500
 - HVAC Technician \$63,153
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Performance Budget & Deferred

- Building Dept. Accreditation \$ 15,750
 - Increased Field Maintenance \$83,549
 - Landscape Beautification \$17,000
 - PFD Trades Supervisor \$50,506
 - Professional Development \$1,500
 - Library Assorted \$10,748
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Board of Selectmen/Town Manager Budget Priorities

- Maintain Existing Town Services
 - Sustainability (reducing energy use, balancing revenue and financial commitments)
 - Coordination and Efficiency
 - Economic Vitality
 - Land Stewardship
 - Transportation & Appearance of Town
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Martin Luther King, Jr.

“The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy.”
