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MEMORANDUM

TO: Honorable Board of Selectmen  
Honorable Finance Committee

FROM: Jill R. Goldsmith, Town Manager

DATE: January 23, 2014 For the BOS meeting of January 28, 2014

SUBJECT: Town Manager's Fiscal Year 2015 Budget Summary  
(July 1, 2014 – June 30, 2015)

Attached, please find the summary of FY2015 Departmental Requests, Town Manager Recommendations for Funding, and the Preliminary Financial Forecast which includes revenues and economic forecasts. Also included is a Budget Summary reflecting budget appropriations since FY2012. The information presented below is a summary and snap shot of the information contained in the FY2015 Budget Book. For FY2015 budget planning and in consideration of the Board of Selectmen's (BOS) directive for a level funded submittal as described in detail below, each Department/Division was asked to submit a detailed budget narrative (function and goals) and staffing history. In reviewing the detailed submissions in the Budget Book, you will find a column for supplemental requests if funding were to be made available for strategic appropriation, and further as an illustration of operation and funding challenges.

As we work to make more documents available on the Town's website, including the Department Budgets, I would like to remind the public of the *Budget Central* link on the Town's website, <http://www.chatham-ma.gov/Public Documents/ChathamMA Budget/index>. With progressive review through the FY2015 budget process; materials will be placed in *Budget Central* and updated as information becomes available. We also recommend that the public visit the Town Manager's page on the website to review Monthly Reports provided to the BOS which provide additional and up-to-date information and insight on Town operations by Department and Division.

<http://www.town.chatham.ma.us/Public Documents/ChathamMA Manager/index>

## Reflections on FY2014

Before we glimpse into the future, it is import to recognize substantial achievements that occurred following Town Meeting's acceptance of our budget philosophy and strategy for the fiscal year of FY2013 continuing through FY2014.

- ✓ The Town's bond rating was affirmed by Standard and Poor's. In June 2012, we received a rating of AAA with a positive outlook. In November 2013 with the bond anticipation note sale for the Monomoy Regional School District, our AAA rating was again reaffirmed. Such rating means *extremely strong capacity to meet financial commitments; Highest Rating*. Attributing to its affirmation, the rating agency noted the Town's commitment to sound fiscal policies and strong financial management and trust in the officials and professional staff. This accomplishment is achieved at the Town level, and we appreciate the continued support of the community.
- ✓ Budget Summits – The first series of Budget Summits were held in the summer of 2012. In September 2013, the FY2015 Budget Summit was held. Multi-year financial forecasts and assumptions were reviewed and updated for the FY2015 as well as an examination of financial indicators for revenues and cost controls. Participants included the Board of Selectmen, Finance Committee, Monomoy Regional School Committee and Superintendent, and Department Heads. While there was much discussion about revenues and expenses, an important base line of understanding projections was achieved; financial terms and definitions were agreed upon; and policy issues were discussed at a high level.
- ✓ SRAC Annual Town Meeting - In August 2013, the Summer Residents Advisory Committee (SRAC) held its annual Town Meeting. The presentations and scorecard results demonstrated cohesion and shared vision for financial matters. This Committee, representing 62% of our tax base, rated our financial management efforts and team highly.
- ✓ Senior Tax Work-off Program - kick-off in January 2013 providing senior taxpayers an opportunity to receive a tax abatement of up to \$500.00 annually by sharing intellectual and lifetime experiences working with Town staff. The program is funded at \$10,000.00 in total.

## Board of Selectmen (BOS) Goals

The goals of the Board of Selectmen, with implementation objectives for the Town Manager, drive the budgeting process and are attached to this report [Attachment 1]. The BOS embarked on an organic and collaborative approach last year (Cal 2013/FY2014) to communicate its mission, directives, and resultant goals. We conducted the same process, initiated by the 2013 Budget Summit with review throughout the Fall of 2013. The Cal 2014/FY2015 goals adopted in January 2014 had a similar (and consistent) theme of fiscal conservancy and long-term strategic planning efforts.

Thus, the directive communicated to the Departments, Boards and Commissions was for a level-funded municipal budget, with an opportunity to highlight/lowlight the impacts of another year of strategic level funding, within the allowable limits of Proposition 2½. The local economy has begun to recover and the budget presented represents a conservative estimate for our local receipts as available funds to present a balanced budget.

FY 2015 Budget Executive Summary

In consideration of the above planning efforts, the presented Budget also relies on projections in key categories due to the timing of this transmittal:

ITEM	STATUS
Monomoy Regional School Budget Submittal:	Based on overview of Spending Plan of 1/9/14
Cape Cod Regional Technical School Budget :	Preliminary Budget Release Date of 1/29/14
Cape Cod Municipal Health Group (CCMHG):	Plan Design/Costs Release Date of 2/6/14
Governor’s House 2 Budget:	As reported on the Cherry Sheet 1/22/14 – Continue review through the House and Senate
New Fire Station:	Approved at STM October 2013; The Fire Station projected debt service is reflected in a short-term debt payment in FY2015, and is projected to have the first principal payment in FY2016

The Omnibus Budget as recommended provides for a balanced budget of:

Revenues:	\$42,892,618
Expenditures	<u>\$42,892,618</u>
	\$ -0-

The difference between the Omnibus Budget and the Operating Budget is \$15,725,946 of which \$8,833,587 is for education as voted by a separate Annual Town Meeting article. The remaining \$6,892,360 is made up of other funding sources and expenses such as the Water Fund, CPA, Enterprise Fund, Overlay Account, Cherry Sheet Assessments/Offsets and a portion of the Capital Budget.

The Town’s Operating Budget, without the education assessments, totaled \$26,916,212 in FY2014. It is presented at \$27,166,672 for FY2015, an increase of \$250,460 or 0.93% (below the \$29M target recommended by the Summer Residents Advisory Committee). The greatest increases in the budget are seen in the Public Works Division (\$198,136) and in Benefits (\$191,060), however these are offset by savings in other areas of the budget. The detail of the budget increase is described in this transmittal with education/school assessments noted separately. The figures as presented on the attached Fiscal Overview/Pro-Forma [Attachment #2] provide a complete financial picture of revenue forecasts and expenses, including funding set aside for warrant articles.

The enclosed operating budget is not reflective of the use of any reserves (Stabilization or ‘rainy day’ fund).

Tax Impact

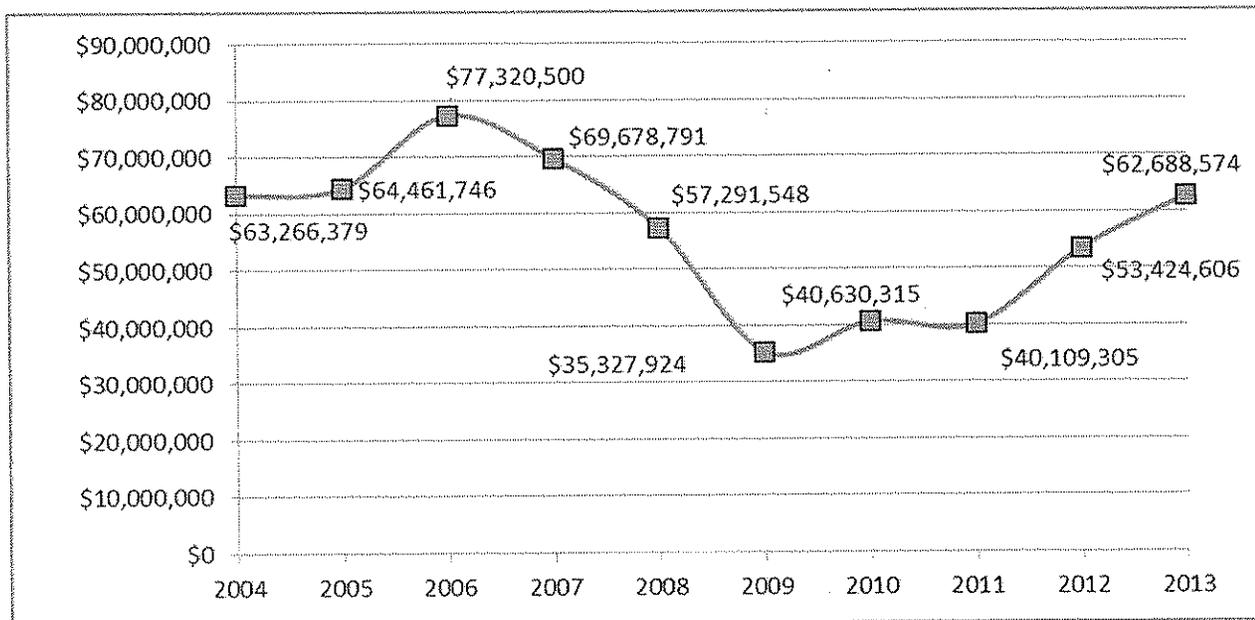
The tax rate increased by a modest amount from FY2013 to FY2014 – \$5.03 to \$5.08 per thousand; during a time of a Town-wide property revaluation review and previously voted debt principal payments beginning in FY2013. We again worked to limit tax rate growth to a modest percentage. We will report the impact once the above pending items are finalized.

### Economic Conditions Summary

Chatham witnessed the completion of two significant commercial projects in 2013, the Orpheum Theater and Oppenheim Health Center. Both required significant commitments from the community, as well as a strengthening economy. In addition, during 2013 major redevelopments were undertaken downtown at 471 and 593-595 Main Street. Other commercial construction projects of note are the redevelopment of the Monomoy Place property at 733 Main Street and the relocation of Chatham Jam and Jelly to 16 Seaquanset Road. A trend expected to continue in future years is the increased desirability of Chatham's downtown and Main Street as a place to live, as well as being a commercial destination. The upper floors of several downtown buildings have been converted for residential use and in 2013 the owner of the Bradford Inn made the decision to convert the inn to residential use after the 2014 season.

All of the above cited commercial enterprises provide evidence of the continued strengthening of our local and national economies. The vitality of our local economy is further supported by statistics compiled by the Department of Community Development. It is encouraging to report that following the 34% increase in the dollar value of construction activity in Chatham between 2011 and 2012, we saw another 11% increase in construction values between 2012 and 2013; with the 2013 total of \$62,688,574 only 13% below the ten year high of \$77,320,500 in 2006.

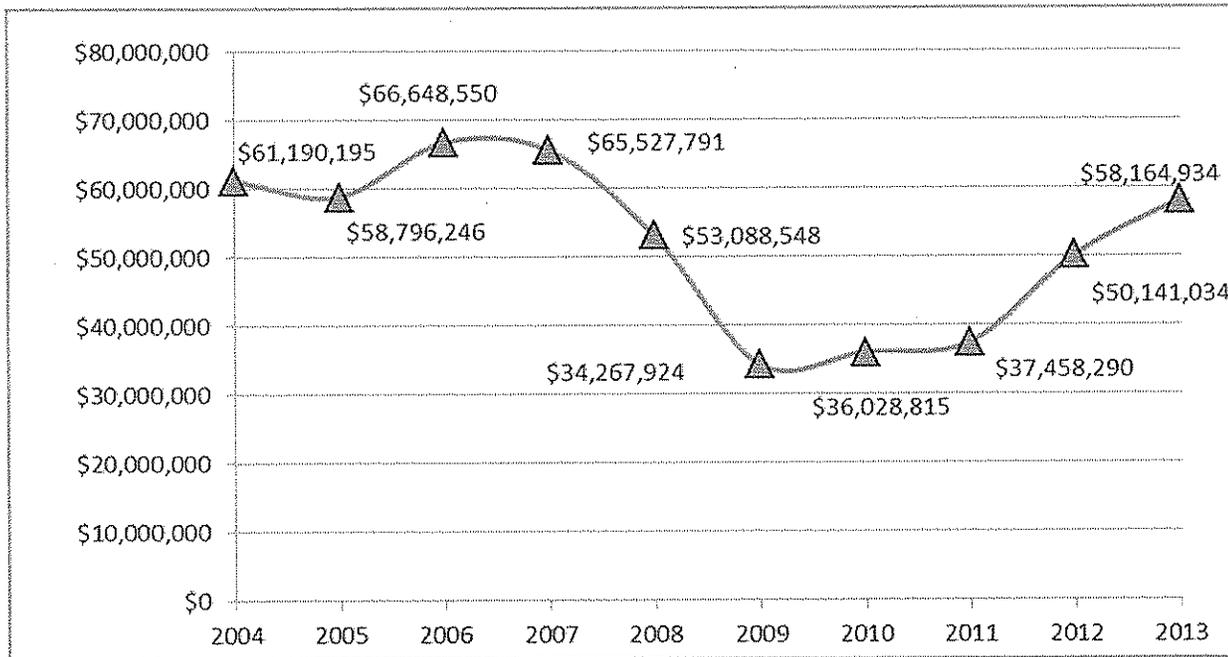
**Figure 1: 2004-2013 Building Activity**



As has been the historical trend, the majority (93% based on value) of the construction in Town in 2013 was residential building activity. Most notably, the average construction value of a new dwelling (as reported on the building permit) has increased from less than \$375,000 in 2004 to \$677,732 per new dwelling in 2013. While some of this change is likely the result of increases in the cost of construction materials, this increase is also indicative of the changes that have occurred over the past decade in the

type of homes being constructed. As has been the trend in prior years, the number of renovations and additions (578) far out paces the number of new dwellings (41) permitted.

**Figure 2: 2004-2013 Residential Construction Values**



The diversity of economic opportunities and challenges Chatham faces in the future is reflected in the initial set of priorities set by the recently formed Economic Development Advisory Committee. The Committee’s goals range from ensuring that the maritime industry’s infrastructure needs are met to advocating for the technological access needed so that the Town, its residents, and its businesses are competitive in the global economy. The Committee also provided valuable guidance to the Board of Selectmen in establishing criteria for responding to economic development related to requests for additional allocation of sewer flow.

During 2013, the community was reminded of the unique challenges it faces as a coastal community and the impact these challenges can have on the local economy.

- The Federal Emergency Management Administration released preliminary amendments to the Flood Insurance Rate Maps which could impact more than 1,300 property owners in Chatham. The long term impact these amendments (expected to be finalized in 2014) have on property values is yet to be determined; but could be significant as 93% of Chatham’s levy is derived from residential properties with an aggregate value of just under \$5.5 billion.
- A single storm in February 2013 had a dramatic impact on our coastline and left much of the Town’s waterfront infrastructure damaged or vulnerable, impacting the fishing industry that makes its home in Chatham.
- Electrical permits have increased 34% in 2013 due in part to the increased number of homeowners who are installing generators.

All of the above demonstrate the increasing importance coastal resiliency has on the future sustainability of our community and economy. Armed with sound information backed by the best available science, we will continue to closely monitor coastal climate changes and sea rise to ensure that the community has the knowledge and planning tools it needs to proactively manage these changes.

**REVENUE**

As part of our annual fiscal planning, the Town determines how much additional revenue is available within the limits of Proposition 2½ in order to balance its operating costs. Per State law, the amount the Town is able to raise through property taxation is allowed to grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions. In FY2015, the amount the Town may raise through the property tax increases as follows:

Levy Limit		
	2½% Allowable	\$619,808
	New Growth	<u>\$200,000</u>
	Total	\$819,808

As you well know, the Revenue Forecast is simply a “snap shot” estimate as to where the Town stands at this moment (1/23/14). There are a number of evolving factors. The “Cherry Sheet” for local aid (School and Town) funding and assessments that work its way through the legislative process, beginning with the Governor’s House 2 Budget filed on 1/22/14 and final adoption by the Legislature in late spring. For the FY2015 budget, there is no change in the projections for local aid, and a projected increase in State assessments (charges) is factored into the projection. As the local budget process advances and the Legislature works through its iterations, these numbers will be fine-tuned the closer we get to the Annual Town Meeting.

The preliminary FY2015 forecast reflects the following:

- New Growth is projected at \$200,000; this is slightly lower than the actual in FY2014 but is a conservative estimate.
- Debt Structure - FY2015 reflects a drop in the amount for General Fund principal and interest (decrease of \$597,339) The Fire Station was approved by Special Town Meeting/Ballot Question in October 2013 and depending on the construction schedule, an amount is budgeted as short-term debt (increase of \$350,000). The Town is approved for additional zero (0%) percent interest on loans for the next phase of the Wastewater Project, and we are asking for additional approval at May 2014 Town Meeting. If approved, this phase of the project will not begin until FY2017, and the debt will not be an impact until that time as well. We have developed a multi-year debt schedule for financial planning purposes and well as adhered to investment and reserve policies. Such is included in *Budget Central*.
- Local receipts are estimated slightly higher than in FY2014, based on two years’ growth in the hotel/motel category and the new revenue from the Local Option for Meals Tax.
- Cherry Sheet (State and County) Charges and Expenses were increased by 2.57% based on the preliminary numbers released on 1/22/14 (included in *Budget Central*).

At the 2013 Budget Summit, there was discussion of two areas of potential additional revenue available to the Town by a legislative local option - an expansion of the Hotel/Motel Tax (up to 2% additional room tax) and/or expansion of the tax to include residential rental property (requires Special Legislation -Home Rule Petition to the Legislature). The use of any additional revenue generated from the above may be dedicated to a capital stabilization fund versus the General Fund. There are questions on the cost of implementing a residential rental tax; staff time and enforcement, as well as whether to earmark this revenue for a specific expenditure (i.e. capital stabilization fund). It will take some time to study these impacts, and the Finance Committee along with the Economic Development Committee plan to assist the BOS by reviewing these options in 2014. Until a comprehensive cost-benefit analysis is conducted along with demonstrated operational budget cost containment measures, these options are not proposed for FY2015.

## EXPENDITURES

### General Operating Budget

You will see some refinements to the presentation of the detailed Department budgets – both in the Budget Books and in summary for better budget management/descriptions and incorporation of some small budget line items in the Department which manages it - Green Head Fly budget is now incorporated/located in the Health & Environment (510) budget. Other budgets, such as the Library, have been separated from the Human Services budget as a stand-alone to provide better financial tracking. While we worked to retain the descriptions to provide for legacy budget review, some items with percentage changes reflect the new location of the budget from its former versus an increase/decrease in the budget request. These are specifically highlighted in the budget detail.

**Table 3: General Operating Budget**

SUMMARY	FY2013	FY2014	FY2015	FY2015	
Expenses	Actual	Appropriation	Dept Request	Proposed TM Budget	% Change to FY2014
<b><u>Operating Budgets</u></b>					
General Government	\$ 1,898,390	\$ 1,926,680	\$ 1,994,834	\$ 1,982,884	2.9%
Public Safety	5,538,490	5,754,115	5,899,288	5,799,990	0.8%
Community Development	661,746	715,365	728,190	728,190	1.8%
Health & Environment	815,654	835,157	861,398	859,986	3.0%
Public Works & Facilities	4,060,672	4,349,927	4,458,064	4,458,063	2.5%
Community & Social Services	921,678	976,340	1,036,593	999,260	2.3%
Education	8,434,323	8,000,516	8,833,587	8,833,587	10.7%
Employee Benefits	4,219,258	3,952,910	4,142,970	4,142,970	4.8%
Undistributed Insurances & FinCom Reserve Fund	342,353	501,135	537,085	537,085	7.2%
Debt Service	<u>7,418,609</u>	<u>7,905,583</u>	<u>7,658,244</u>	<u>7,658,244</u>	-3.1%
<b>Operating Budget Total</b>	<b><u>\$ 34,311,173</u></b>	<b><u>\$ 34,917,728</u></b>	<b><u>\$ 36,149,927</u></b>	<b><u>\$ 36,000,259</u></b>	<b>3.1%</b>
<b>Minus Education Assessments</b>	<b><u>25,876,852</u></b>	<b><u>26,916,212</u></b>	<b><u>27,316,341</u></b>	<b><u>27,166,672</u></b>	<b>0.93%</b>

Operating expenditures excluding the Education Assessments, amount to \$27,166,672; (an increase of \$250,460 more than the budgeted amount of \$26,916,212 for FY2014, due to reasons listed in the next paragraphs). The Operating Budget may realize further reductions as we await the final premium rates for employee health insurance. In addition, the forecasted regional educational budget shows growth of 11.1% for Monomoy and 3.5% for Cape Tech, but again we are awaiting the outcome of the final budget submission by the Regional School Committees. Other factors relate to the non-discretionary expense items such as benefits – health insurance expenses (expected by 2/6/14) and retirement assessments.

The Monomoy Regional School Budget Spending Plan was presented on 1/9/14, and shows a modest increase (0.88%) in their Total Operating Budget, but does provide for an increase of \$336,245 for Chatham's assessment due to the State formula change in July 2013 after Town Meeting. The formulaic adjustment as presented by the Monomoy Superintendent provides for a surcharge assessment to Chatham in FY2015 and equivalent assessment reduction to Harwich. Such Required Minimum Contribution increase carries forward for Chatham. The MRSDC will conduct public hearings on its budget with an anticipated vote scheduled for March 12, 2014.

#### Nondiscretionary (Fixed) Costs and Other Budgets

While some departments generate revenues, the costs of retirement/pensions/health benefits/liability insurance is presented in Centralized Budgets (below) encompassing all Departments/Employees - versus presentation as a direct offset or as a cost-center.

- Retirements/Pensions show an increase of 4.8% for FY2015; this figure is an assessment based on the number of retirees and total payroll of the Town. The Retirement Assessment is based on the number of employees as of September 30, 2013, and shows a modest increase.
- Health Insurance is budgeted at slightly below a 2.5% increase, and will be refined as we receive notice of the actual increase. The Town is a member of the Cape Cod Municipal Health Group (CCMHG) – a regional joint purchase group. CCMHG consistently performs well and continues to contribute its savings to reduce the cost of health insurance. CCMHG will vote on the budget at the beginning of February. Such may include the use of any Group Trust Funds to subsidize the rate increase as has been done in the past.
- Town Property/Liability insurance has been increased by 9%, again based on actual experience from the previous two years and valuation. We continue to look for savings based on the value of the Town owned buildings. The last premium increase was in FY2013. Worker's Compensation insurance is based on the actual claims experience of Town (non-public safety) employees, and we again seek quotes to ascertain market conditions.
- Debt Service, as we have mentioned, decreased by 3.1% as the first full year of principal on bonds issued in June 2012 for the PD/Annex, Wastewater and road projects has been paid in FY2014. The short term interest increases to cover the interest on bond anticipation notes for the Fire Station and continued wastewater projects.

#### Non-discretionary/Fixed Costs (Level Service Costs)

Each year there are cost increases resulting from a legal/mandate requirement, previous commitment voted by Town Meeting, or cost of providing the same level of service. Often these costs consume most of the allowable growth – for FY2015 (\$819,808). In the past, these were referred to as “budget busters” but we move away from that term as we prepare a balanced budget that includes fixed cost

increases but with mitigation offsets. In FY2015, these fixed costs account for \$336,345 over the FY2014 budget. They are: Health Insurance \$51,000, Liability Insurance \$36,000, Town Building/Facilities Contracts \$20,000, Solid Waste Recycling \$ 67,000, and Salary/Step Increases \$162,345; for a total of \$336,345.

Several budgets which decreased this year (FY2014) due to prior year (FY2013) unfunded mandates, have again increased for FY2015 - an example is the Elections budget; which fluctuates depending upon the number of national elections, as well as local Town Meetings. Other budgets increased due to contracted service agreements; these were included as an assumption in our multi-year financial forecasts. We continue to look for cost savings through the competitive bid process. In FY2014, the County Sheriff instituted a new charge for dispatch services/CMED calls which impacts the Fire Department budget in FY2015.

Regional Dispatching as budgeted in FY2014 was delayed. We had participated in a regional grant with Police and Fire Chiefs for a new regional facility – but it was not funded. The Sheriff subsequently notified the Town that his facility no longer had available space, and that he was seeking a grant for construction of a new facility. As such, the Fire Department budget for full-service dispatching has been reduced for FY2015 to reflect the project on hold, as we continue to examine other dispatching opportunities. We continue to appreciate the services of call-dispatchers. Another regional dispatching opportunity or possible partnership with the Sheriff is possibly presenting itself and may necessitate a FY2015 budget update in early Spring 2014.

Supplemental Funding Requests

Such requests include additional personnel and other expense increases when efforts have been made to demonstrate anticipated efficiencies or future cost savings. Additionally, this is the section to note if there is a new State or Federal mandate for programs or services not previously funded. Most of these items have been mentioned above, relating to deviations to the level funded directive. These are included to accompany the Directive recognizing that the starting point is a bare minimum budget submittal. Based on strategic funding for priority/core services or staffing, or with any forecasted increases in revenues or known reductions in operating costs, funds may become available for potential funding. Such requests are noted on the Department worksheets.

We received supplemental requests that totaled just under \$250,000 for FY2015. Of that, \$161,000 is recommended for funding. The recommended amount is further offset through budget reductions resulting in a net impact \$153,640. Such is enumerated below:

General Government	53,300	Elections, Revaluation, Technology, Tax Title Costs
Public Safety	9,080	Police supplies, contracted services
Health& Environment	4,260	Additional hours for landing officer
Public Works	<u>87,000</u>	Transfer Station Recycling operations, facilities costs
	\$153,640	

FUNCTION	AMOUNT	IMPACT
General Government	\$(69,599) transfer \$ 89,265	Channel 18 Budget moves back to IT from Human Resources, technology cost increase \$20,000
Public Safety	\$(35,982) \$ 9,080	Regional FD Dispatch (-); PD Contracted services (+)
Health & Environment	\$ 4,260 \$(220,987) transfer \$ 220,987	Additional hours for Landing Officers Budget Consolidation for H&E, Lab, Greenhead Fly
Public Works	\$67,000  \$20,000	Transfer Station to collect from public solid waste/recycling facilities; cost for ½ year of solid waste disposal contract (20 year contract expires on 12/31/14); Facilities contracts
Human Services Library Budget	\$(439,980) transfer \$439,980	Municipal requirement for Library presented as a separate budget; 610

#### Renewable Energy

We again are looking forward to expanding the renewable energy initiatives. The solar photovoltaic [PV] array panels on WPCF Operations Building generated 50,651.5 kilowatt hours (kWh) of clean, renewable energy. This is the equivalent of 1,644 days of electricity usage in the average American home.

As part of the Town's continued participation with the Cape and Vineyard Electric Collaborative (CVEC) in its photovoltaic [PV] initiatives, this winter preliminary work has commenced on the installation of PV arrays at the capped former landfill and the installation of PV panels on the Police Department and Town Offices Annex buildings with expected completion in the spring of 2014. The combination of the landfill and rooftop installation's projected annual generation of over 2,400,000 kilowatt hours will save the Town an estimated \$124,750 in year one of operation (FY2016) and over \$3.6 million cumulatively by the end of the agreement at year 20.

With the additional PV projects coming on line, the Town will continue on a path towards generating 100% of energy consumed at municipal facilities from renewable energy sources. We will continue to bring new facilities, such as pump stations, on-line and seek energy efficient options with new vehicle purchases to help reduce our carbon footprint.

The Town budget most positively impacted by energy conservation efforts is the Street Light Budget. With the expansion of the LED replacement light pilot program Town-wide, we expect to see a conservative savings of \$10,000, due to bulb life and easier maintenance, from the FY2014 budget appropriation of \$46,000.

#### Water Department Operating Budget

The Water Department Operating Budget, funded by revenue generated from water receipts, continues to have a healthy revenue stream. For FY2015 operations, the Town solicited requests for

proposals as the five-year contract expires on April 30, 2014. For FY2015, there is slight decrease in the overall water department budget compared to FY2014.

Wage/Salary Overview

The net increase in salaries from FY2014 to FY2015 is \$173,545 – or a 1.76% increase. Below is a chart listing the changes in salary line items by division. Increases or decreases are due to changes in staff turnover and contractual step increases. Cost of Living increases are also included in the chart below.

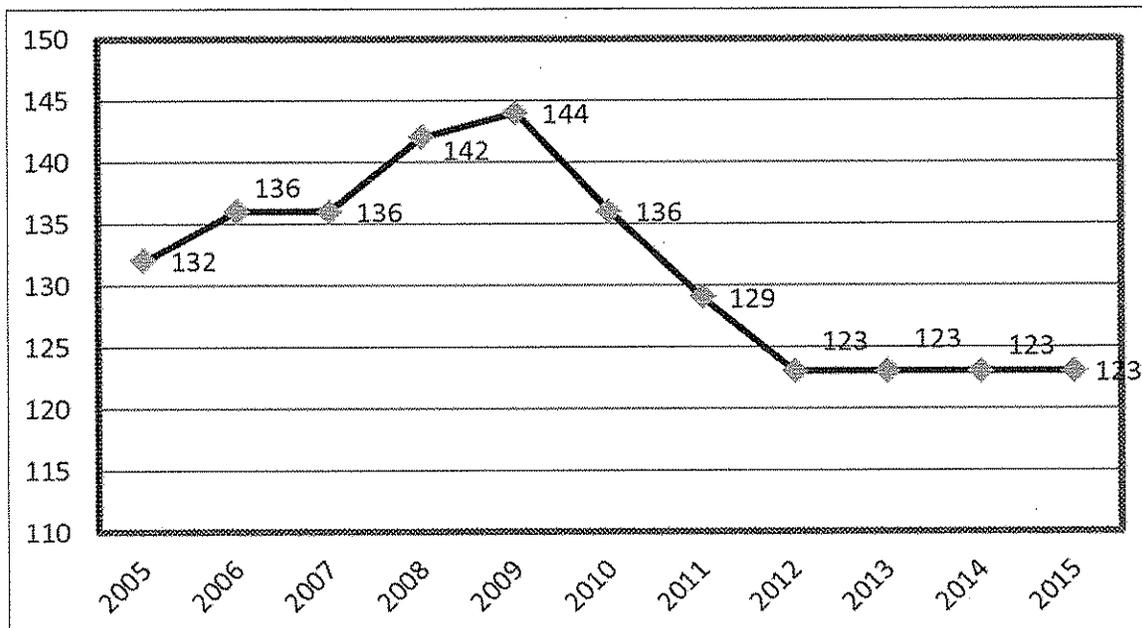
Salary Only	Voted FY2014	TM Rec. FY2015	\$ Incr./((Decr.)	%
I. General Government	\$ 1,363,415	\$ 1,365,919	\$ 2,504	0.18%
II. Public Safety	\$ 4,972,255	\$ 5,045,897	\$ 73,642	1.46%
III. Community Development	\$ 605,240	\$ 610,690	\$ 5,450	0.89%
IV. Health & Environment	\$ 674,203	\$ 700,032	\$ 25,829	3.69%
V. Public Works	\$ 1,839,667	\$ 1,902,803	\$ 63,136	3.32%
VI. Human & Public Services	\$ 219,030	\$ 222,014	\$ 2,984	1.34%
Subtotal, I-VI	\$ 9,673,810	\$ 9,847,355	\$ 173,545	1.76%

Staffing Levels

As has been the practice in Chatham, each year we determine the appropriate staffing levels for the services provided. The staffing level for FY2015 is stable at 123 employees. We continue to review service delivery and the most efficient manner in which to deliver those services; whether it is through a regional partnership, increase (or decrease by attrition) in staff or reassignment of current personnel.

As this chart illustrates staff grew during periods of economic growth; as the economy declined it was adjusted accordingly. We continue to review operations to ensure the most efficient delivery of service with existing staff.

**Figure 4: Number of Full Time Staff**



Cost of Living Adjustment

Previously, any cost of living wage adjustment for both union and non-union municipal employees was funded in a warrant article separate from the operating budget. However, with the majority of Town employees covered by an Employee Association/Union Collective Bargaining Agreement (CBA), a cost of living adjustment is a contractual obligation versus subject to an annual appropriation by an article, per State law. This is reflected in the respective department budget. For clarification, a cost of living adjustment is not the same as step increases in the Town’s compensation schedules/plan or CBA. The plan is “adjusted” by an economic indicator which is formulaic for two Unions and a straight percentage for others. From FY2010-2013 there were no cost of living adjustments for any Town employee, with the exception of the Fire Union in FY2011. For FY2014, the cost of living adjustment was 0.5% for three of the four Unions – Fire Union is still in negotiations. Three Unions have agreed to a tiered benefit schedule for new employees hired in part of FY2013 and from FY2014 on, which provides for increased employee contributions to health insurance premiums (30% to 35%), reduced longevity pay, elimination of sick leave buy back at separation, and other negotiated items - the COLA ranges from 1% (CMEA employees) to 3% (Police, Dispatchers, Animal Control employees).

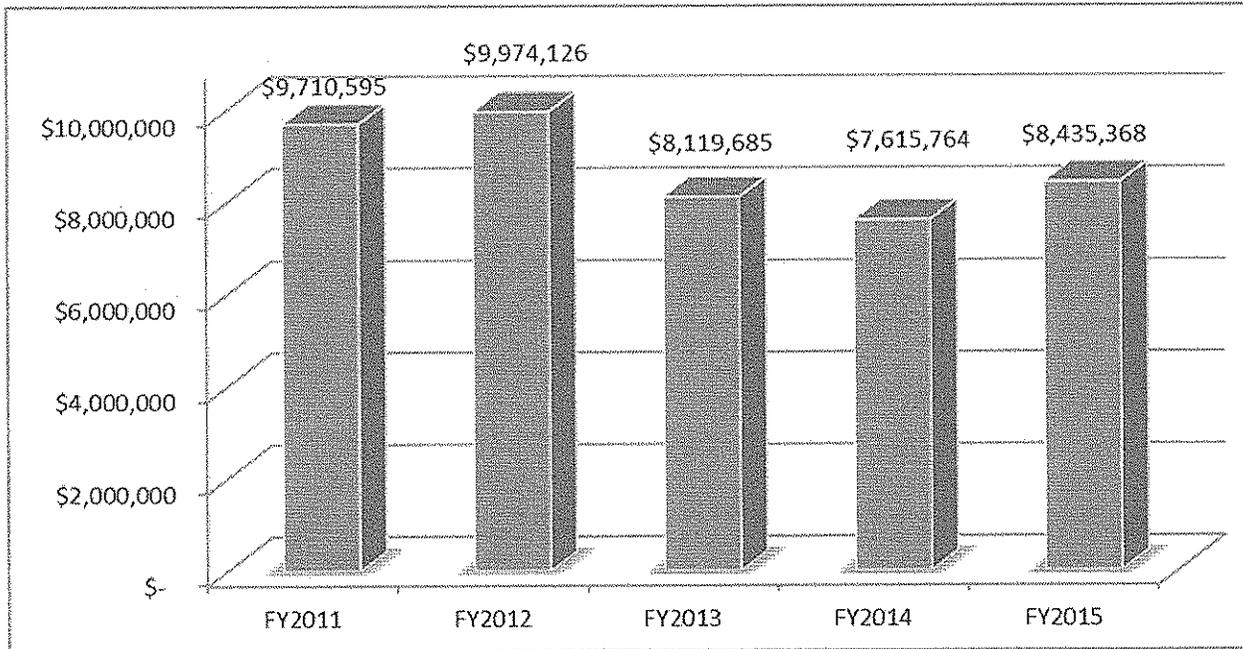
Education Budgets

Monomoy Regional School Budget - The Monomoy Regional School Administration presented its draft FY2015 budget request (Spending Plan) to the Chatham Board of Selectmen on January 7, 2014. The budget presented shows an overall increase of 3.31% that includes the operating budget (increase of 0.88%), transportation, debt service, technology upgrades and OPEB funding. The proposed budget is \$34,752,539; with the assessment to Chatham projected to be \$8,435,368. This includes an adjustment from the previous year’s (FY2014) required minimum local contribution which increased after the budgets were voted at Town Meeting. Chatham is paying \$336,245 more in FY2015 that it should have been assessed in FY2014. Chatham’s operation assessment (allocation split), based on the Regional Agreement, has not changed and is 27% of the total Regional School budget in FY2015.

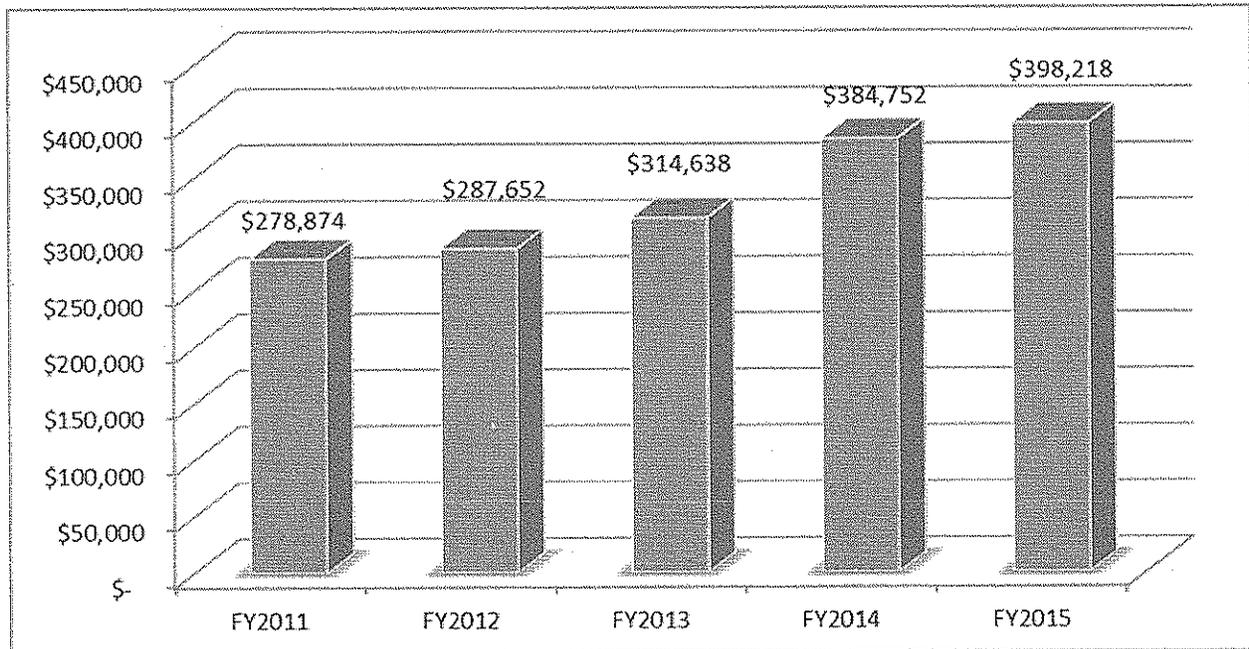
Cape Cod Regional Technical High School – we will receive the budget details soon and schedule a presentation as was done for FY2014.

Public Schools	FY2012	FY2013	Voted FY2014	FY2015 Request 1/9/2014	\$ Increase	% Increase
<b>300 Chatham Public/Monomoy Regional</b>						
Direct Costs-Town	\$ 9,974,126	\$ 8,119,685	\$ 7,615,764	\$ 8,435,368	\$ 819,604	11.1%
Capital School						
<b>310 Cape Cod Regional Tech High</b>						
Expense	\$ 287,652	\$ 314,638	\$ 384,752	\$ 398,218	\$ 13,466	3.5%
<b>Total Public Schools</b>	<b>\$10,261,778</b>	<b>\$ 8,434,323</b>	<b>\$ 8,000,516</b>	<b>\$ 8,833,586</b>	<b>\$ 833,070</b>	<b>10.7%</b>

**Figure 5: Monomoy Regional School District**



**Figure 6: Cape Cod Regional Tech School Budget**



As noted above, the Regional School Committees will continue to refine its budget during the coming months based on State Aid and Minimum Contribution for Education amounts. Hearings will be scheduled in each Town in the month of February.

### Debt schedule

The fiscal policy of using “debt drop off” to fund the Town’s Capital Facility Plan has been very effective, and will continue. With the approval of the new Fire Station at a Special Town Meeting in October 2013, the Town has essentially completed renovation of all major buildings. The FY2015 goal of the BOS is to recommend a Debt Holiday per se; that the Town “take a break” from projects that have not been previously approved or in queue.

Wastewater expansion continues on its three-year plan for Phase 1C. Town Meeting approved year one in FY2014, allowing the Town to continue taking advantage of zero percent loans from the State Revolving Fund (SRF) which is due to expire as an available fund in 2019. The wastewater project is described in more detail below.

A multi-year debt schedule [Attachment 3] is included so that decisions impacting future years can be known at the time of Town Meeting approval.

### Wastewater/Sewer Project – Next Phase

In May 2013, the next phase of the wastewater project was presented to the voters, and received their endorsement. The appropriation request of \$15M was to fund Phase 1B and the first year of Phase 1C. The 2013 appropriation request was accompanied by a rescinding of almost \$19M in borrowing authorization from the original 2009 wastewater appropriation that was not needed due to receipt of \$18.5M in USDA grants and \$1.4M in ARRA forgiveness. Phase 1B, which has been approved for 0% interest financing under the State Revolving Fund (SRF) will rehabilitate the 1970’s era Stage Harbor Pump Station and extend sewers along portions of Stage Harbor Road, Cedar St., and several side roads. Work on the pump station and sewer extensions is ongoing and expected to finish before the summer of 2014.

Phase 1C is a three-year plan with an estimated total cost of \$27M based on 2014 costs, with \$10M approved in May 2013. The initial Phase 1C construction (1C-1), funded with the 2013 appropriation (\$10M), has been approved for 0% interest funding with construction beginning in 2014. Completing the projects proposed for Phase 1C will accomplish the sewerage of the Oyster Pond and Little Mill watersheds, leading to their restoration. These are water bodies that are more highly impacted by excessive nutrients. Additional benefits will result as improved water quality in Oyster Pond and Little Mill Pond propagates throughout the Stage Harbor System. A 2014 warrant article will be presented to fund years 2 and 3 of Phase 1B as it was not known in 2013 that the multi-year approval was required.

Last, it is important to recognize our partnership with the Town of Harwich on the Muddy Creek Restoration Bridge Project. In October 2013, following more than a decade of collaborative study and analysis undertaken by the towns, and other regional, state and federal partners, the towns received a total of \$3.3M in federal funds for construction costs. Such avoided costs to both towns further highlight ongoing efforts to seek grant and other opportunities to improve our resource area while reducing the burden to taxpayers.

A more detailed explanation of the project funding to date and its tax impact will be provided in upcoming weeks as we prepare the 2014 Annual Town Meeting warrant.

The Town implemented a new on-line sewer connection application as part of its e-permitting program. Three engineers assisted with the on-line beta testing. To date, we have had 46 connections with an additional 60 applications submitted/in process. We expect to see the additional connection/usage revenues in FY2015.

#### OPEB (Other Post-Employment Benefits)

The Town must address these unfunded liabilities and develop a strategy for funding the OPEB Trust. Bond rating companies look favorably on towns that have established and funded OPEB trust funds. Chatham established an OPEB trust fund in 2013, but held off on a funding until the most recent actuarial study (as of June 2012).

The Town's overall unfunded liability decreased from \$43,726,097 (6/30/2010) to \$16,559,085 (6/30/2012) due to municipal health reform and the formation of the Monomoy Regional School District. As mentioned previously, MRSD is proposing to begin funding their OPEB obligations in the FY2015 budget. It is prudent that the Town do likewise.

We propose to use the Overlay Surplus, a fund balance remaining after the payment of property tax abatements, as a funding source. This year we will request to transfer an amount (\$150,000) from Overlay Surplus to the OPEB Trust Fund.

#### Five-Year Capital Plan

In FY2015 we continue to direct our focus on capital needs. In evaluating Departments' requests, jurisdictional priorities affecting department needs are considered. During informal review meetings, Departments provide the Town Manager with additional information relative to the request. Each request is assessed on its own merit and categorized according to that assessment, taking into consideration usual best practices with the development of a Plan, such as:

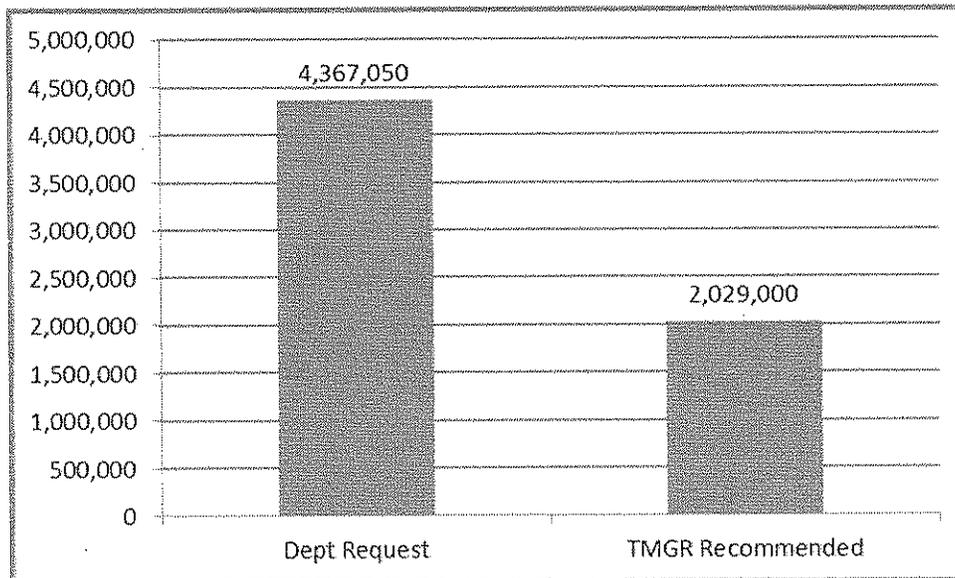
- ✓ Legal mandates - consequences of noncompliance/ cost of compliance;
- ✓ Conformity to Town plans and goals; productivity - return on investment;
- ✓ Future operating budget impact; and
- ✓ Cost effectiveness

There are many steps in the Capital Improvement Plan ("CIP") process - from the Departments putting forth requests, and evaluating urgency of needs criteria - to establishing equipment replacement schedules, life expectancies for the projects, annual costs - as well as consideration of inflation factors and financing options. A capital improvements program coordinates community planning, financial capacity and physical development and is composed of two parts - a capital budget and a capital plan. Additionally, the Finance Team has placed some Capital Outlay or permanent property line items in Department operational budgets to cover Special Outlay or "Rolling Stock"— small equipment, furniture, and other permanent property replacements needed to keep services going. These are considered operating capital items or "small cap", and are not part of the Capital Plan.

The detailed Five Year Capital Plan is located in *Budget Central*. The FY2015 Capital funding recommendations are attached in detail [Attachment 4]. Requests are detailed by Department, with summaries highlighted below including proposed funding sources:

CAPITAL PROGRAM & BUDGET SUMMARY		FY 2015	FY 2015
		Dept. Request	TMGR Recommendation
General Government		\$ 217,500	\$ 157,500
Public Safety		342,250	225,000
Community Development		95,000	50,000
Health & Environment		1,761,000	374,000
Public Works (without Water)		1,363,500	938,500
CAPITAL PROGRAM & BUDGET SUMMARY		FY 2015	FY 2015
		Dept. Request	TMGR Recommendation
Equipment		\$ 587,800	\$ 284,000
Total Town Funded Capital Budget		4,367,050	2,029,000
<b>Funding Sources:</b>			
Free Cash			1,000,000
Waterways Improvement Funds			45,000
PEG Access Funds			30,000
Cemetery Sale of Lots			1,000
Shellfish Revolving			
Prior Articles			3,000
Capital Exclusion			
Raise & Appropriate (available Tax Levy)			950,000
Total Funding Sources		2,029,000	2,029,000
		(\$2,338,050)	\$0

Figure 7: Capital Funding Recommendations Summary



### Vehicle Replacements

We have explored a new funding mechanism for vehicles; leases. Municipal leases are different from consumer automobile leases in that the lease term is 3-5 years with a \$1 buy out at the end. The State has dealerships on its "bid list" and there are other approved regional purchasing collaboratives. Such action was taken in FY2013 for the Quint Fire Apparatus via a separate capital article, and has also been used to fund the police motorcycle. Funding for year two and beyond of an annual lease is included in the Department operating budget (as illustrated in the Fire Department capital outlay line item). A fleet listing is included in *Budget Central*. As previously noted, we are investigating opportunities for energy efficient or hybrid vehicles, price permitting.

The five-year capital budget is typically funded from free cash, other available reserves or project balance turn backs. Free cash is generated by revenue from non-property tax sources received in excess of estimates and from budget turn backs. For FY2015 the strategy of carrying forward the previous Free Cash allowed us to return to the practice of substantially funding the Town's Capital Plan. Requests still exceed items recommended by \$2,342,050. The capital budget presented uses Free Cash, available funds and the tax levy (\$950,000) as recommended funding sources. We recommend that a small portion of Free Cash be held in reserve to contribute to a healthy fund balance for the future.

### Water Department Five-Year Capital Plan

The Water Department has a separate Capital Budget. This Capital budget is funded not from free cash or the tax rate, but from revenue from water charges. The Town has been aggressive in this capital plan in order to systematically replace and expand its water infrastructure. This year the Town is proposing only one Water Capital article for the construction of an Iron and Manganese removal facility. The construction cost is estimated at \$6,000,000. The facility design cost and the Owners Project Manager costs have been approved at previous Town Meetings. The amortization costs of this borrowing will be paid by water revenue and available funds of the Water Department. It is expected that no water rate increase will be necessary to cover the cost of this project.

Two other Water projects are anticipated in future years within the Water Department Five-year Capital Plan. These projects are an enhanced water meter reading system, and the cleaning/painting of the 1.35 MG standpipe.

### **NEXT STEPS**

As we embark another year of level service, we remain committed to looking outside the box for cost saving strategies or ways to expand management capacity. Departments are also examining revenue sources such as reviewing fees and charges against neighboring towns and market conditions. There were many examples of bi-lateral partnerships with neighboring towns in FY2014 - regional dispatch, regional assessing data management, three town on-line mooring permits, and a regional stream-lined e-permitting software program – all of which we plan to continue and expand.

### Performance Management

The Town of Chatham participated in a pilot program of 18 communities conducted by the Collins Center at the University of Massachusetts funded through a Community Innovation Grant. This program provides assistance to Massachusetts municipalities looking to tune up or establish a

performance management program (*CitiStat* or similar program) or to improve their usage of data to tell a story and used for management and policy-making. The program provided an analyst to the Town who assisted in compiling data from three departments (DPW, Fire, and Police) to provide measurable information on operations which is continuing *CitiStat* is a leadership strategy that involves the mayor or town manager holding regular meetings with department heads where data/trends are used to analyze performance, refine directives, establish goals, and examine the effectiveness of strategies.

The next step is to translate the data/information into performance based budgeting; we expect this will take some time to incorporate into the budget process. We continue to move in this direction to provide quantified information that supports the budget.

### E-Permitting

Fiscal transparency at all levels of government demands investment in innovation to achieve cost and process efficiencies in the delivery of primary local services. Chatham was one of three Cape & Islands communities who participated in the Community Innovation Grant that would automate the issuance of permits for services. The regional permit, license, and inspection solution will be functional 24 hours a day, seven days a week, effectively increasing the Town's hours of operation without adding additional staff hours. Transactions that are more complex will require staff intervention to complete the process. However, these more-complicated transaction types still benefit the customer by enabling review of the status and scheduling the variety of inspections online. The regional permitting software system will free staff time to handle projects that are more complex, rather than be burdened with routine activities. Staff can focus on higher-level transactions while basic information, delinquent bill checks, and residency confirmation can be conveyed electronically. The solution will also provide managers with information on how the overall system is working. This will aid decision making regarding project prioritization and budgeting.

The project, as with any canned software program that requires customization, enlisted much staff time by various departments to ensure data conversion and ease of use by customers. Unfortunately, finalization and roll-out to customers has taken much more time than anticipated. In consideration of the Federal Healthcare program, we decided to spend more time to refine our back-end (internal) data management which delayed implementation. The process will be completed in 2014, but any budget/process time savings previously anticipated, namely for the sticker/permit office, will be slightly delayed. However, the on-line Mooring Permit program launched in November 2013 via a grant with the towns of Provincetown and Dennis has proven to work well and will be further refined and expanded. In January 2014, an on-line animal licensing program was successfully rolled out by the Town Clerk's Office, in conjunction with the 2014 Town Census.

The on-line permitting programs for land-use, health and mooring permits will provide the desired benefit to improve customer service and governmental transparency by allowing users to request and track permits 24/7/365 via the Internet. By adopting this regional approach, Chatham, along with other participating communities, can benefit from enterprise-level automation and shared cost of services. Phase 1 of the project will be completed by summer 2014 - for the Building, Health, Licensing and Permitting Departments and citizen access. Phase 2 will involve building out the solution for the remaining departments involved in land management activities and developing additional interfaces among Town and State databases to improve software performance and efficiency.

## Technology

The Town's Technology Department had a very productive FY2014 and was instrumental in the above projects. Future projects include placing all computers and hardware onto a 3-5 years replacement schedule, upgrading our existing Email server and phone systems to allow for greater communication and productivity, re-designing our Wide Area and Local Area Networks to enhance security and the utilization of the Town's Fiber Optics and evaluating numerous manual processes within Town departments to identify time and cost effective processes to better utilize technology.

## **FINAL NOTES**

This is the fifth year of difficult budget decisions, but strategic budget planning efforts since FY2010 and recent action on local option revenue sources and expense reductions for benefits have placed the Town in a much better position than many other towns in the Commonwealth. The challenge will be to maintain service level expectations within the desired funding parameters. Our excellent AAA Bond Rating has sustained and survived while many other municipalities with the same bond ratings have been downgraded. We must remain very cognizant how easy it is to be downgraded and maintain our sound fiscal strategies and review policies regularly.

Furthermore, the Governor just released House 2 Budget on January 22, 2014 providing an initial forecast for state aid and state assessments. We are also awaiting final figures for health insurance premiums and have one pending collective bargaining agreement (Fire Union). With that said, and in consultation with the BOS and FinCom, there may be need to revisit the Town Manager's recommendations to review and adjust priorities and update forecasts as we continue discussions of core services our community desires and needs, transparency of government operations, and continue to seek innovative funding of programs and services.

I want to acknowledge and express my sincere appreciation to Town Officials and Town Departments for their time, cooperation, and patience in assisting me in crafting my third Chatham Town Manager Budget recommendations and summary, and for the great effort to achieve the BOS budget directives. I also appreciate the knowledge, information, feedback, and support from the many taxpayers passionate about our beautiful community. As always, I welcome your continued comments and input on how to make the Budget process and Summary more user-friendly.

*For the purposes of the General Bylaws and Charter, submission of this message and accompanying budget satisfies the submission requirements of the Board of Selectmen to the Finance Committee.*

Thank you in advance for your thoughtful consideration, and I look forward to working with you through this important process.

*Attachments 1-4*

**Board of Selectmen/Town Manager  
Goals and Objectives  
Calendar 2014 and Fiscal 2015  
Adopted on January 14, 2014**

Mission Statement: The Board of Selectmen and Town Manager provide executive leadership for the Town of Chatham. Together, we pursue collaborative processes, ethical, and professional procedures to insure that Town resources are directed to providing the best services possible to protect public safety, public assets and a special quality of life in Chatham.

**Relating to the Board of Selectmen**

<b>I. Protect and Enhance the Financial Health of the Town:</b>
<i>In collaboration with the Town Manager, Finance Director, and Finance Committee, create a level funded budget for FY 2015 that:</i>
A. Begins with a review of the current year appropriations and service delivery in relation to policies and economic conditions to determine if any adjustments need to be made in the next budget year cycle.
B. Develops fiscal and program priorities to guide strategies for budgeting and collective bargaining.
C. Provides for salaries and benefits of Town employees to reflect current economic and market conditions, and takes advantage of any new State laws or municipal reform opportunities relating to stabilizing or reducing operational and personnel costs.
D. Maintains current service levels using new growth and allowable Prop 2½ while trying to offset tax increases through enhancing revenue sources and seeking operational efficiencies.
E. <u>Strive to seek opportunities to avoid an increase to the current property tax rate.</u>
F. <u>Strive to avoid any new Town funded non-emergency capital facilities projects.</u>
G. <u>Adopt as a policy directive, a new debt holiday to pay down current (General Fund) debt</u>
H. <u>Strive to keep spending at or below Consumer Price Index. Expenditures should not exceed increases in the private sector.</u>
I. <u>Make realistic annual contributions toward OPEB unfunded liabilities.</u>
J. <u>Research the Town’s ability to offer low cost financing options for property owners making sewer connections.</u>
K. In evaluating future proposed Town budgets, consider the difference between financial sustainability and line-item/bottom-line taxpayer satisfaction as standards for evaluating future proposed Town budgets.
L. Monitor the work of and elicit action items from the Economic Development Committee (EDC).
<b>II. Protect and Enhance Future Use of Town Land/ Buildings/Facilities</b>
A. <u>Develop program to address/repair/expand or acquire easements for enhanced public access to town landings.</u>
B. <u>Work with Town Manager to develop an Intermunicipal Agreement on</u>

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<u>Wastewater with the Town of Harwich.</u>
C. <u>Review and address Chatham Airport Management Plan and pursue Town options to restrict skydiving operations.</u>
D. <u>Seek to complete the skateboard park design and construction.</u>
E. Work with Town Manager to investigate the feasibility of consolidation of Town offices; moving the Main Street Town offices to the Town Hall Annex, including consideration of alternative uses for the current Main Street Town offices, and the financial, operational, and incidental impacts by July 2014.
F. Work with the Town Manager to review available Town-owned properties for sale or reuse and provide a report by July 2014.
G. <u>Work with Town Manager to develop and implement South Coastal Harbor plans that would include up-welling facility at Stage Harbor.</u>
<b>III. Protect and Enhance the Professionalism and Effectiveness of the Town's Staff, Boards and Committees, and Enhance Effectiveness and Efficiency:</b>
A. Via support of managerial practices, performance management, professional development, departmental reorganization including the consideration of streamlining, outsourcing, regionalization, and other efforts to improve service delivery.
B. Support professional management by encouraging Departments to seek new and innovative ways to deliver municipal services.
C. Work with Town Manager to enhance effectiveness and efficiency of Town departments <u>and include policy review to determine effectiveness.</u>
D. <u>Work with Town Manager to ensure that BOS policies are enacted by staff.</u>
E. Provide structured orientation and ongoing educational programs for new and current members of regulatory Boards, and review role for BOS liaisons.
F. <u>Review the Committee Rules and Regulations Handbook, and review appointment and re-appointment procedures relating to charges/missions, initiatives, and composition.</u>
G. <u>Reduce the overall size and scope of local government when possible.</u>
<b>IV. Protect the Environmental and Historic Quality of the Town</b>
A. Continue to monitor and review the (CWMP) wastewater plan at the policy level, encourage continued discussion and planning for the next phase of expansion, and <u>review how potential future State/federal funding will effect CWMP.</u>
B. Work with MassDOT to ensure that Mitchell River Bridge project construction includes <u>a traffic plan for the duration.</u>
C. <u>Advocate for agreement with Federal Government on usage of Monomoy Island that is favorable to our shellfishing community.</u>
D. <u>As Water &amp; Sewer Commissioners, review and adopt fair and clear regulations governing sewer connections and communicate the process/costs/etc. to the</u>

**Board of Selectmen/Town Manager  
Goals and Objectives  
Calendar 2014 and Fiscal 2015  
Adopted on January 14, 2014**

<u>public.</u>
E. <u>Identify and develop policy direction in regards to beach erosion issues/dredging.</u>
<b>V. Emphasize Long-Term, Strategic Planning of Town Operations and Resources, and Service Delivery</b>
A. Provide policy direction relating to Town fire/emergency medical response operations expectations and needs, including but not limited to EMS/first-responder services, personnel, and practices.
B. Review recommendations in Fire Department Operational Study, and provide direction for short-term and long-term implementation, including alternative delivery of Town EMS services, equipment, dispatching, reduction of overtime, in a fair and equitable way.
C. Provide policy direction to initiate a Town-wide parking plan, <u>including shuttle</u> , and seek solutions to parking limitations at Town landings and Lighthouse Beach, as well as an <u>agreement with CBI re: Fish Pier parking.</u>
D. Working with Cape Cod Commission, Planning Board, and community <u>to provide direction on recommendations</u> and produce an actionable plan for zoning district revisions along the Rte. 28 corridor.
E. Work with Planning Board to identify and prioritize those objectives of Land Use section of the Local Comprehensive Plan (LCP) that can be completed during FY2015.
F. <u>Work with the Design Engineers for the West Chatham Roadway Project for a consensus design for</u> MassDOT for approval.
G. Where LCP action items have been assigned to Boards or Committees, require these Boards or Committees to include action item progress reports in their annual appearances before the Board of Selectmen.

**Board of Selectmen/Town Manager  
Goals and Objectives  
Calendar 2014 and Fiscal 2015  
Adopted on January 14, 2014**

***Relating to the Town Manager for Implementation***

<b>I. Protect and Enhance the Financial Health of the Town:</b>
<i>In collaboration with the Board of Selectmen and Finance Committee, create a level funded budget for FY 2015:</i>
M. Initiate the budget process with a status report of the current year, and include a multi-year forecast of revenues and anticipated expenditure challenges relating to so called "budget busters" and fixed costs in order to present a level <u>funded</u> budget.
N. Work to implement fiscal and program priorities to present a balanced budget without the use of reserves.
O. Work to align the remaining open collective bargaining agreements by duration.
P. Work to develop a funding strategy that provides for salaries and benefits of Town employees to reflect current economic and market conditions, and consider any new State laws or municipal reform opportunities relating to stabilizing or reducing operational and personnel costs.
Q. Present multi-year fiscal projections that include revenues, expenditures, and debt schedules with references to unfunded liabilities in an effort to guide strategies for budgeting and collective bargaining.
R. <u>In seeking new or additional revenue generation, fee increases, etc. present n analysis for the basis of the request which may include budget and/or service goals, increased operating costs, any attempt to offset increases with service reductions, and what sector of the population is impacted by the proposed increase.</u>
<b>II. Protect and Enhance Future Use of Town Land/ Buildings/Facilities</b>
A. Conduct a feasibility study for consolidation of Town offices, moving the Main Street Town offices to the Town Hall Annex, including consideration of alternative uses for the current Main Street Town offices, and the financial, operational, and incidental impacts, and provide a report to the BOS by July 2014.
B. Review available Town-owned properties for sale or reuse, including Tax Title/Taking properties.
<b>III. Protect and Enhance the Professionalism and Effectiveness of the Town's Staff, Boards and Committees, and Enhance Effectiveness and Efficiency:</b>
A. Work with Department Heads on performance management strategies, review functions and ways to enhance professionalism, communications and transparency.
B. Seek opportunities to have inter/intra departmental cost sharing, staff sharing, and other ways to control costs and reduce expenses Town-wide.
C. Enhance the use of technology for greater efficiencies and communication.

**Board of Selectmen/Town Manager  
Goals and Objectives  
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D. Emphasize service and implement procedures to ensure high levels of productivity, accountability, and customer service.
E. Work to seek bi-lateral and regional partnerships to reduce expenses and/or improve service offerings/ delivery.
<b>IV. Protect the Environmental and Historic Quality of the Town</b>
A. Continue to monitor and review the (CWMP) wastewater plan and implementation for the next phase of expansion and the funding required.
B. Coordinate with appropriate State and Federal agencies to ensure the reconstruction of the Mitchell River Bridge.
C. <u>Assist the Board in a review of solid waste and recycling efforts including a review of Transfer Station fee structure and select/sign new solid waste contract with vendor</u>
<b>V. Emphasize Long-Term, Strategic Planning of Town Operations and Resources, and Service Delivery</b>
D. Implement policy direction relating to Town fire/emergency medical response operations expectations and needs, including but not limited to EMS/first-responder services, personnel, and practices.
E. Continue to review recommendations in Fire Department Operational Study, and provide direction for short-term and long-term implementation, including alternative delivery of Town EMS services, equipment, dispatching, reduction of overtime, in a fair and equitable way.
F. In conjunction with BOS policy direction, initiate and provide recommendations for a Town-wide parking plan that will seek potential solutions to parking limitations at Town landings, Fish Pier, and Lighthouse Beach.
G. Upon approval by MDOT, implement BOS direction for West Chatham/Rte. 28 road improvements.
H. As directed by the BOS and working with Cape Cod Commission, Planning Board, and community, produce an actionable plan for recommended zoning district revisions along the Rte. 28 corridor.
I. Work with the BOS to encourage regular review and implementation of the Local Comprehensive Plan (LCP), and the Planning Board relating to zoning.

## Fiscal Overview FY 2014-2015

FY 2014

FY 2015

**Revenues****Real Estate Taxes**

Maximum Allowable Levy LIMIT	\$ 24,580,668	\$ 25,412,118
New Growth	\$ 211,643	\$ 200,000
Override	\$ -	\$ -
Levy Limit	\$ 24,792,311	\$ 25,612,118
CapeCodCommission Exclusion	\$ 245,878	\$ 252,025
Debt Exclusion (DE-1)	\$ 6,564,615	\$ 5,912,177
MSBA Reimbursement	\$ (1,284,214)	\$ (1,243,004)
Maximum Allowable Levy	\$ 30,318,580	\$ 30,533,306
Prior Year Property Tax Levy	\$ 29,133,202	\$ 29,324,795
Levy Not Used	\$ (993,785)	\$ (525,000)
Tax Levy Increase	\$ 191,593	\$ 683,512
Current Year Property Tax LEVY	\$ 29,324,795	\$ 30,008,306

Cherry Sheet Aid Town	\$ 186,623	\$ 191,541
Cherry Sheet Aid School	\$ 2,809	\$ -
MSBA Reimbursement	\$ 951,612	\$ 951,612
Reimbursement for School Debt	\$ 233,058	\$ 195,676
Local Receipts Not Allocated	\$ 5,692,744	\$ 5,743,376
Sub-total	\$ 7,066,846	\$ 7,082,205
Water Fund - direct, indirect & PILOT	\$ 2,230,357	\$ 2,224,936
Water Bonding/available funds	\$ 310,000	\$ -
Sub-total	\$ 2,540,357	\$ 2,224,936

Community Preservation Funds	\$ 865,250	\$ 950,000
Cape Cod Land Bank Funds	\$ 926,994	\$ 902,031
Enterprise Fund	\$ 25,000	\$ 25,000
Stabilization Funds	\$ -	\$ -
Free Cash	\$ 807,438	\$ 1,000,000
Bonding - Capital Program	\$ -	\$ -
Overlay Surplus	\$ -	\$ 150,000
Appropriation for Other Purposes	\$ 610,894	\$ 550,139
TOTAL REVENUES	\$ 42,167,574	\$ 42,892,618

**Expenditures**

Revenue Deficits & amounts to be raised	\$ 86,484	\$ 28,391
Cherry Sheet Charges	\$ 658,638	\$ 675,544
Overlay Reserve	\$ 336,575	\$ 343,489
Operating Budgets		
I General Government	\$ 1,926,680	\$ 1,982,884
II Public Safety	\$ 5,754,115	\$ 5,799,990
III Community Development	\$ 715,365	\$ 728,190
IV Health & Environment	\$ 835,157	\$ 859,986
V Public Works	\$ 4,349,927	\$ 4,458,063
VI Community & Social Services	\$ 976,340	\$ 999,260
VII Debt Service	\$ 7,905,583	\$ 7,658,244
VIII Employee Benefits	\$ 3,951,910	\$ 4,142,970
IX Undistributed & Reserve Fund	\$ 501,135	\$ 537,085
X Education	\$ 8,000,516	\$ 8,833,586
Sub-total	\$ 34,916,728	\$ 36,000,258
Capital Budget Town (no water)	\$ 1,895,545	\$ 2,095,000
Water Capital w. bonding	\$ 310,000	\$ -
CAPITAL BUDGET	\$ 2,205,545	\$ 2,095,000
Water Operating Budget	\$ 2,630,357	\$ 2,624,936
Other Articles- Routine ATM	\$ 365,278	\$ -
LandBank	\$ -	\$ -
Community Preservation Funds	\$ 865,250	\$ 950,000
Enterprise Fund	\$ 25,000	\$ 25,000
Stabilization Fund/OPEB Trust	\$ -	\$ 150,000
TOTAL EXPENDITURES	\$ 42,089,854	\$ 42,892,618
REVENUES minus EXPENDITURES	\$ 77,719	\$ (0)

Town of Chatham												
Master Debt Amortization Schedule												
Outstanding Principal & Interest												
Debt Schedule June 2013												
Fiscal Year	General Fund Principal	General Fund Interest	General Fund Total	Water Fund Principal (w/o Betterments)	Water Fund Interest (w/o Betterments)	Water Fund Total (w/o Betterments)	Water Fund Total	Total Principal	Total Interest	Grand Total	Cumulative % of Total Debt Service	
2014	5,393,835.69	2,162,218.88	7,556,054.57	689,039.04	215,379.61	904,418.65	904,418.65	6,082,874.73	2,851,257.92	8,934,132.65	7.94%	
2015	5,053,315.01	2,001,711.71	7,055,026.72	599,177.72	190,291.52	789,469.24	789,469.24	5,652,492.73	2,600,889.43	8,253,382.16	15.27%	
2016	4,948,134.01	1,852,272.31	6,800,406.32	484,177.72	170,063.16	654,240.88	654,240.88	5,432,311.73	2,336,450.03	7,768,761.76	22.17%	
2017	4,943,159.01	1,660,819.15	6,603,978.16	484,177.72	149,053.55	633,231.27	633,231.27	5,427,336.73	2,144,996.87	7,572,333.60	28.90%	
2018	4,600,072.73	1,506,177.44	6,106,250.17	357,500.00	132,836.25	490,336.25	490,336.25	4,957,572.73	1,863,677.44	6,821,250.17	34.96%	
2019	4,070,521.73	1,372,047.18	5,442,568.91	357,500.00	119,297.50	476,797.50	476,797.50	4,428,021.73	1,729,547.18	6,157,568.91	40.43%	
2020	3,461,189.73	1,237,200.67	4,698,390.40	307,500.00	104,548.75	412,048.75	412,048.75	3,768,689.73	1,544,700.67	5,313,390.40	45.15%	
2021	3,112,303.72	1,129,696.65	4,242,000.37	302,500.00	91,311.25	393,811.25	393,811.25	3,414,803.72	1,432,196.65	4,847,000.37	49.45%	
2022	2,832,375.00	1,034,992.64	3,867,367.64	302,500.00	78,192.50	380,692.50	380,692.50	3,134,875.00	1,337,492.64	4,472,367.64	53.42%	
2023	2,753,728.00	945,888.63	3,699,616.63	272,500.00	65,667.50	338,167.50	338,167.50	3,026,228.00	1,218,388.63	4,244,616.63	57.20%	
2024	2,765,320.00	869,734.62	3,635,054.62	272,500.00	54,736.25	327,236.25	327,236.25	3,037,820.00	1,142,234.62	4,180,054.62	60.91%	
2025	2,662,156.00	802,930.60	3,465,086.60	272,500.00	44,555.00	317,055.00	317,055.00	2,934,656.00	1,075,430.60	4,010,086.60	64.47%	
2026	2,564,240.00	741,326.59	3,305,566.59	272,500.00	34,296.25	306,796.25	306,796.25	2,836,740.00	1,013,826.59	3,850,566.59	67.89%	
2027	2,454,077.00	683,972.58	3,138,049.58	107,500.00	27,212.50	134,712.50	134,712.50	2,561,577.00	791,472.58	3,353,049.58	70.87%	
2028	2,136,674.00	635,593.57	2,772,267.57	107,500.00	23,525.00	131,025.00	131,025.00	2,244,174.00	743,093.57	2,987,267.57	73.52%	
2029	2,144,596.00	594,245.80	2,738,841.80	102,500.00	16,881.25	119,381.25	119,381.25	2,215,167.00	696,745.80	2,943,781.80	76.14%	
2030	2,137,667.00	553,323.04	2,690,990.04	77,500.00	11,675.00	89,175.00	89,175.00	2,228,574.00	630,823.04	2,845,990.04	78.67%	
2031	2,151,074.00	511,906.53	2,662,980.53	77,500.00	11,675.00	89,175.00	89,175.00	2,215,167.00	589,406.53	2,817,980.53	81.17%	
2032	1,963,195.00	427,148.50	2,432,722.52	12,500.00	9,031.25	21,531.25	21,531.25	2,040,695.00	547,027.52	2,587,722.52	83.47%	
2033	1,973,101.00	383,806.99	2,400,249.50	12,500.00	8,500.00	21,000.00	21,000.00	1,985,601.00	439,648.50	2,425,249.50	85.62%	
2034	1,396,055.00	340,634.23	1,736,689.23	12,500.00	7,968.75	20,468.75	20,468.75	1,408,555.00	353,134.23	1,804,861.99	87.23%	
2035	1,396,055.00	296,505.22	1,692,560.22	12,500.00	7,437.50	19,937.50	19,937.50	1,408,555.00	309,005.22	1,761,689.23	88.79%	
2036	1,396,055.00	252,376.20	1,648,431.20	12,500.00	6,906.25	19,406.25	19,406.25	1,408,555.00	264,876.20	1,673,431.20	91.80%	
2037	1,396,055.00	1,353,601.47	8,926,226.47	150,000.00	41,437.50	191,437.50	191,437.50	7,722,625.00	1,503,601.47	9,226,226.47	100.00%	
2038-2049												
	\$ 77,277,519.63	\$ 23,819,658.72	\$ 101,097,178.35	\$ 5,736,572.20	\$ 1,645,060.34	\$ 7,381,632.54	\$ 7,381,632.54	\$ 83,014,091.83	\$ 29,556,230.92	\$ 112,570,322.75		

## Proposed FY2015 Capital Improvement Projects

Article 9 - FY2015 Capital Improvement Projects	Dept.	FY15 Request	FY15 TMGR Rec
Land Management, Assessment & GIS	IT	\$ 12,500	\$ 12,500
Hardware replacement & upgrade	IT	\$ 15,000	\$ 15,000
Channel 18 Equipment	TM	\$ 30,000	\$ 30,000
Consulting & Engineering	TM	\$ 100,000	\$ 100,000
Radar Units	PD	\$ 5,000	\$ 5,000
Protective Clothing (Turn-out Gear)	FD	\$ 100,000	\$ 100,000
Generator (s)	EMGT	\$ 100,000	\$ 100,000
Aids to Navigation	HBR	\$ 10,000	\$ 10,000
<i>Improvement Fund</i>			
Mooring Management	HBR	\$ 6,000	\$ 4,000
<i>Improvement Fund</i>			
Town Landing Maintenance	HBR	\$ 4,000	\$ 4,000
<i>OFFSET \$4,000 in '12 &amp; '13 transfer from Waterways Improvement Fund</i>			
Boat Maintenance & Equipment	HBR	\$ 2,000	\$ 2,000
GIS Flyover	CD	\$ 50,000	\$ 50,000
Drainage/Storm water Management	STW	\$ 20,000	\$ 20,000
Dredging Program	CR	\$ 75,000	\$ 75,000
Aerial Shoreline Condition Photo Survey	CR	\$ 9,000	\$ 9,000
Town Landing Infrastructure Improvements	CR	\$ 20,000	\$ 20,000
<i>OFFSET -\$10,000 from Waterways Improvement Fund</i>			
Muddy Creek Culvert - Utility Relocation	CR	\$ 250,000	\$ 250,000
Road Resurfacing	HWY	\$ 225,000	\$ 200,000
Emergency Road Repair	HWY	\$ 10,000	\$ 10,000
Catch Basins	HWY	\$ 50,000	\$ 50,000
Road Maintenance Projects	HWY	\$ 28,000	\$ 25,000
Sidewalk Construction	HWY	\$ 50,000	\$ 50,000
Street Signs	HWY	\$ 6,000	\$ 5,000
Bicycle Trail Maintenance Project	HWY	\$ 35,000	\$ 10,000
Recycling - Phase 1	LDF	\$ 300,000	\$ 150,000
Property Management/Building Maintenance Projects	TM	\$ 150,000	\$ 100,000
Fish Pier Repairs	BG/TM	\$ 262,500	\$ 262,500
Cemetery -Clean & Repair Head Stones	CEM	\$ 1,000	\$ 1,000
Cemetery Expansion	CEM	\$ 75,000	\$ 75,000
Annual PD Cruisers (3) Replacement	PD	\$ 75,000	\$ 75,000
Replace Staff Vehicle	FD	\$ 30,000	\$ 30,000
Boat Engine Replacement Outboard	HBR	\$ 7,500	\$ 7,500
Truck Replacement	HBR	\$ 17,000	\$ 17,000

## Proposed FY2015 Capital Improvement Projects

Article 9 - FY2015 Capital Improvement Projects	Dept.	FY15 Request	FY15 TMGR Rec
Shellfish Outboard Engine Replacement	CR	\$ 8,500	\$ 8,500
Shellfish H&E Truck (North Beach Monitoring)	H&E	\$ 28,000	\$ 28,000
Small Dump Truck w/Plow	HWY	\$ 48,000	\$ 48,000
Small Dump/Recycling Vehicle	LDF	\$ 70,000	\$ 70,000
		<u>\$ 2,285,000</u>	<u>\$ 2,029,000</u>

CAPITAL PROGRAM FUNDING SUMMARY:	FY 14	FY 15	FY 15
FY2014 - Article 9	Actual	Request	Recommend
General Government	\$ 107,500	\$ 217,500	\$ 157,500
Public Safety	\$ 104,582	\$ 342,250	\$ 225,000
Community Development	\$ 12,500	\$ 95,000	\$ 50,000
Health & Environment	\$ 374,000	\$ 1,761,000	\$ 374,000
Public Works (without Water)	\$ 769,360	\$ 1,363,500	\$ 938,500
Equipment	\$ 538,000	\$ 587,800	\$ 284,000
Total Town Funded Capital Budget	\$ 1,905,942	\$ 4,367,050	\$ 2,029,000
Funding Sources:			
Free Cash	\$ 750,000	\$ -	\$ 1,000,000
Waterways Improvement Funds	\$ 40,000	\$ -	\$ 45,000
Cemetery Sale of Lots	\$ 5,000	\$ -	\$ 1,000
Shellfish Revolving	\$ -	\$ -	\$ -
PEG Access Fund	\$ 30,000	\$ -	\$ 30,000
Prior Articles	\$ 73,994	\$ -	\$ 3,000
Article 9 -Raise & Appropriate	\$ 996,551		\$ 950,000
Total Funding Sources	\$ 1,895,545	\$ -	\$ 2,029,000