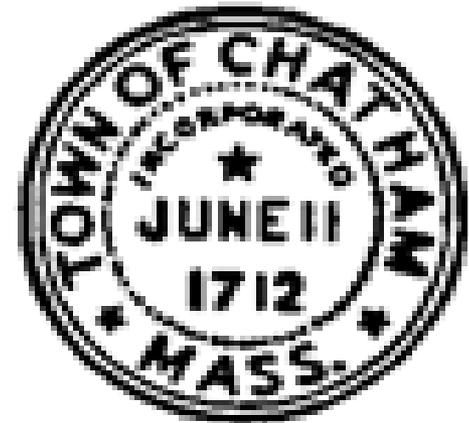


# FY 2016 Budget Summit



Board of Selectmen  
Finance Committee  
MRSD Representatives

# Outcomes

- Better understanding of the Town's financial condition
- Identify emerging problems before they reach serious proportions
- Identify any existing problems might not be aware of
- Present a comprehensive picture of our strengths and weaknesses, instead of focusing on one ratio
- Introduce long-range considerations into the annual budget process

# **Agenda Item I.**

## **Overview of FY2015 - set stage for FY2016 (and beyond)**

FY2015 Budget, FY2015 Tax Rate

FY2016 Budget

Projections

Challenges

Impact on future budgets

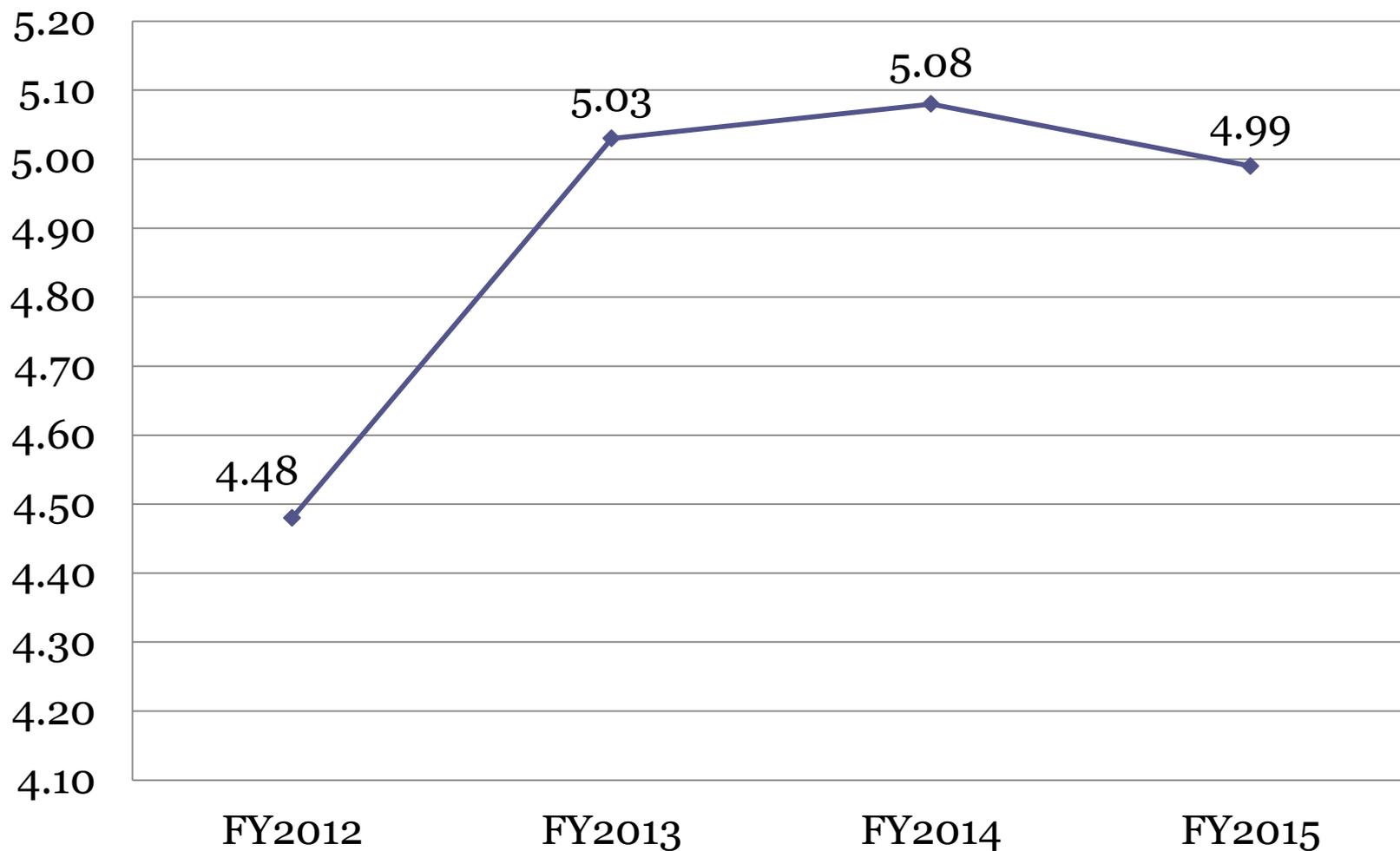
# FY2015 Budget

- Operating Budget - Level Service Budget
  - \$27,191,014
  - 1.0% increase over FY2014
- Capital Budget – 7% of operating budget
- Educational Budget(s)
  - MRSD \$7,739,657
  - CCRTHS \$ 367,437
- Water Department - \$2,352,037

# FY2015 Tax Rate

- Value of Chatham – increase 3%
  - FY2015 \$5,949,396,990
  - FY2014 \$5,778,263,310
- Tax Rate
  - FY2015 \$4.99
  - FY2014 \$5.08
- “Excess” Levy Capacity
  - FY2015 \$1,128,401
  - FY2014 \$ 947,966

# Tax Rate Trend



# **Agenda Item II.**

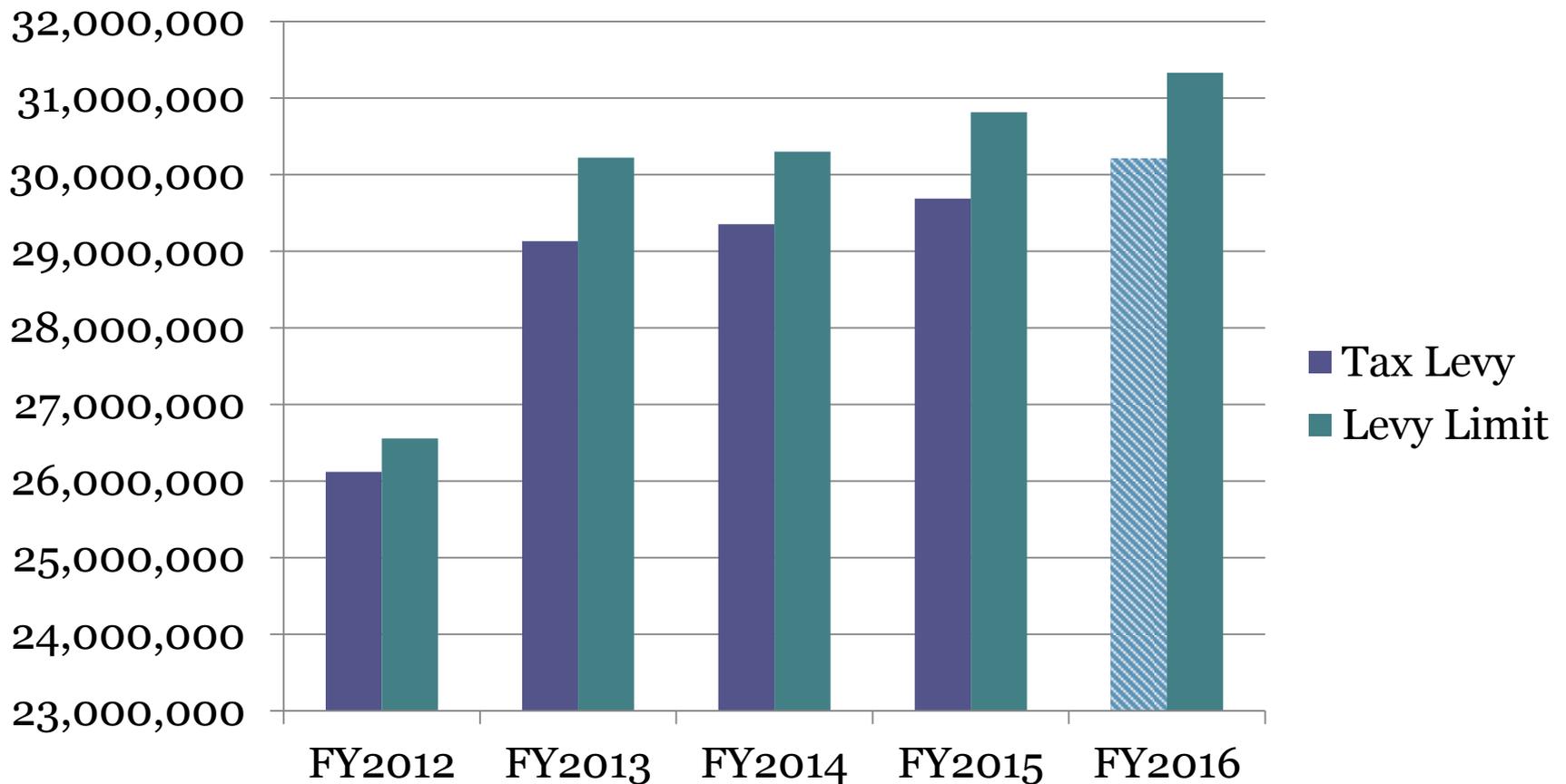
## **FY2016 Planning**

### Revenue Projections

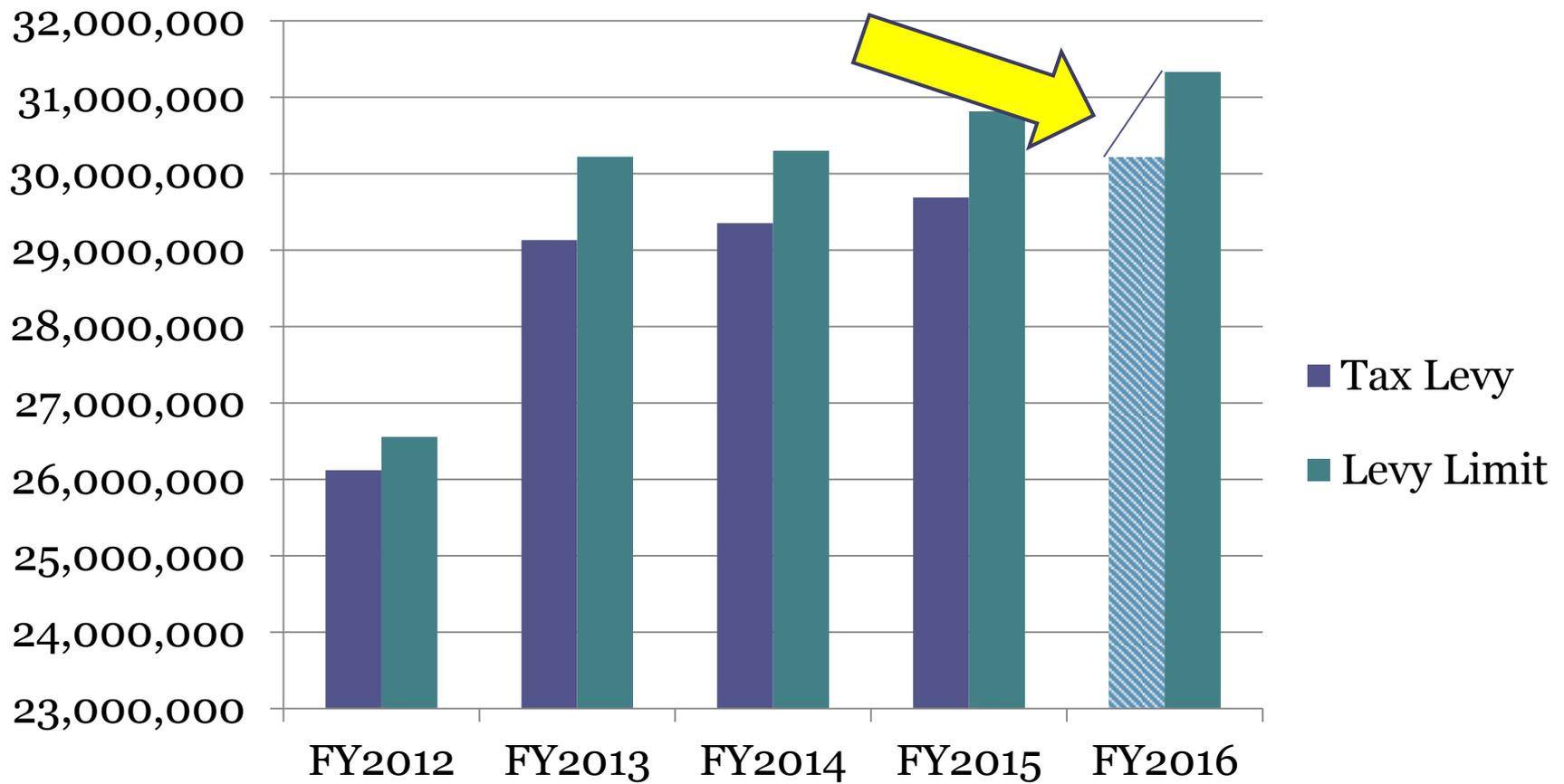
# FY2016 Revenue

- Estimated Levy *Limit*            \$31,331,000
  - 2.5% increase - \$643,000
  - “New Growth” - \$150,000
  
- Estimated Local Receipts            \$5,962,000
  - Increase over FY2015
  - Approx. 84% of Prior Year Actual
  
- Estimated Other Available Funds
  - *Landbank*            \$ 870,000
  - *Free Cash*            \$1,250,000
  - *Other*                 \$ 500,000

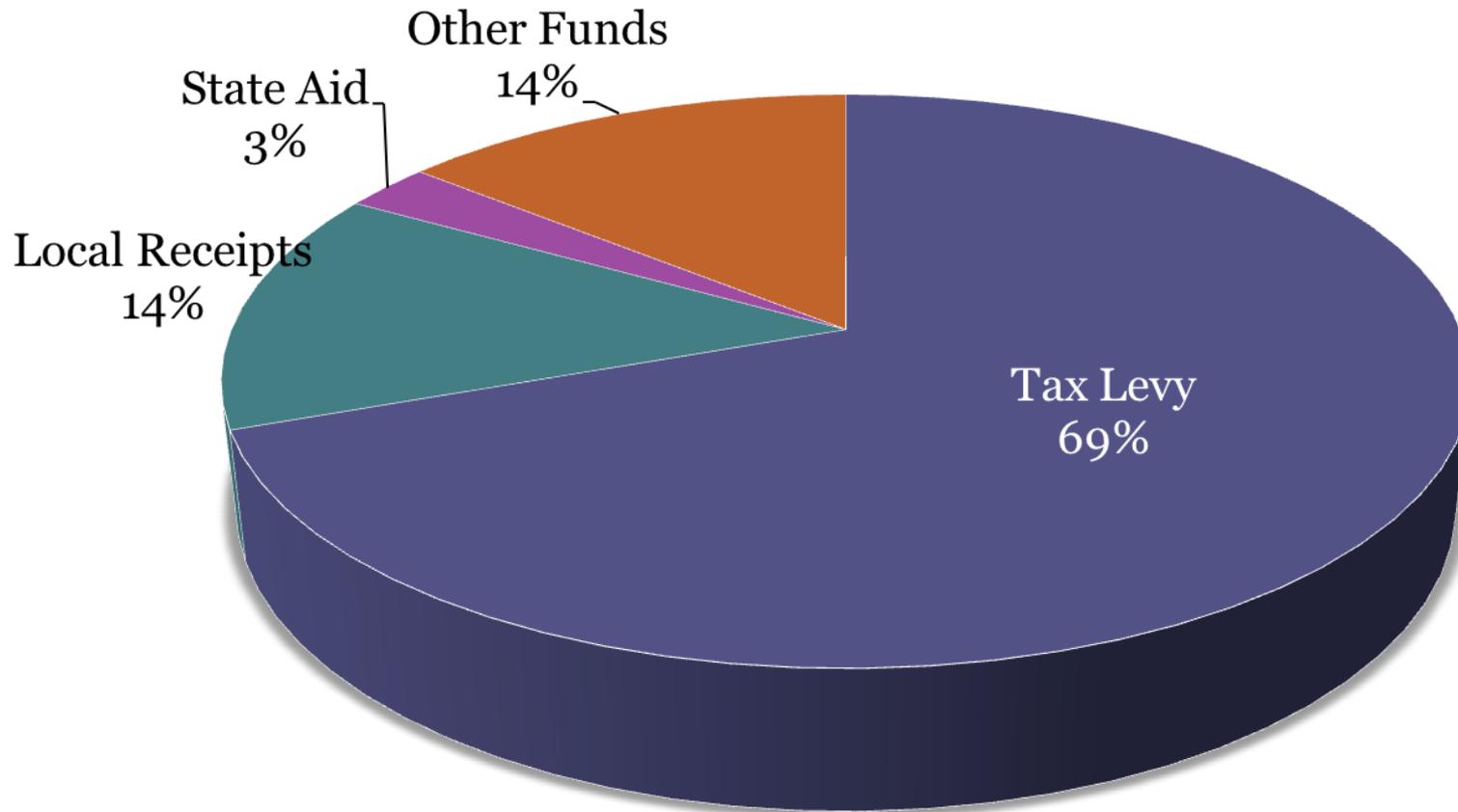
# Actual Levy vs. Levy Limit



# Actual Levy vs. Levy Limit



# FY2015 Revenue



# **Agenda Item III.**

## **Three-year Projection**

Policy Issues/Priorities/Directives  
MRSD Projections & Assessments

# FY 2016 Challenges

- Educational Budgets (draft 1/15/15)
- Capital Budget – Funding (% from tax levy)
- Debt Service
- Town Facilities/Maintenance – continued needs
- Contract Negotiations – All 4 union contracts expire June 30, 2015
- State/Federal Mandates
- Revaluation Year (Overlay account)

# FY2016 Policy Decisions

- Operating Budget – directing resources
  - Level Funded = no expansion of services, possibly a reduction
  - Level Service = possibly an increase \$
- Capital Budget
  - Up to 7% of Operating Budget
- Other Post Employment Benefits (OPEB) Trust Fund – Funding Sources
  - Medicaid Receipts
  - Overlay Surplus
  - Other?
- Educational Budgets
  - Directive to MRSD & CCRTHS
  - Multi-year Financial/Enrollment Forecasts

# Policy Issues for FY2016

- Service Level Expectations
  - Funding Priorities
  - Revenue Generation Directives
  - OPEB Trust Funding
  - Capital Plan Projects/Funding
  - Other Projects - Parking /Property Acquisitions
- = Directive for FY2016 Budget & Capital Requests

*DISCUSSION*

# Three Year Budget Perspective



General Operating Budget  
Five Year Capital Plan

# Assumptions for FY2016

- Revenue
  - Increase Receipts over FY2015
    - Transfer Station fee increase
    - Meals Tax increase
- Expenditures
  - Additional Services?
  - Debt – per schedule
    - Fire Station in FY2016
    - Wastewater – approved in May 2013; will not impact until FY2017; Next Authorization May 2017
  - Education – Regional Assessments
    - Debt Service - \$650,000 for FY2016

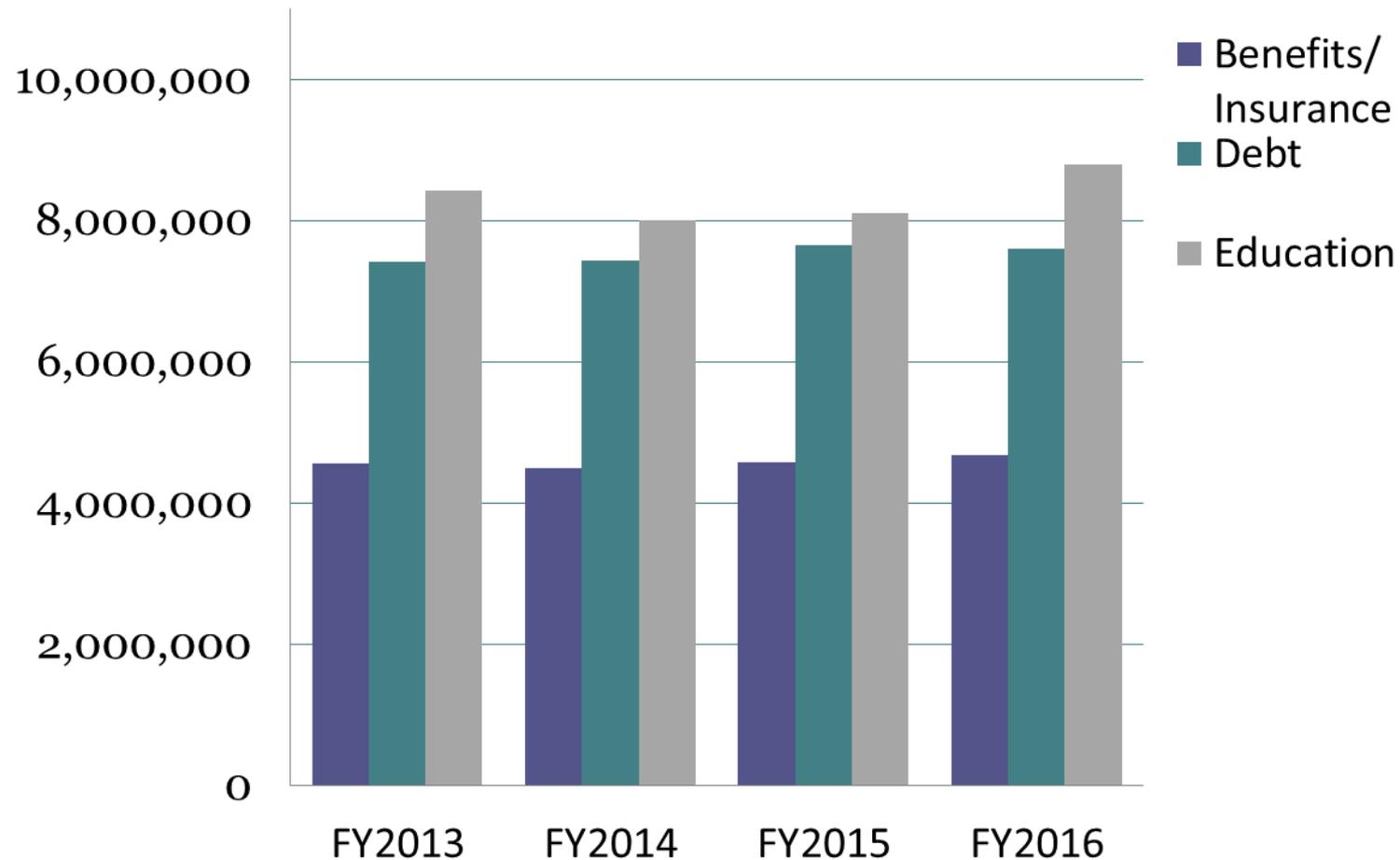
# Expenditures

	<b>FY2013 Actual</b>	<b>FY2014 Budget</b>	<b>FY2015 Voted</b>	<b>FY2016 <i>Projected</i></b>
General Gov't	\$1,898,391	\$1,926,680	\$1,982,884	\$2,025,596
Public Safety	\$5,544,030	\$5,754,155	\$5,807,690	\$5,532,364
Comm. Dev.	\$661,747	\$715,365	\$744,832	\$762,078
Nat'l Resources	\$816,401	\$835,157	\$859,986	\$1,595,387
Public Works	\$4,252,705	\$4,349,927	\$4,458,063	\$4,551,940
Social Services	\$922,990	\$976,340	\$999,260	\$1,042,310
Benefits	\$4,219,258	\$3,952,910	\$4,142,970	\$4,243,120
Insurance	\$342,353	\$501,135	\$537,085	\$557,638
Debt Service	\$7,418,609	\$7,905,583	\$7,658,244	\$7,558,244
Education	<u>\$8,434,323</u>	<u>\$8,000,516</u>	<u>\$8,107,094</u>	<u>\$9,016,229</u>
<b>TOTAL:</b>	<b>\$34,510,807</b>	<b>\$34,917,728</b>	<b>\$35,298,108</b>	<b>\$36,884,905</b>

# Expenditures

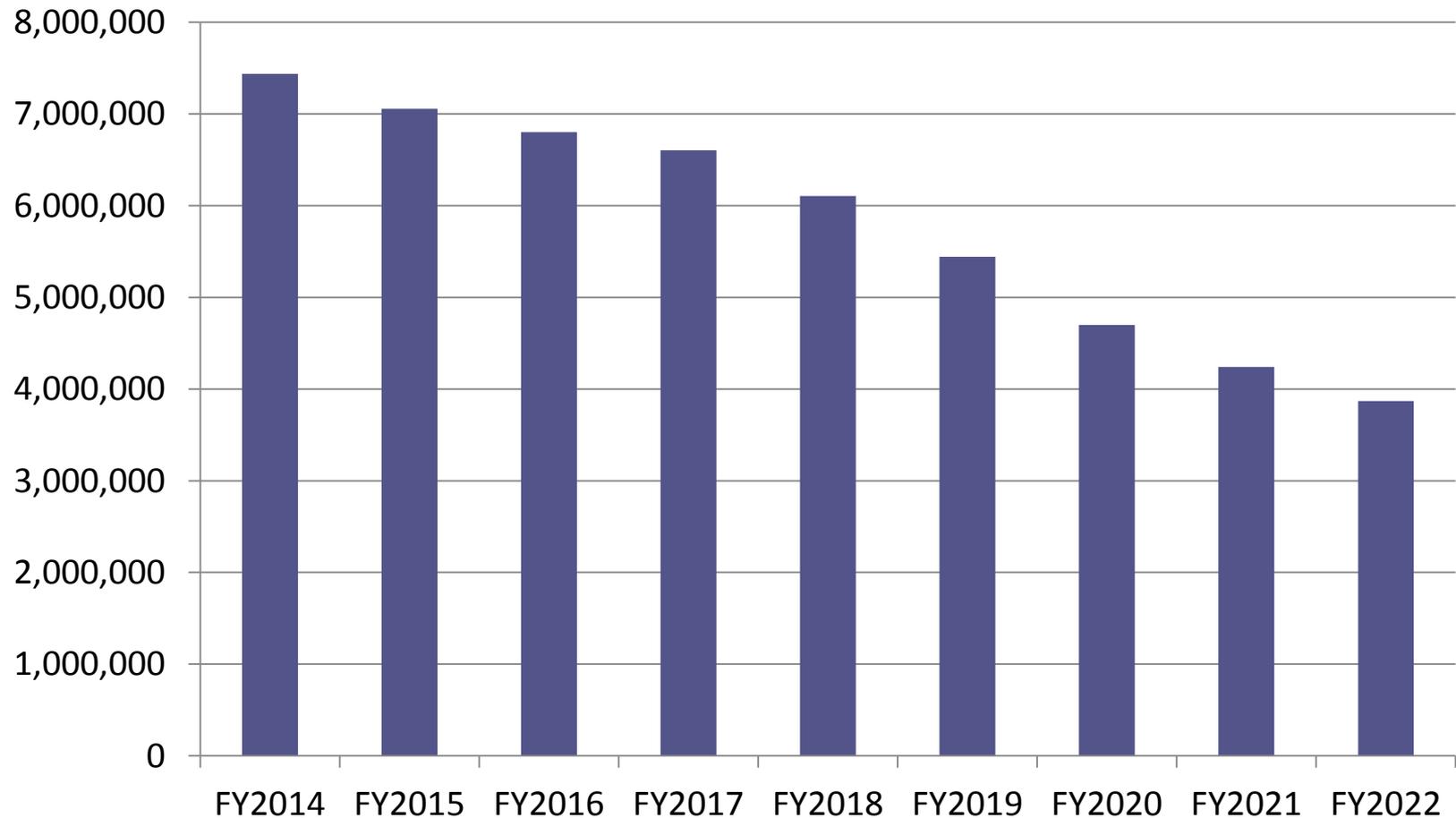
	<b>FY2014 Budget</b>	<b>FY2014 Actual</b>	<b>FY2015 Voted</b>	<b>FY2016 <i>Projected</i></b>
General Gov't	\$1,926,680	\$1,896,659	\$1,982,884	\$2,025,596
Public Safety	\$5,754,155	\$5,837,600	\$5,807,690	\$5,532,364
Comm. Dev.	\$715,365	\$597,662	\$744,832	\$762,078
Nat'l Resources	\$835,157	\$783,970	\$859,986	\$1,595,387
Public Works	\$4,349,927	\$4,465,924	\$4,458,063	\$4,551,940
Social Services	\$976,340	\$935,876	\$999,260	\$1,042,310
Benefits	\$3,952,910	\$4,116,615	\$4,142,970	\$4,243,120
Insurance	\$501,135	\$375,141	\$537,085	\$557,638
Debt Service	\$7,905,583	\$7,438,281	\$7,658,244	\$7,558,244
Education	<u>\$8,000,516</u>	<u>\$8,000,516</u>	<u>\$8,107,094</u>	<u>\$9,016,229</u>
<b>TOTAL:</b>	<b>\$34,917,728</b>	<b>\$34,448,245</b>	<b>\$35,298,108</b>	<b>\$36,884,905</b>

# “Fixed Cost” Expenditure Trends



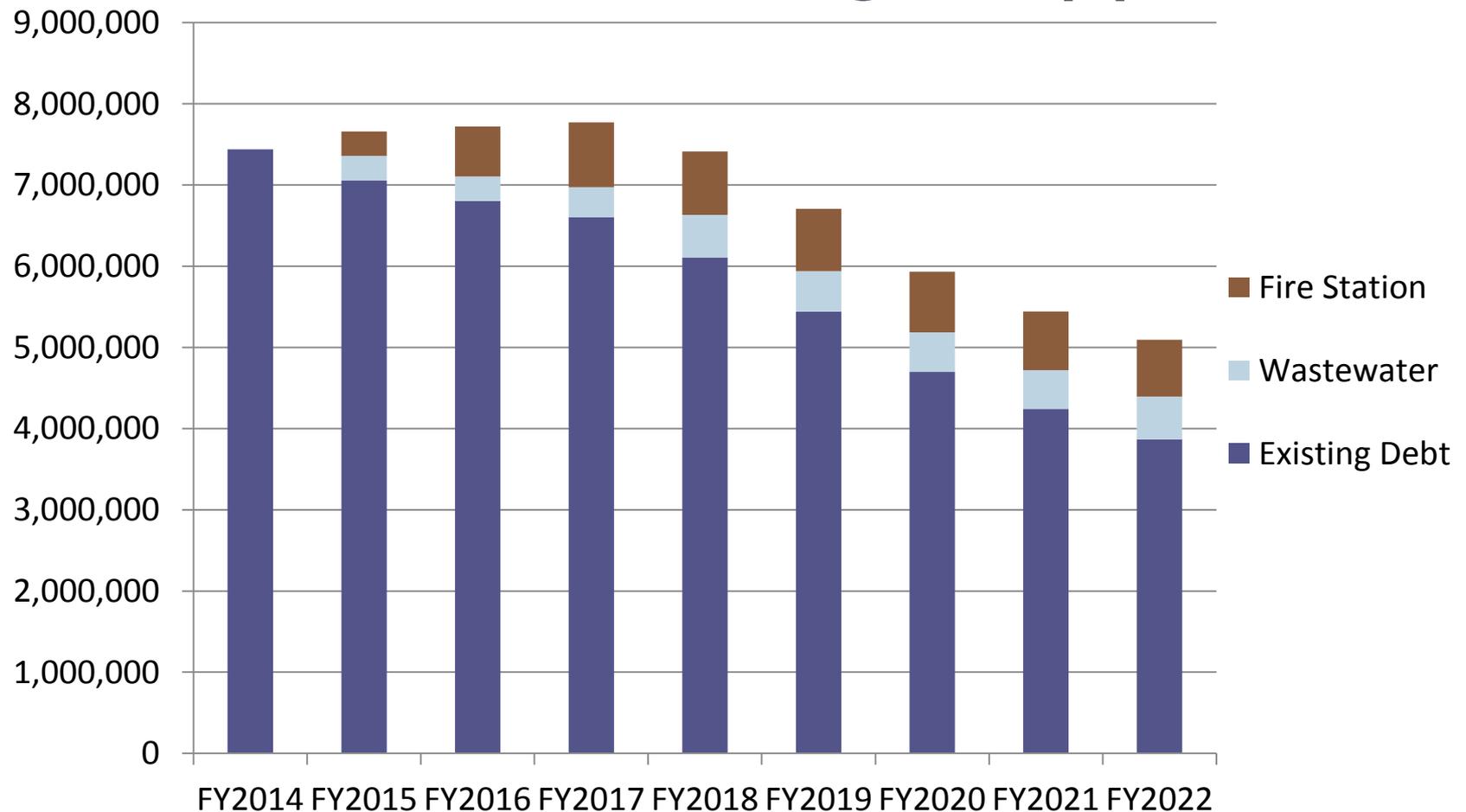
# Agenda Item IV

## Debt Service Existing Debt



# Agenda Item IV.

## Debt Service Existing & Approved



# Agenda Item V.

## Capital Improvement Plan/Program

- Policy      3-7% of operating budget
- Prioritize
  - BOS Priorities
  - Departmental Requests
  - Other (State Mandates/Safety)
- Funding:
  - Free Cash
  - Tax Levy
  - Available Funds

# Agenda Item VI - Capital Infrastructure - Priorities?

- Parking
  - Town Landings
  - Downtown
  - Shuttle
- Long-Range Facilities Plan
  - Maintenance Program
- Waterfront Infrastructure

# Agenda Item VI - Capital Infrastructure - Priorities?

- Parking
  - Town Landings – 2011 Master Plan -Funding
  - Downtown – Business impact
  - Shuttle – Operational cost and budget impact
- Long-Range Facilities Plan
  - Requires Town-wide comprehensive assessment/study (funding)
- Waterfront Infrastructure – Funding for acquisition and/or improvements

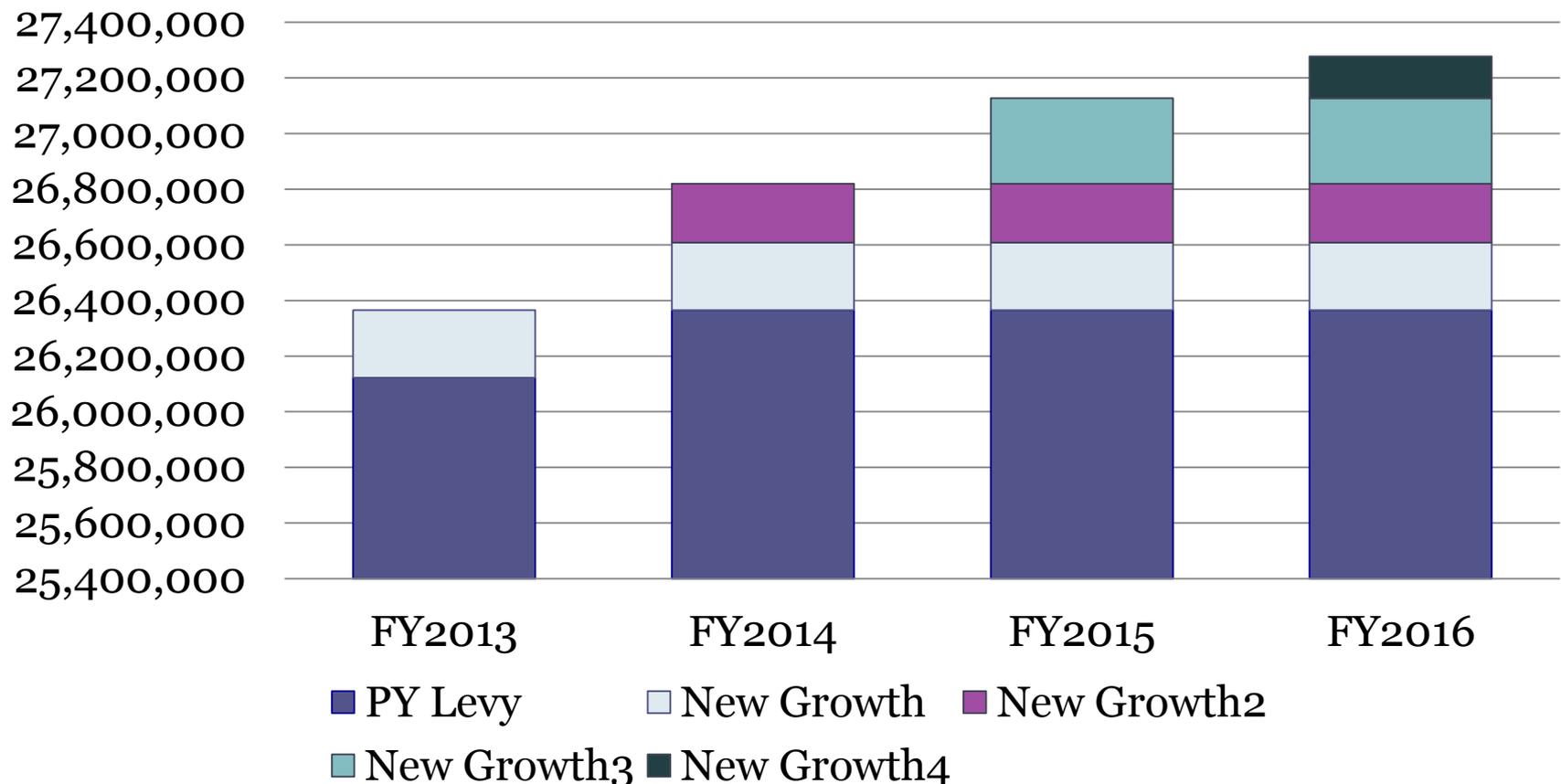
# Agenda Item VII

Other Issues/Items/Inputs

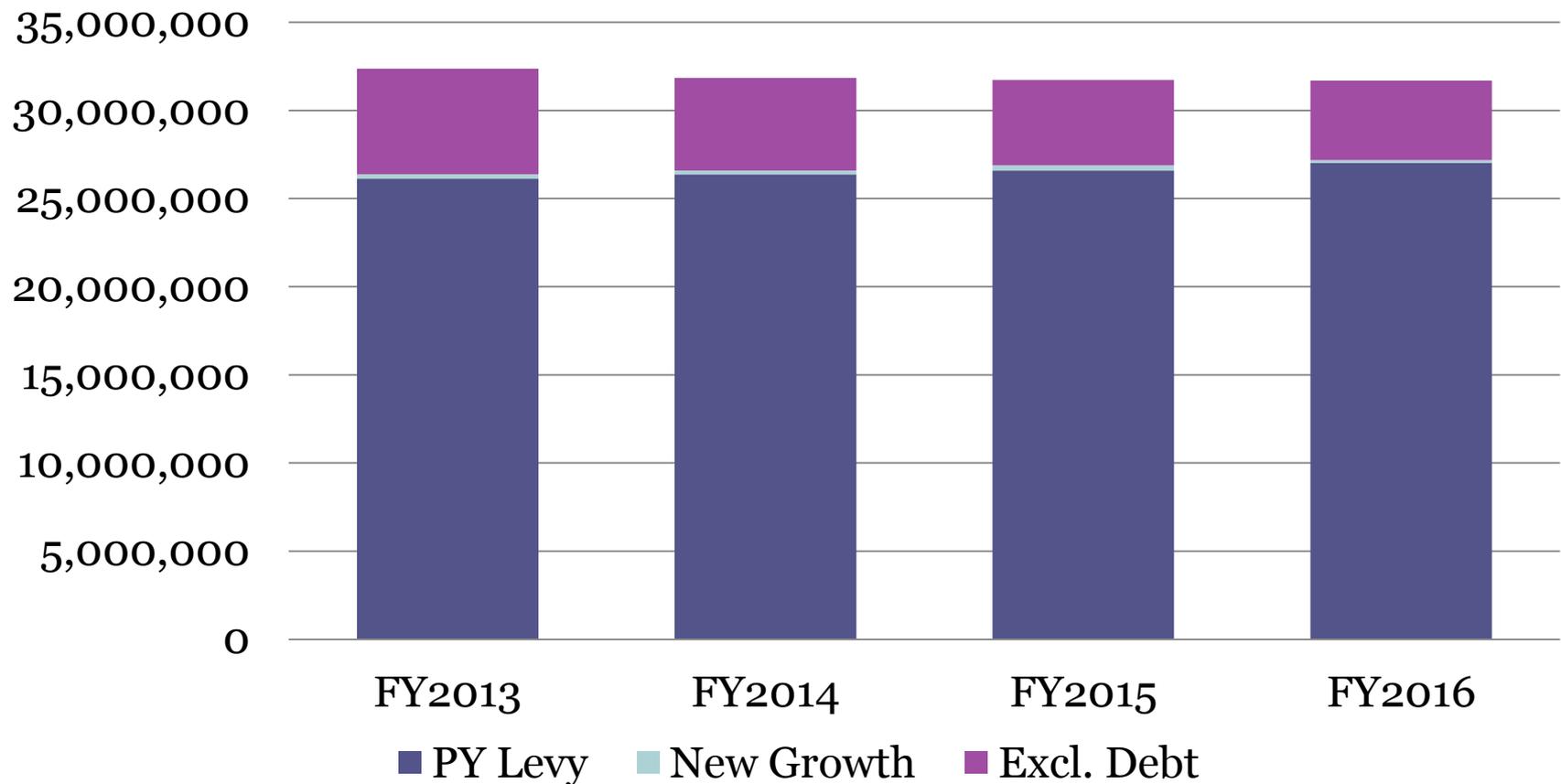
# SRAC Position Paper

- Stable tax levy FY2014 level plus new growth
- Revenue Enhancements
  - Fees
  - Hotel/Motel tax
    - 2% additional – Town Meeting Vote
    - Expanded for Short-term Rentals- Home Rule Petition
- Capital – level to FY2015
- OPEB – Funding Policy
- Expense Reduction/Avoidance

# SRAC Recommendations for the Actual Levy



# Actual Levy (Includes excluded debt)



# Finance Committee Recommendations

- Three-year forecasts
- “True-cost” of services (departments)
  - Revenue Offset
  - Allocation of benefits & expenses
- Revenue Generation (local options)
- OPEB
- Efficiencies

# Revenue Generation/Enhancements

- Parking (BOS Agenda Item - 10/28/14)
  - Capital Outlay
  - Downtown business impact
  - Policy decision – pay for parking; Light House Beach, Main Street, parking lots? (new meter technology)
- Increase User/ Department Fees – Policy Directive
  - Routinely review
- Expand Hotel/Motel
  - Additional 2% = \$595k
  - Short Term Rental – Home Rule Petition Article  
*FinCom/EDC Subcommittee review*

# Expense Reduction/Avoidance

- Acceptable Service Levels/Priorities?
- Staffing – Continual review; Vacancies/Separation
- Reorganization and/or Consolidation
- Shared Staffing/Services with Towns or the CCC
- Performance Management Next Steps – Redirecting resources to greatest area of benefit = clear policy on desired services
- Renewable Energy Projects

# Sustaining S&P AAA Bond Rating

- Maintaining Fund Balances (Stabilization & Free Cash)
- Pension & OPEB
  - Burden
  - Plan
- Budgetary Flexibility
- Management Policies

*What leads to downgrades/negative outlook?*

# Sustainable Goals Discussion

- Tax Levy
  - Avoid 'spike' in the tax rate
- Services
  - Increase/Maintain/Reduce (?) the level of services available to citizens
- Future
  - OPEB Funding
  - Long-range Planning
- Bond Rating

# Sustainability

- Strategic and Financial Planning
  - ✓ Five Year Forecast
  - Long-range Capital Plan
- Prudent Financial Management
  - ✓ Policies & Procedures
- Revenue Enhancement
  - ✓ Review Annually
- Improved Expenditure Enhancement
  - Performance Management

# FY2016 Budget Calendar

- October 14 Budget Kick-off Summit
- October 21 FY2016 Packets distributed
- November 18 FY2016 Budget Requests to Town Manager
- November 18 FY2016 Capital Requests to Town Manager
- December 19 Fiscal Articles to Town Manager
- January 15 MRSD Budget Request to Town Manager
- January 27 Town Manager Recommended Budgets to BOS/Finance Committee
- February 13 Finance Committee Recommendation to BOS
- February 27 BOS Approved Budgets to FinCom
- March 27 Finance Committee Recommendations
- May 11 Annual Town Meeting

\* CAL 2015/FY2016 BOS Goals and Objectives in November 2014\*