

## Town Manager's FY07 Fiscal Summary

The Town of Chatham is able to continue to forge ahead in FY07 with a fully funded operating budget and its aggressive capital plan once again staying within the funding restraints of Proposition 2-1/2.

The cost of the Town's annual operation is funded in three distinct areas, each consisting of one or more Warrant Articles. Those three areas are operating budgets, capital authorizations, and surtax expenditures. Each distinct component of the Town's financial plan has been assigned an equally distinct funding or revenue source. Budget expenditures do not exceed revenues available. Revenue, as well as expenditures, are planned, in some cases, years in advance. This financial planning has for the better part of the past decade enabled our community to expand required municipal services, replace capital facilities and maintain a stable tax rate.

### I. Operating Budgets

#### General

Inflationary costs associated with certain significant annual expenditures in our operating budget posed a very real challenge in our FY07 planning. Health insurance costs continued to climb at double digit rates, pension costs increased significantly, and fuel and other utility costs skyrocketed. The Town's property tax funds approximately 70% of our total operating budget. By State law a community can raise its property tax levy by no more than 2-1/2% each year without an operating override. The allowed 2-1/2% levy growth planned for FY07 will generate somewhat less than \$500,000 of new revenue next year. Since our local economy continues to prosper, new property being taxed for the first time, or "new growth", accounts for \$250,000 of additional available revenue to fund the upcoming year's operating budget. Each year, if the Town's proposed budget exceeds these two available funding sources, then either funding for other budget components such as our capital budget is diminished, or an override becomes necessary.

The FY07 budget was able to absorb the inflationary costs described in the previous paragraph (health, pension and utilities). The FY07 budget proposed allows an increase in our school's budget, another budgetary sub-category which is particularly difficult to control since it consists primarily of salary and utility costs which grow with inflation. Therefore, the FY07 budget proposed intentionally limits new programs or positions. Increased service demands will be accommodated through reassignment of duties or reorganization of existing resources. Two new positions were added to the FY07 budget and funding for these additional costs were garnered by either existing or new funding sources or through budgetary efficiencies in our existing budget.

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Each year the Board of Selectmen establishes its goals for the upcoming year. The Town thereafter assembles its resources in order to effectively and efficiently accomplish those goals. One major planning component used to address additional service needs is a five year staffing plan. In FY07 two new positions envisioned in the staffing plan were added first to the Information Technology Department and secondly to the Recreation Department. The Information Technology position will allow continued expansion of our public communications goal, specifically televised committee meetings and our Town website. The Recreation position will continue to gradually staff our new Community Center. The completion of the Community Center staffing will occur in the FY08 budget.

The production of Channel 18, the local government channel, is currently being provided by contract employees. In FY07, the first full time employee will be added to the Information Technology budget for this purpose. Cable television revenues will partially offset Channel 18 production costs. The balance of the funding will be through tax revenue. Beginning in July of 2006, the number of committees that will have their meetings televised live will increase from three to six. The Board of Selectmen, the Planning Board, and Citizens Advisory Committee meetings will continue to be televised live and rebroadcast. In addition, the full Zoning Board of Appeals, Historic Business District Commission slate of meetings and one Board of Health meeting per month will be able to be televised live. The studio capacities in the new Community Center and renovated Annex, as well as the addition of a portable studio will enable meeting production to more easily expand in the future as funding and demand allow.

An Assistant Recreation Programmer position will be added to the FY07 budget as the second of three staffing components of the new Community Center. In FY06 and again in FY08, a janitor is added to our municipal budget to serve the needs of this new and other Town buildings. Several part time positions to be funded in FY08 will complete the staffing requirements of the Town's Community Center new resource. The Assistant Programmer position proposed in FY07 will enable recreational programming for grades 7 and above, currently not offered. All new Community Center positions will be partially offset by additional revenue generated by modest program fees and building rental, as will some of the additional costs of operating a larger building.

A part time seasonal position will be added in FY07 in the Harbormaster's Department in order to supplement the Town's water patrol of Lighthouse Beach and South Beach with a land based beach monitor or lifeguard to assist people in the water and on the beach. This service has been deemed necessary after our experiences of this past summer season. The Town does not intend to create a sanctioned swimming beach at this area but, rather, this position will be an attempt to deter swimming during unsafe conditions which commonly

prevail at these popular beaches. The cost of this new seasonal position is approximately \$4,000 and will be fully offset by increased late mooring fees.

The FY07 operating budget otherwise will continue to allow the full breadth of municipal services to which we have become accustomed.

### Water

The Water Department's operating budget for FY07 is unremarkable. The budget allows for the full service operation of the department through contract services overseen by a small administrative component. The costs of this operating budget is entirely offset by revenue generated through water rates assessed to users and other departmental charges and income. A significant increase in water rates this past year will result in a sufficient annual surplus which is earmarked for capital improvements to the water distribution system, not the operating budget.

Finally, three additional Warrant Articles must be acted upon by Town Meeting in order to completely authorize the Town's annual operating budget. Salaries are fixed for our Town Officials (and funded in our operating budget) and certain revolving accounts are annually authorized for the Airport, Building Department contract services and the Bassett House major maintenance. Pay raises for non-school municipal employees are funded in a separate Warrant Article. The cost of living increased proposed for FY07 is once again 3%. The total cost of the COLA Article is \$275,000.