



Town of West Newbury

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West Newbury, Massachusetts 01985

Angus Jennings, Town Manager

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TO: Department Heads, Town Officials, Boards/Commissions/Committees

FROM: Angus Jennings, Town Manager

DATE: January 9, 2020

RE: Budget Package: Guidance and Policy Direction for FY21 Budget Process

This Budget Package is intended to provide uniform guidelines to Department Heads and Boards / Commissions / Committees (B/C/Cs) for the formation of the FY21 Town Operating Budget. Please find enclosed the following to support your preparation of a proposed FY21 Expense Budget:

- FY21 Budget Schedule
- Board of Selectmen Budget Policy Direction
- Town Manager Notes regarding Board of Selectmen Budget Policy Direction
- Town Manager Budget Guidelines
 - Budget Narrative with Goals and Objectives
 - Line Item Budget Form
 - Salary and Wage Worksheet
 - Article Request Form
 - What to Expect When Presenting an Article or Budget for FinCom Vote
 - Capital Planning Process
 - Expenditure Detail Report: FY19 and FY20 YTD

Following the adoption of special legislation in 2017, this year marks the second budget cycle with a Town Manager form of government. My office and the Finance Department will continue to work closely with the Finance Committee, Capital Improvements Committee and the Board of Selectmen to manage the budget process in a manner that is consistent with the legislation, existing Town Bylaws and Policies, and that builds on prior years' budget formats and processes so as to provide you – as the initial preparers of Departmental budget – a clear and familiar process.

We will work to communicate with participants in the budget process on an ongoing basis in order to provide a clear and effective FY21 budget process. If you do have questions, please let me know.

FY21 Budget Schedule

December 18	Board of Selectmen adopt FY21 Budget Policy Direction
January 24	Expense Budgets for all Dept. Heads, Town Officers and Boards/ Commissions/Committees due to Town Manager and Town Accountant
January 31	Town Manager proposed FY21 budget, with Town Manager budget message and proposed FY21 departmental and organizational structure, due to Finance Committee and Board of Selectmen
January 31	Town Manager proposed FY21 Capital Improvements Program due to Capital Improvements Committee and Board of Selectmen
January 31, noon	Town Mtg. Warrants close. <u>Article requests due to Town Manager.</u>
February 3, 7 PM	Board of Selectmen meeting to review proposed warrant articles and invite article sponsors to present at future Board meeting, if needed
February 3, 7 PM	Town Manager presentation of proposed FY21 Budget
Feb-March (Dates TBD)	Finance Committee meetings to review Town Manager proposed budget. Departments and B/C/Cs will be notified regarding timing of meetings related to your section(s) of the budget.
March 2 (as late as 16 th)	Pentucket Regional School District Assessment to be Voted
March 16	Capital Improvements Committee report due to Board of Selectmen
March 16	Board of Selectmen Endorsement of Proposed FY21 Budget
March 23	Joint meeting of Selectmen, Town Manager, Finance Committee, Town Counsel/Town Clerk, and Moderator
(no later than) April 10	Posting of Warrants
April 13	Vote Draft Motions
April 27	Annual and Special Town Meetings
Late Spring	Approve Employee Wage Schedule (based on approved budget numbers)



Town of West Newbury

Board of Selectmen FY '21 Budget Policy Direction

December 18, 2019

To insure the growing and continued financial health of the Town of West Newbury, provide the public with confidence that Town officials respect their responsibility for fiscal stewardship and demonstrate to taxpayers and bond rating agencies that the Town has thoughtfully prepared for its future, the Board of Selectmen present to our employees, Boards, Commissions and Committees the following guidance in preparing the FY21 budget.

1. We propose a FY21 operating budget that will limit average single-family tax increase to no more than 2%, not including the Pentucket Middle/High School override, taking into account reasonable estimates of new growth and changes to assessed values. The proposed budget may rely on an appropriation from Free Cash in order to meet this budgetary goal. If, in order to meet this budgetary goal, the proposed budget includes any changes in organizational structure, employee head count, hours of operation and/or budgeted level of service, these changes should be specified.
2. We will carry out a clear, transparent public process for finance committee and public review of the proposed FY21 budget, upon its presentation by the Town Manager on or before January 31, 2020, taking into account information from taxpayers, town officials, department heads, Boards/ Commissions/ Committees, and residents.
3. We propose to continue to recommend that Town Meeting appropriate retired debt service into the School Stabilization Fund; and that the Town begin to draw-down the balance in that fund in FY21 based on a multi-year plan to mitigate the financial impact of the Middle/High School project on taxpayers.
4. We propose that updates and revisions to the Capital Improvement Program should be presented by the Town Manager concurrently with the proposed FY21 budget, understanding that capital planning and budgeting will continue concurrently with the overall budgeting process, and taking into account the process requirements of the Capital Improvements Committee Bylaw.
5. We will propose that the Middle Street Bridge project be added to the Capital Program, and that the recommended FY21 and FY22 appropriations be sufficient, combined with other known financing sources, to allow this project to begin construction early in FY22.
6. We propose that the FY21 budget should take into account the estimated impacts, if any, of any newly effective requirements imposed by statute, regulation or policy, and should specify the estimated impact of any such newly effective requirements.
7. We propose that, for each section of the proposed budget, specify the individual(s) or the Board/Commission/Committee that will have authority to expend the budgeted funds.

Approved by unanimous vote of the Board of Selectmen

December 18, 2019

Town Manager Notes regarding Budget Message/Policy Direction

The FY21 Budget Policy Direction approved by the Board of Selectmen on December 18, 2019 is included on the preceding page (page 3).

This narrative is offered to clarify which aspects of the Policy Direction apply to the initial preparation of proposed expense budgets by Department Heads and B/C/Cs; which aspects will be completed by my office with the Finance Department; and which aspects will be completed by my office with the Finance Department, in consultation with Department Heads and B/C/Cs.

While every Department and B/C/Cs may face challenges in meeting certain objectives in the Policy Direction (such as limiting average single-family tax increase to no more than 2%), my office and the Finance Department will undertake most of the extra work that is called for in the Policy Direction. This is summarized as follows, with reference to the items numbered 1 to 10 in the Policy Direction:

1. This item applies to the total budget bottom line, and each section should limit its increase accordingly, if possible. If meeting this budget for your budget would require any changes in organizational structure, employee head count, hours of operation and/or budgeted level of service, these changes should be specified. Likewise, if my preparation of an overall Town Budget – working from the initial budgets you prepare – includes any such changes, these will be specified in my presentation to the Finance Committee and Board of Selectmen.
2. My office will take primary responsibility for managing a clear, transparent public process.
3. The Board of Selectmen will propose to continue to allocate previously budgeted (and since retired) debt service payments toward the School Stabilization Fund. In FY21, which will be the first year that the costs of the Middle/High School will begin to affect taxpayers, the Board will also propose to begin drawing down the balance in the School Stabilization Fund in order to offset the financial impact of the project on taxpayers.
4. The Capital Planning process began this past fall in consultation with the DPW Director, Water Superintendent and Commission, Library Director, and Police and Fire Chiefs. This process will continue concurrent with the budget process.
5. The Middle Street Bridge project will be proposed for addition to the Capital Program.
6. If the FY20 operations (and costs) of your Department or B/C/C will be affected by new policy mandates, the impacts (and costs) of these mandates should be specified.
7. All proposed expense budgets must specify which staff person(s), B/C/C, or B/C/C designee(s) will have authority to sign off on expenditures within that section of the budget.

Signed,



Angus Jennings

Town Manager Budget Guidelines

- **Budget Narrative with Goals and Objectives**

Initial requested expense budgets should include new or updated statements of goals and objectives based on what is proposed for FY21. This should focus in particular (but not solely) on the cost impact – positive or negative – of any such goals and objectives. This is the appropriate section of your budget to respond to the Board of Selectmen Policy Objectives item 6 (estimating the impact of known or proposed policy changes and government mandates on your operations) and item 7 (identifying authorized signer(s)). Departments and B/C/Cs may use whatever format you wish for this section of the budget.

- **Line Item Budget Form** (*available in editable Excel format*)

Please clearly explain ANY changes from the previous fiscal year budget amounts in the notes section provided, and/or in an attached memorandum. **THIS WORKSHEET IS JUST A GUIDE. ALL LINE ITEM DESCRIPTIONS INCLUDED ARE SAMPLES WHICH MAY OR MAY NOT APPLY TO YOUR DEPARTMENT.** All proposed expenses must be clearly identified in the notes section and/or in an attached memorandum. For example, if the proposed budget for “Training / Education / Dues” is \$800, the backup information should specify that this is comprised of, for example, \$400 for seminars and workshops, \$250 to attend an annual conference, and \$150 for dues for professional organizations. These subset numbers will not be binding through the budget year, but will assist my office and the Finance Committee to understand what is “behind the numbers.” If you maintain a more detailed breakdown of prior expenses than our accounting software tracks, this should be included. Departments with projected overtime line items must submit documentation of the basis and need for this overtime.

- **Salary and Wage Worksheet** (*available in editable Excel format*)

This worksheet should list all employees in your Department, FY20 budgeted hours and rate of pay, FY20 budgeted amount/year (salary/wages only), and proposed hours, rate of pay, and proposed budgeted amount/year (salary/wages only). For workers with a union or employment contract, please budget the contracted amount for FY21. For non-union and non-contract personnel, please use the current pay, with no increase for cost of living. Cost of living adjustments (COLAs) will be added to non-union personnel at a later date. If you wish to propose a change in position classification (grade) due to changes in the position’s responsibilities, and/or merit pay increases, justification must be provided in the notes section or in a separate memorandum. The Town Manager will review all such proposals on a case by case basis, and any such changes in pay rate are subject to approval by the Board of Selectmen. You will receive prior notice of any public meeting which will include discussion of your proposed budget.

- **Expenditure Detail Report** (*available in editable Excel format*)

My office with the Town Accountant prepared the enclosed report of FY19 Budget and Expended, FY20 Budget and Year-to-Date (as of 1/9/20, which was 52.6% through the current fiscal year). On request, the Town Accountant will run a detailed report for your section(s) of the budget showing all expenditures made from your accounts during the current or prior fiscal years.

- **Article Request Form** (*available in editable Word or Excel format*)

This form is unchanged from last year’s budget cycle. Each Article Request Form must include supporting documentation (quotes, etc.). Departments proposing capital items should work with my office to prepare Form Bs required by the Capital Improvements Committee.

Line Item Budget Form (available in editable Excel format)



**Town of West Newbury
Departmental Expense Budgeting Form**

SAMPLE DEPARTMENT	FY2018 Actual Expended	FY2019				FY2020				FY2021 Budget Requested
		Budget Requested	Budget Approved	Actual Expended	Turn back / Transfers	Budget Requested	Budget Approved	Actual Expended	Turn back / Transfers	
Personnel										
Salary & Wages	237,551	245,000	245,000	236,520	8,480	245,000	245,000	236,520	8,480	
Overtime	28,542	35,000	30,000	26,250	3,750	35,000	29,000	26,250	2,750	
Other (incentives, longevity, stipends)	2,000	2,000	2,000	1,850	150	2,100	2,100	1,250	850	
Sub-Total:	268,093	282,000	277,000	264,620	12,380	282,100	276,100	264,020	12,080	0
Expenses										
Advertising	265	500	500	220	280	500	500	385	115	
Communications	379	500	500	385	115	500	500	385	115	
Equipment Purchase, Repairs	379	500	500	385	115	500	500	385	115	
Materials & Supplies	3,750	4,000	4,000	2,650	1,350	5,000	4,000	3,251	749	
Mileage / Travel	265	500	500	220	280	500	500	385	115	
Professional / Technical Svcs	3,750	4,000	4,000	2,650	1,350	5,000	4,000	3,251	749	
Training / Education / Dues	2,835	5,000	5,000	3,251	1,749	5,000	4,000	3,251	749	
Uniforms	1,350	1,500	1,500	879	621	1,500	1,500	879	621	
Utilities	265	500	500	220	280	500	500	220	280	
Vehicle Maintenance	379	500	500	385	115	500	500	385	115	
Other Expenses	1,350	1,500	1,500	879	621	1,500	1,500	879	621	
Sub-Total:	14,967	19,000	19,000	12,124	6,876	21,000	18,000	13,656	4,344	0
Department Total:	283,060	301,000	296,000	276,744	19,256	303,100	294,100	277,676	16,424	0

Please complete the above current fiscal year budget request.

For each line item that varies from prior year actual, provide a detailed explanation below.

Salary and wage detail to be provided on the Salary and Wage Worksheet, attached.

Budget request submitted by: _____

Contact (phone/email): _____

Salary and Wage Worksheet *(available in editable Excel format)*



**Town of West Newbury
Departmental Salary and Wage Worksheet**

Grade	Position	Hrs/Wk (FY20)	Rate (FY20)	Amount / Year	Proposed Rate (FY21)	Proposed Hrs/Wk (FY21)	Proposed Amt / Year (FY21)

Note: Add additional lines if needed.

Proposed Salary/Wages: \$ -

For any salary/wage increases/decreases, provide all relevant information (prior hours/rate, new hours/rate, approvals received, and reason for request).

Budget request submitted by: _____

Contact (phone/email): _____

ARTICLE REQUEST FORM

ARTICLE:

AMOUNT REQUESTED:

CONTACT PERSON:

PHONE NUMBER:

Why should the town make this purchase? What needs will be met? Who will benefit?

What factors affect the timing of this purchase?

When should this Article be sunsetted--how long will the project take?

What ancillary costs do you anticipate? (Maintenance, Insurance, Training, etc.)

Does this Article involve improvement, preservation or creation of tangible assets and projects which 1) have useful life of at least five years; 2) cost over \$20,000 and or 3) for which the town is authorized to borrow funds? If so, please confirm that this item is on the Capital Improvements Committee Schedule for future capital investments.

Please attach additional pages or other supporting documentation.

What to Expect When Presenting an Article or Budget for FinCom Vote

Under Town Bylaws, the Finance Committee is charged with vetting, analyzing and voting whether to recommend “all Articles in the Warrant, especially those involving the appropriation of money.” We also must present an Omnibus Budget at the Annual Town Meeting. We must prepare a booklet to guide Town Meeting and explain our rationales to the Town. The FinCom takes these responsibilities seriously and works hard to obtain a full understanding of the pros and cons of all matters that come before it.

The FinCom cannot in good faith recommend a proposal that it does not fully understand. To help you help us do our job when you have a matter that will require a FinCom vote, we have prepared this guide, which will be circulated to every Town Department, Board, and Committee approximately four months prior to each Town Meeting.

If you would like FinCom to vote on your proposed Article or Budget item, please a) provide us with requested information via <http://www.wnewbury.org/home/webforms/contact-us> **SUBJECT Finance Committee** and b) arrange to meet with us as requested, and c) specifically please:

- 1) Provide any Article submission on the Town Article Request Form and any supporting materials to the Town Manager so that the submission may reach us in a timely manner—and provide summary answers as opposed to “see attached”;
- 2) Provide any proposed budget and any supporting materials (with prior comparative data) to the Town Manager for timely submission to us;
- 3) When we ask to meet with you, make yourself available in time for FinCom to complete its evaluation;
- 4) Provide the Town Manager with any additional written materials, for distribution to the FinCom at least one week prior to meeting with us;
- 5) Be prepared to answer questions relating to such matters as a) the short- and long-term costs and benefits of your proposal; b) your consultation with/approvals from other affected Town departments, committees, boards; c) the alternatives you considered in developing your proposal; d) your proposed funding source(s); e) your plan to implement the proposal if approved at Town Meeting; f) date for completion/sunsetting of Article;
- 6) Keep us up to date with follow-up information FinCom may request as well as any changes to or further developments regarding your proposal;
- 7) Recognize that the FinCom booklet – the culmination of months of Committee work – will go to press at least two weeks before Town Meeting, making last minute changes infeasible.
- 8) With regard to prior approved money Articles, provide us with status updates explaining the expenditures to date and work accomplished (please note the Prior Money Articles Status spreadsheet to be provided to Departments and Committees should be filled out with respect to completion dates).

FY20 Committee Members		
<u>Name</u>	<u>Title</u>	<u>Term</u>
Gary L. Roberts, Jr.	Chairman	2022
Forbes C. Durey	Vice Chair	2020
Brad Beaudoin	Secretary	2020
Nathan Kelly	Member	2022
Jessica Knezek	Member	2021
Jim Sperelakis	Member	2021
Committee webpage: https://www.wnewbury.org/finance-committee		

Capital Planning Process

The role of the Capital Improvements Committee (CIC) is set forth in the CIC Bylaw, and includes consideration of the relative need: impact, timing and cost of proposed capital expenditures and the effect each will have on the financial position of the town. The DPW Director has been working with my office to integrate all known and potential capital items into a consolidated Capital Program, working from information we have received (or may receive) from Department Heads and B/C/Cs.

Specific projects proposed for FY21 funding will proceed through the familiar CIC process, but I will be available to present proposed projects, either with or in consultation with the sponsoring Department or B/C/C. Therefore – unless you choose to – you will not need to participate in two project reviews – one with my office, and one with the CIC. Instead, I will essentially take on the sponsorship and advocacy role for those capital projects that I recommend for FY21.

Our goal is to produce a comprehensive Capital Program, to support clear decision-making regarding the comparative costs and benefits of the Town's capital needs. The CIC review process and recommendations for specific projects will proceed in parallel with the overall budget process.

The Capital Improvements Committee shall study proposed capital projects involving the planning for and the improvement, preservation and creation of tangible assets and projects which:

- 1) have useful life of at least five years;
- 2) cost over \$20,000; and/or
- 3) for which the town is authorized to borrow funds.

The Committee shall consider the relative need, impact, timing and cost of these expenditures and the effect each will have on the financial position of the town. No appropriation shall be voted for a capital improvement requested by a department, board or commission unless the proposed capital improvement is considered in the Committee's report. The Committee shall not fail to report on any proposal that has been properly submitted.

The CIC shall prepare an annual report recommending a Capital Improvement Budget for the next fiscal year, including any items to be funded in the current fiscal year, and a Capital Improvement Program including recommended capital improvements for the following five fiscal years. The report shall be submitted to the Board of Selectmen not later than six weeks prior to the Annual Town Meeting for its consideration and recommendations. The Board shall submit the Capital Budget together with its recommendations to the Annual Town Meeting.

FY20 Committee Members		
<u>Name</u>	<u>Title</u>	<u>Term</u>
Richard Preble	Chairman	2020
Rick Parker	Selectmen's Representative	2020
Nathan Kelly	Finance Committee Rep	2020
Judith Mizner	Member	2022
Polly McDowell	Member	2022
Julie Boria	Member	2022
Committee webpage: https://www.wnewbury.org/capital-improvements-committee		

Expenditure Detail Report: FY18, FY19 and FY20 YTD

My office with the Town Accountant/Business Manager prepared the enclosed report of FY18 Expended, FY19 Budget and Expended, FY20 Budget and Year-to-Date (as of 1/9/20, which was 52.6% through the current fiscal year).

On request, the Town Accountant/Business Manager Stephanie Frontiera will run a detailed report for your section(s) of the budget showing all expenditures made from your accounts during the current or prior fiscal years.

Please note that, due to the accounting software conversion and new chart of accounts that took effect on July 1, 2019, reporting for prior fiscal years will be in a different format than reporting for the current FY20. To facilitate your review and to present the information as clearly as possible, the attached report consolidates data from the prior year's software (SoftRight) and the current year's software (Vadar).

*Provided separately to each Department Head and
Board/Commission/Committee*