



# FY21 Town Budget

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Proposed by Angus Jennings, Town Manager

February 24, 2020




# Selectmen FY21 Budget Policy Direction

- Proposed operating budget to limit average single-family tax increase to no more than 2% (not including Middle/High School project)
- Clear, transparent budget process
- Begin draw-down of School Stabilization Fund based on multi-year strategy
- Take into account proposed Capital Planning and Projects, and add Middle Street Bridge project to Capital Program (and funding strategy)
- Estimated impacts of new regulatory mandates
- Specify Authorization to Expend Funds



# FY21 Proposed Budget

- Pp. 1-2: Summary & Est. Tax Impact
- Pp. 3-34: Detail Sheets (with notes)
- Supporting documents
  - Transmittal memo, Feb. 22<sup>nd</sup>
  - Assessed Values/Tax Rate trends
  - Revenue Estimating Worksheet: history, YTD and projected
  - Free Cash trends, FY15-FY20
  - New Growth, new tax revenues trends
  - Est. per-dept. taxpayer costs (FY20)
- Articles and draft Fund Balance Report

		TOWN OF WEST NEWBURY PROPOSED FY21 BUDGET WORKING DRAFT FEBRUARY 22, 2020					FY21 Change TM Proposed	
Name	FY18 Actual	FY19 Actual	FY20 Budget	FY20 YTD	FY21 DH/BCC Proposed	FY21 TM Proposed	\$	%
General Government								
				Feb 20, 2020				
MODERATOR	220	200	260	255	260	260	0	0.0%
SELECTMEN	78,418	13,059	20,600	8,583	49,860	49,860	29,260	142.0%
TOWN MANAGER	0	329,213	288,470	132,801	298,307	298,307	9,837	3.4%
FINANCE DEPARTMENT	403,547	202,844	251,190	133,420	242,554	245,289	(5,901)	-2.3%
FINANCE COMMITTEE	8,400	10,835	61,500	17,998	61,500	61,500	0	0.0%
BOARD OF ASSESSORS	159,413	163,005	175,980	105,914	184,745	185,963	9,983	5.7%
SPECIAL COUNSEL	0	0	15,000	3,852	15,000	12,500	(2,500)	-16.7%
TOWN CLERK/TOWN COUNSEL	118,358	119,350	128,757	60,424	130,453	134,578	5,821	4.5%
BOARD OF REGISTRARS/ELECTIONS	7,635	12,110	12,050	449	14,077	14,077	2,027	16.8%
CONSERVATION COMMISSION	31,024	31,243	32,450	13,485	40,403	34,181	1,731	5.3%
PLANNING BOARD	49,938	51,452	63,613	30,477	63,444	64,546	933	1.5%
BOARD OF APPEALS	1,410	1,000	1,400	500	1,400	700	(700)	-50.0%
OPEN SPACE COMMITTEE	121	278	750	0	750	750	0	0.0%
Public Safety								
POLICE DEPARTMENT	943,632	1,044,459	1,164,302	582,807	1,192,167	1,192,167	27,865	2.4%
FIRE DEPARTMENT	278,252	280,516	305,221	171,587	308,541	308,541	3,320	1.1%
AMBULANCE SERVICE	0	0	0	0	0	0	0	n/a
INSPECTION DEPARTMENT	126,238	130,668	140,160	70,463	142,813	143,526	3,366	2.4%
EMERGENCY MANAGEMENT	11,011	8,548	11,324	7,487	11,480	11,783	459	4.1%
ANIMAL CONTROL OFFICER	21,500	22,865	24,050	12,025	25,073	25,073	1,023	4.3%
HARBORMASTER	0	226	2,000	0	2,000	2,000	0	0.0%
PUBLIC SAFETY DISPATCH	249,405	260,080	317,605	142,855	325,515	325,515	7,910	2.5%
Education								
EDUCATION	7,777,197	8,054,847	8,246,189	4,793,032	9,001,590	9,001,590	755,401	9.2%
Department of Public Works								
DPW	1,206,266	1,087,210	1,145,525	538,599	1,174,551	1,195,913	50,388	4.4%
Human Services								
BOARD OF HEALTH	444,536	503,374	532,686	222,648	621,510	623,962	91,276	17.1%
COUNCIL ON AGING	80,942	79,069	92,450	46,212	102,690	102,690	10,240	11.1%
COMMUNITY CENTER	12,000	0	0	0	0	0	0	n/a
VETERANS	25,449	29,631	33,557	24,185	34,362	34,362	805	2.4%
LIBRARY	346,506	353,413	363,813	197,051	360,843	359,326	(4,487)	-1.2%
RECREATION	12,942	18,911	18,400	6,004	18,400	18,400	0	0.0%
HISTORICAL COMMISSION	302	340	500	175	1,000	600	100	20.0%
CULTURAL COUNCIL	76	82	100	0	100	100	0	0.0%
Debt Service								
DEBT SERVICE	511,000	371,900	372,814	363,414	356,000	356,000	(16,814)	-4.5%
Benefits								
ESSEX COUNTY RETIREMENT FUND	555,396	641,424	660,171	660,171	687,493	687,493	27,322	4.1%
UNEMPLOYMENT COMPENSATION	0	0	15,001	10,301	1	1	(15,000)	-100.0%
EMPLOYEES' HEALTH INSURANCE	378,958	413,400	465,397	211,866	477,032	473,193	7,796	1.7%
MEDICARE INSURANCE (FICA)	43,774	45,176	48,279	25,141	49,486	49,486	1,207	2.5%
OPEB	0	0	1	0	1	1	0	0.0%
INSURANCE AND BONDS	161,365	161,801	172,832	146,778	189,990	189,990	17,158	9.9%
TRANSFERS OUT - STABILIZATION	0	300,000	500,000	0	500,000	500,000	0	0.0%
EXPENSE BUDGET TOTAL	14,045,229	14,742,532	15,684,397	8,740,959	16,685,391	16,704,223	1,019,826	6.5%



	FY 2018	FY 2019	FY 2020	YTD		FY 2021	Proposed Change		FY 2021	Proposed Change	
	Expended	Expended	Final Budget	\$	%	DH/BCC	\$	%	Town Manager	\$	%
				Percent of yr: 64.1%					2/20/2020		
Fire Alarm Wages	85,727	72,989	89,000	31,527	35.4%	1/21/2020 90,780	1,780		90,780	1,780	2.0%
Fire Training/Drills	25,337	20,377	26,284	11,360	43.2%	26,810	526		26,810	526	2.0%
Fire Dept Other Wages	29,651	23,085	25,000	16,434	65.7%	25,500	500		25,500	500	2.0%
Fire Administration Wages	17,771	19,832	25,730	10,356	40.2%	26,245	515		26,245	515	2.0%
Fire Dept. Medical Exam	1,052	2,028	5,000	564	11.3%	5,000	0		5,000	0	0.0%
Hydrant/Fire Protection (to Water Dept)	68,720	72,156	77,207	77,207	100.0%	77,207	0		77,207	0	0.0%
Fire Alarm Communications	13,237	3,607	11,000	4,960	45.1%	11,000	0		11,000	0	0.0%
Fire Expenses	36,758	66,443	46,000	32,535	70.7%	46,000	0		46,000	0	0.0%
<b>220 Total Fire</b>	<b>278,252</b>	<b>280,516</b>	<b>305,221</b>	<b>184,942</b>	<b>60.6%</b>	<b>308,541</b>	<b>3,320</b>	<b>1.1%</b>	<b>308,541</b>	<b>3,320</b>	<b>1.1%</b>
Purchase of Services	-	-	-	-		-	0		-	0	n/a
<b>231 Total Ambulance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>0</b>	<b>n/a</b>	<b>-</b>	<b>0</b>	

Fire Department Notes

*No change in hydrant charge for FY21 (per Water Dept).*

*Current Ambulance contract with Cataldo Ambulance Service, Inc. extends through June 30, 2021.*



# Estimated Taxpayer Impact

- Board of Selectmen called for budget with taxpayer impact not greater than 2%, not including Middle/High School project
  - 2% of FY19 Budget: \$313,388
  - Projected New Growth: \$167,455
  - Est. FY21 add'l local receipts (non-property tax revenues): \$28,105
- **Total: \$509,948**
- Target was therefore to limit expense growth to \$509,948
- Proposed budget would increase expenses by \$367,486
- However, there remain some unknowns:
  - Pentucket budget (could go down)
  - Police (union contract not final)
  - Capital Stabilization (CIC ongoing)
  - Free Cash transfer? And amount?
- And, add to School Stabilization



# Impact of School Stabilization transfers to est. FY21 Taxpayer Impact (cont'd)

- Cost:

- Cost. The school funding model developed in prior years and updated this budget cycle calls for transfer of \$328,600 into School Stabilization Fund.
- As has been the case in prior years, the source of this transfer would be “raise and appropriate”
- This amount needs to be added to the “bottom line” tax impact analysis

- Benefit:

- FY21 will be the first year taxpayers incur debt service expenses related to project.
- Therefore, warrant article proposes to transfer \$247,647 from School Stabilization Fund to offset taxpayer impact



#### Projected New Revenues

Projected <u>New</u> Non-Tax Revenues	28,105	<i>conservative est.</i>
Projected New Growth Revenues	167,455	<i>5 year average</i>
<b>Total Projected New Revenues</b>	<b>195,560</b>	

#### Estimated Taxpayer Impact Summary

2% of FY20 expense budget:	313,388	<i>Based on approved budget of \$15,669,396</i>
+ Est. FY21 New Revenues:	195,560	<i>Est. New Growth + non-tax revenues</i>

Amount FY21 Expense Budget can increase w est. 2% taxpayer impact: 508,948

<b>Proposed increase (TM budget):</b>	1,019,826
- Actual FY21 debt service for Middle/High School:	(652,340)
Add in "raise and appropriate" amount to add to School Stabilization:	328,600
<b><u>Net proposed increase (TM budget):</u></b>	<b><u>696,086</u></b>
Proposed over/under:	<u>187,138</u>

Taking into account the proposed transfer to School Stabilization, this indicates that \$187k in cuts to proposed budget would be needed to meet target of 2% taxpayer impact.

**Note:** It is important to keep in mind that the actual FY20 tax rate benefited from a transfer of \$400,000 from Free Cash to reduce the tax rate. If less or no Free Cash is transferred to offset the FY21 tax rate, this would affect the estimate of taxpayer impact.



# Free Cash Transfers to Reduce Tax Rate

- Central issue in estimating the “bottom line” taxpayer impact
- Recent years’ trend toward increasing Free Cash transfers
- MDOR recommends maintaining 5% of operating budget (~\$785k)
- Fall may be better time to consider Free Cash transfer, after FY20 is closed out
- However, issue justifies a broader policy discussion and sustainable multi-year strategy

## Free Cash Trends, FY15-FY20

<u>Fiscal</u> <u>Year</u>	<u>Year-End</u> <u>Certified Free</u> <u>Cash</u> <sup>1</sup>	<u>Free Cash transfer to</u> <u>reduce Tax Rate</u> <sup>2</sup>
FY20	TBD	\$ 400,000
FY19	\$ 2,102,586	\$ 220,000
FY18	\$ 1,718,985	\$ 114,000
FY17	\$ 1,824,005	\$ 144,300
FY16	\$ 1,892,315	\$ -
FY15	\$ 1,960,718	\$ -
Avg (FY17-20)		\$ 219,575

<sup>1</sup> Source: MA DOR Form B-1, FY15-FY20

<sup>2</sup> Source: MA DOR Tax Rate Recaps, Item III d, FY15-FY20

Source: Angus Jennings, Town Manager





# Capital Planning / Transfers to Stabilization

- CIC (Capital Improvements Committee) next meeting this Thurs. February 27<sup>th</sup> at 7:30 PM
- Most recent CIC Stabilization Table called for \$500k transfer to Stabilization in FY21 Budget.
- Town Manager proposed budget carries transfer of \$500k.
- Separate warrant article proposes add'l \$300k transfer.
- Capital planning process will go forward in parallel with FinCom reviews, including review of FY21 capital expenditures, and overall 10-year Capital Program
- Stabilization balance: \$1.5M
- Community Compact recommends 15% of operating budget, or approx. \$2.5M
- CIC report due on/by March 16



# Estimated Fund Balances

DRAFT based on Proposed Town Meeting Warrant Articles

		Estimated					Unreserved: Available for Appropriation				
		Town Capital Stabilization	Pension Stabilization	School Stabilization	Town Free Cash	Water Stabilization	CPC Comm Housing	CPC Historical	CPC Open Space	CPC Undesig	CPC Reserve
<b>Balances Report</b>	<b>1/1/2020</b>	1,518,461	229,705	1,594,230	1,542,986	15,359	0	26,956	148,308	1,416,420	267,581
CPC FY20 Estimated Receipts							41,166	41,166	41,166	(20,583)	
<b>4/2020 STM</b>	<b>Art #</b>										
OPEB Stab. Fund	8										
CPC Page School Playground	15									(462,857)	
Town building repairs	20				(49,150)						
Snow & Ice deficit	21										
2020 voting expenses	22				(3,800)						
Mill Pond benches/tables	26				(14,000)						
Electric vehicle charging	27				(8,048)						
Essex Ag FY20 costs	28				(16,443)						
Nat'l Grid underbilled costs	29				(20,247)						
Pipestave parking study	30										
<b>Balances after STM</b>		1,518,461	229,705	1,594,230	1,431,298	15,359	41,166	68,122	189,474	932,980	267,581
<b>CPA FY2020 Closeout</b>											
Closeout to CPA Undesignated	N/A									267,581	(267,581)
										1,200,561	0
<b>4/2020 ATM</b>	<b>Art #</b>										
Omnibus Budget	3	500,000									
Reduce tax rate	6										
Pension Liability Stab. Fund	7		68,750		(68,750)						
School Stabilization Fund	9			328,600							
From School Stab. Fund	10			(247,647)							
Capital Stabilization	12	300,000			(300,000)						
CPC Estimated Receipts	13						43,240	43,240	43,240	(21,620)	281,060
CPC Artichoke River Woods	14								(143,308)	(26,692)	
CPC Soldiers & Sailors debt	16										
DPW dump truck	17	(229,020)									
Page School Fire Alarm	18	(304,000)									
Page School floor repairs	19	(40,000)									
Police radios	23				(19,000)						
Fire ice/water rescue suits	24				(4,000)						
Fire Dept. power fans	25				(7,500)						
<b>Balances after ATM</b>		1,745,441	298,455	1,675,183	1,032,048	15,359	84,406	111,362	89,406	1,152,249	281,060
Source: Anqus Jennings, Town Manager, 2/21/20											



## Next Steps: Finance Committee Calendar

- Finance Committee meetings:
  - Wednesday, Feb. 26<sup>th</sup>
  - Tuesday, March 10<sup>th</sup>
  - Thursday, March 12<sup>th</sup>
  - Additional meeting date(s)?
- Review of each section of budget. Schedule has been posted and circulated.
- Review of proposed warrant articles.
- Town Manager proposed budget; initial budgets proposed by Department Heads/Chairs of Boards / Commissions / Committees also reported.
- Joint meeting with the Board of Selectmen, Moderator, Town Counsel on March 23<sup>rd</sup>.
- Deadline to post Town Meeting warrants: Friday, April 10<sup>th</sup>



# Questions and Discussion