

Town Manager
FY 10 Budget
Presentation
March 14, 2009
Annual Town Meeting

Overview 2010

- **Fiscal 2010 Budget \$53,238,422**
 - 1.6% Decrease from FY09
- **Budget Task Force**
- **Exposure to Current Economic Factors**
 - State Aid
 - Health Care, Energy, Special Education Costs
- **Infrastructure Improvements**
- **Continuance of Community Services**
- **Just the Beginning of Things to Come!**



Timeline

- FY10 Budget Process Began - July 2008
- Budget Task Force
 - Provide Guidance
 - Insight
 - Overriding Concerns
 - Funding Sources
 - » Decline in Motor Vehicle Excise Revenue
 - » Decline in Construction Related Revenue
 - FY11 Layoffs/Furloughs
 - Loss of Community Services
 - Building Closures

Current Economic Climate

- Foreclosures
- Bankruptcies
- Layoffs
- Reduced State and Federal Funding





Primary Concerns

- Education
- Public Safety
- Health Insurance
- Infrastructure Maintenance
- Consolidations of Services



State Budget Implications

- Dramatic Reductions in Governor's Budget – House 1
 - Chapter 70 (Educational Support)
Underfunded by \$434,000
- State Budget Process Ongoing





Results

- Funding Impact on Operating Budget
 - Infrastructure Maintenance
 - Long Range Planning in Special Education
 - Positions/Overtime in Police, Fire, Finance Departments
 - Library Hours
 - One Time Reduction to Insurance Appropriation



Override FY11 ???

State deficit may hit \$1b again

“As tax revenue continues to dwindle, Beacon Hill leaders are confronting an additional budget gap of as much as \$1 billion this year, forcing lawmakers to choose between deep spending cuts and broad-based tax increases”.

- Boston Globe, March 12, 2009



Duxbury is not immune to same economic factors affecting the United States.

- Rising Costs of Special Education and Energy**
- Drops in State Aid**
- Tax Revenue Limited by Prop 2 ½**
 - Burden of Tax Liability Rest on Shoulders of Resident Tax Payer**
 - Dependency on Local Receipts**
 - Anticipate Little or No Change in Amounts Collected in FY10**
- Pension Reserves, Cemetery Perpetual Care Funds Used to Balance the Budget**
- Capital Improvements Not Possible to the Extent Necessary**



Consolidation of Services

- Potential Opportunities
 - Information Services
 - Buildings and Grounds Maintenance
 - Financial Services
 - Human Resources



Infrastructure

- Review/Upgrade Public Safety Facilities
 - Design Plans Police Station
 - Renovation/Reconstruction Fire Station
 - Chandler Elementary School – Roof
 - Renovation Percy Walker Pool
 - Feasibility Study of DMS and DHS



FY11 Obligations

- Plymouth County Pension Assessment
 - Stock Market Meltdown – 25% Losses
- Potential Increase of Contributions
 - 38% Increase to Fund - \$745,000



Into the Future

Projection of Revenue and Expenditures

\$2.7M Deficit FY11 + FY10 \$2.4 Cuts = Disaster

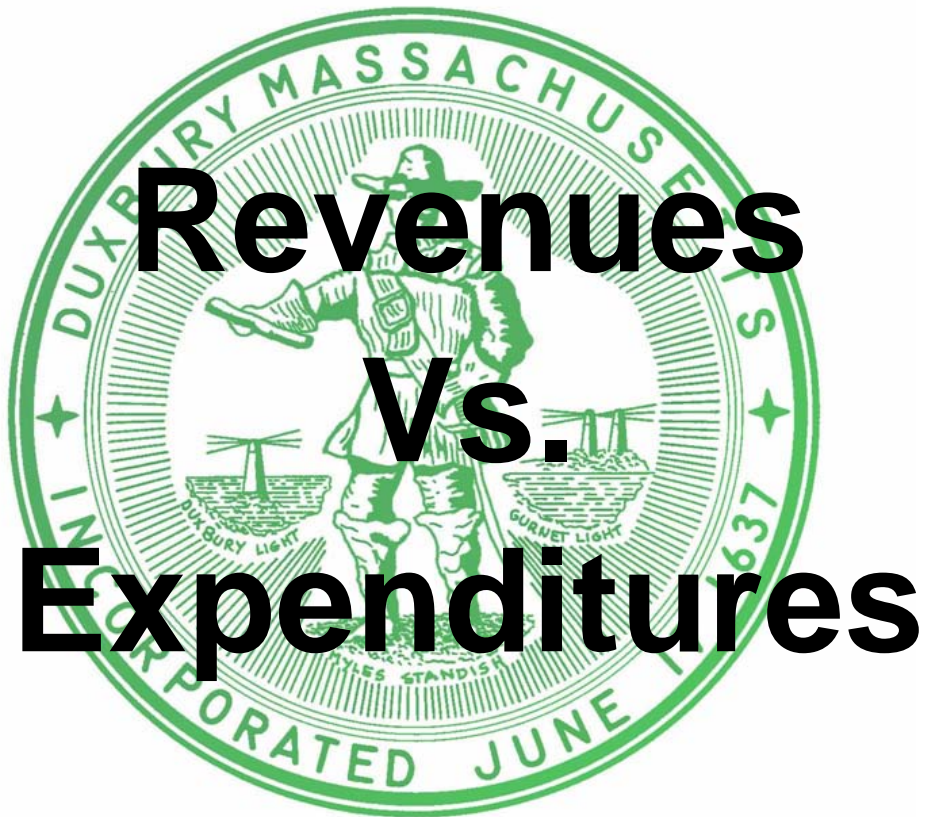
No Fixes for Economy

More Cuts

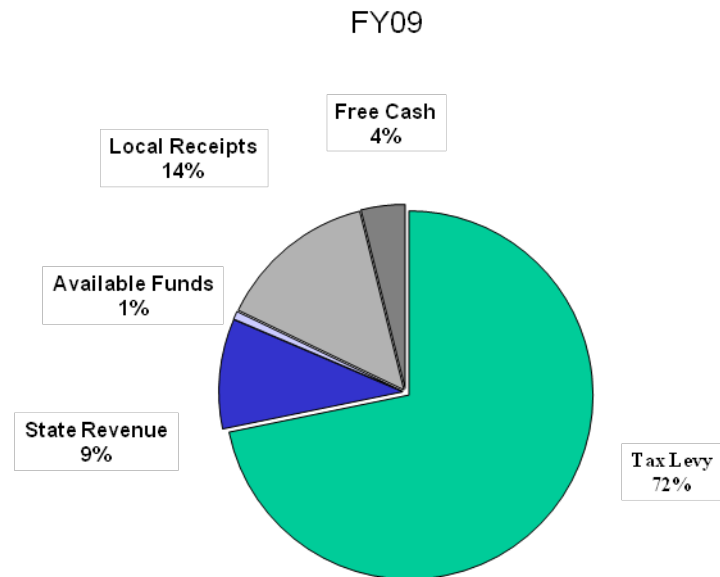
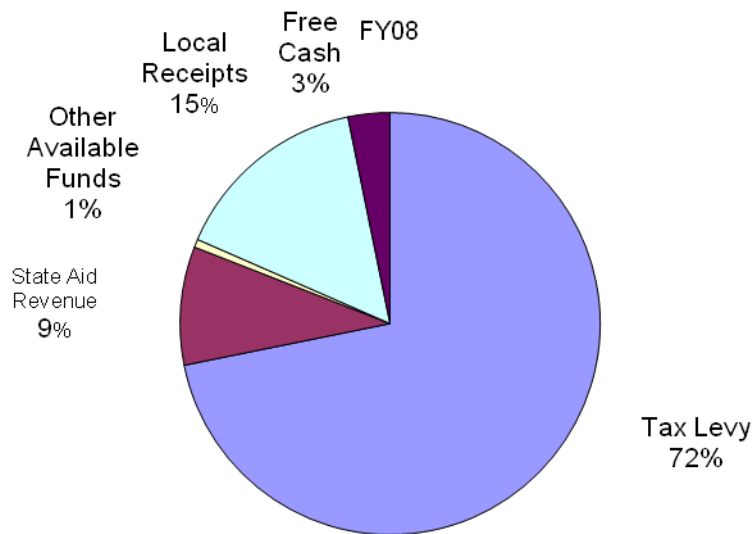
Reductions in Manpower

Closing of Facilities

Reduction/Elimination of Community Services



Prior Years' Use of Free Cash





One Time Revenue = One Time Expense

Capital in Nature

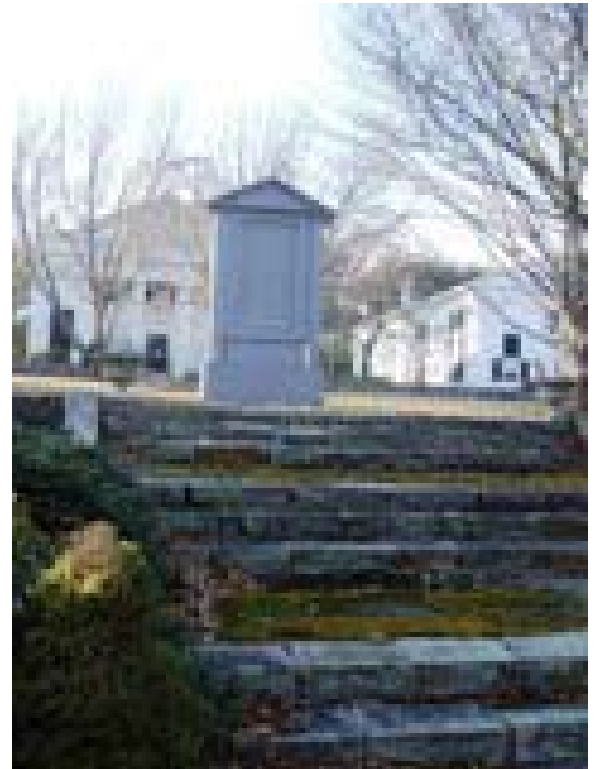
1. Trucks
2. Boiler Replacements
3. Roof Replacements
4. Etc.

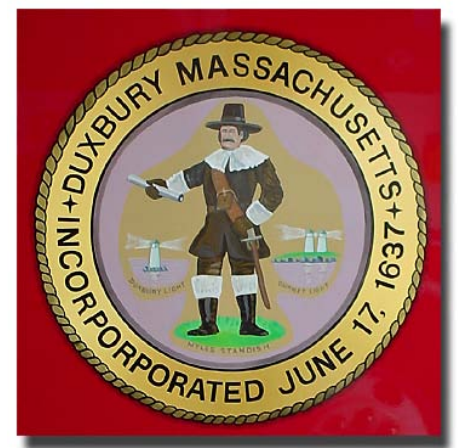
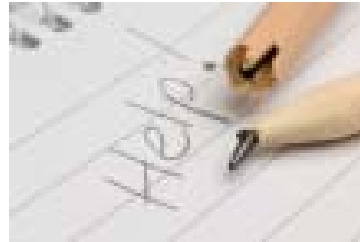
Today's Actions Impact Long Range Planning In

FY11

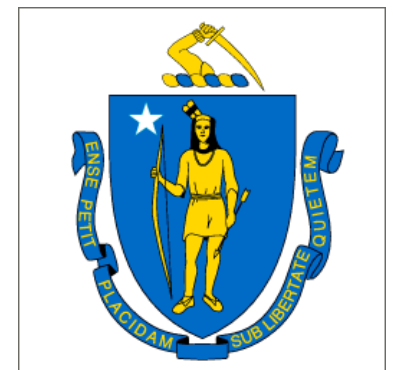
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BEYOND

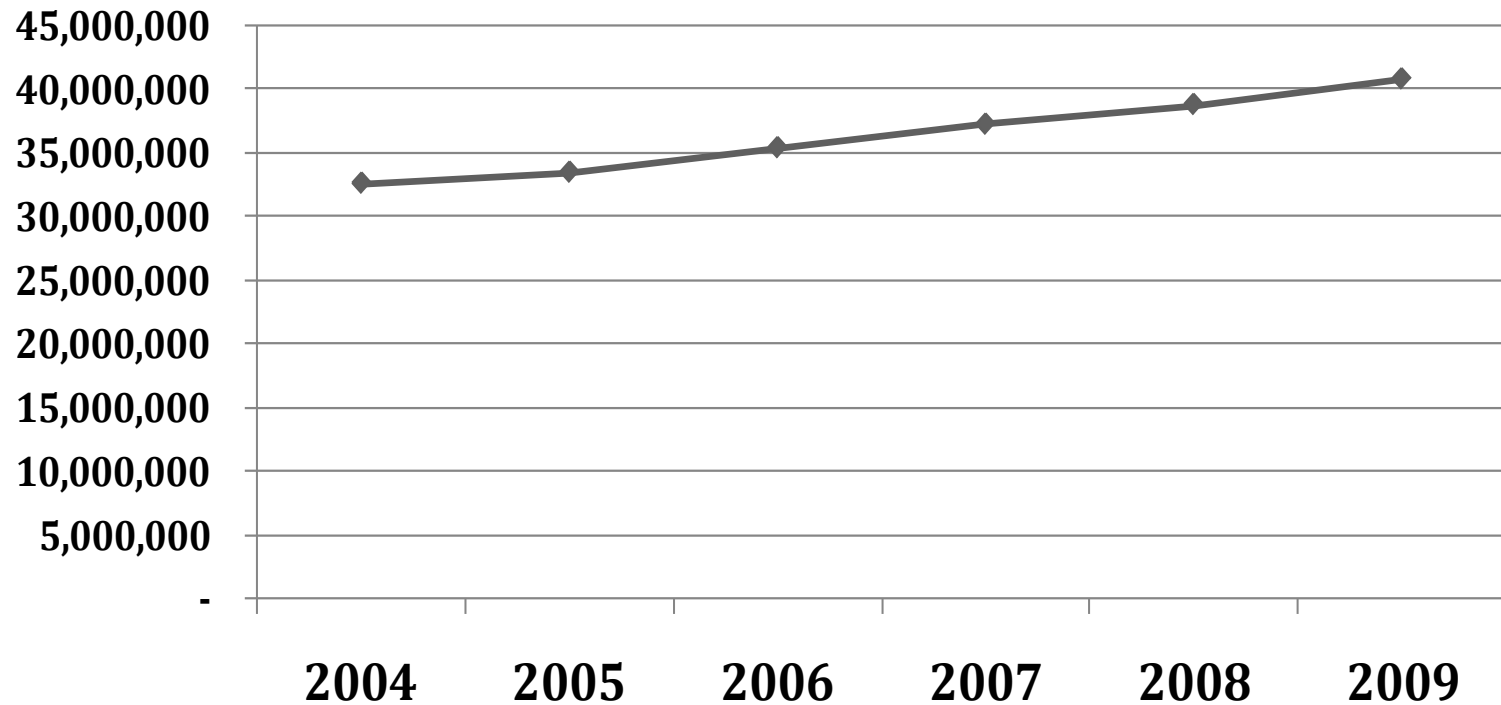




FY10 Revenue



Tax Levy Fiscal 2004 Through Fiscal 2009





Components of Revenue

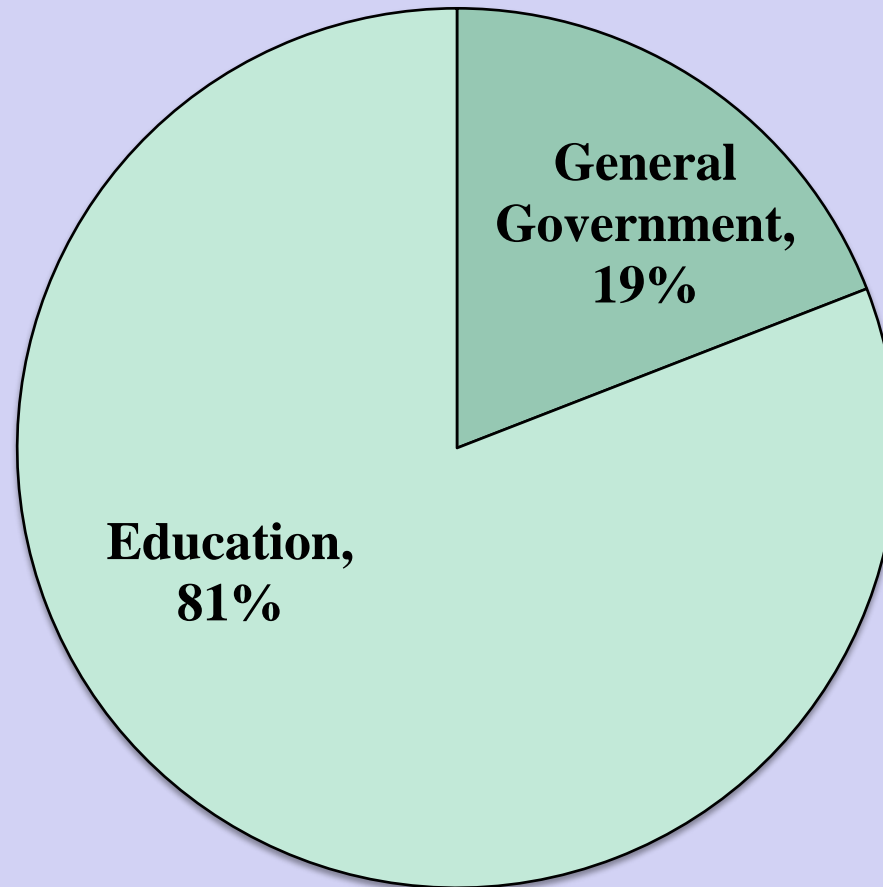
- Tax Base – Prior Year's Levy Limit
- 2 1/2 Increase Over Tax Base
- New Growth – Renovation/New Construction
- Capital/Debt Exclusion – Temporary Additional Taxing Capacity



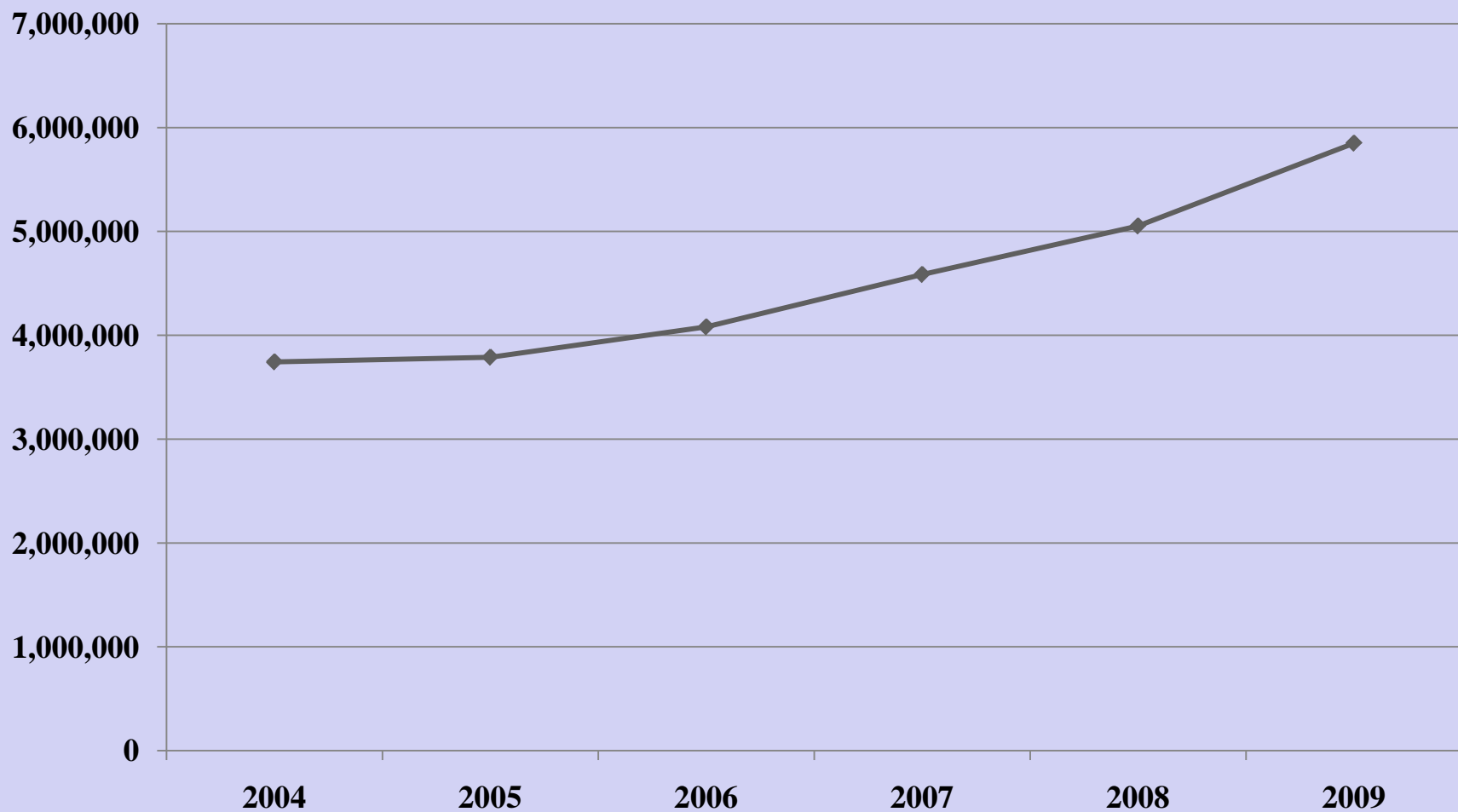
Tax Revenue Comparison

| | Fiscal Year 2009 | Fiscal Year 2010 | % Change |
|--|------------------|------------------|-----------|
| Tax Levy | 37,212,673 | 38,708,149 | 4.02% |
| 2.5 % Increase | 930,317 | 967,704 | 4.02% |
| New Growth | 565,159 | 349,600 | (38.14%) |
| Debt Exclusion | 1,518,285 | 1,331,747 | (12.29%) |
| Capital Exclusion | 616,774 | 0 | (100.0%) |
| Reserve for Unused Levy Capacity | (97,163) | - | (100.00%) |
| Total Tax Revenue | 40,746,045 | 41,357,200 | 1.50% |

Town of Duxbury FY10 State Aid Cherry Sheet (Est.)



State Aid Revenue Fiscal 2004 Through Fiscal 2009

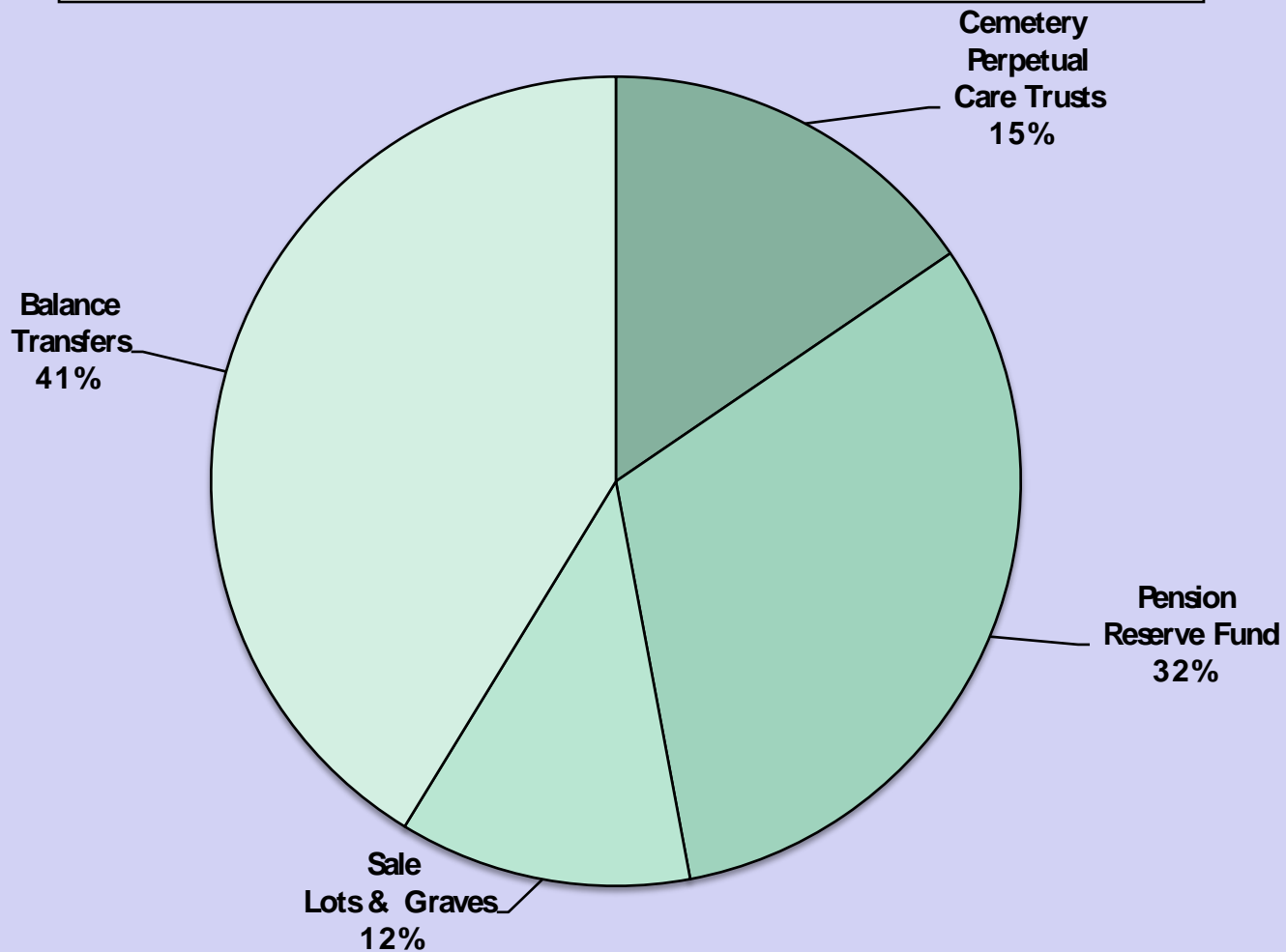




Local Receipts Fiscal 2004 Through Fiscal 2009



Available Funding Sources



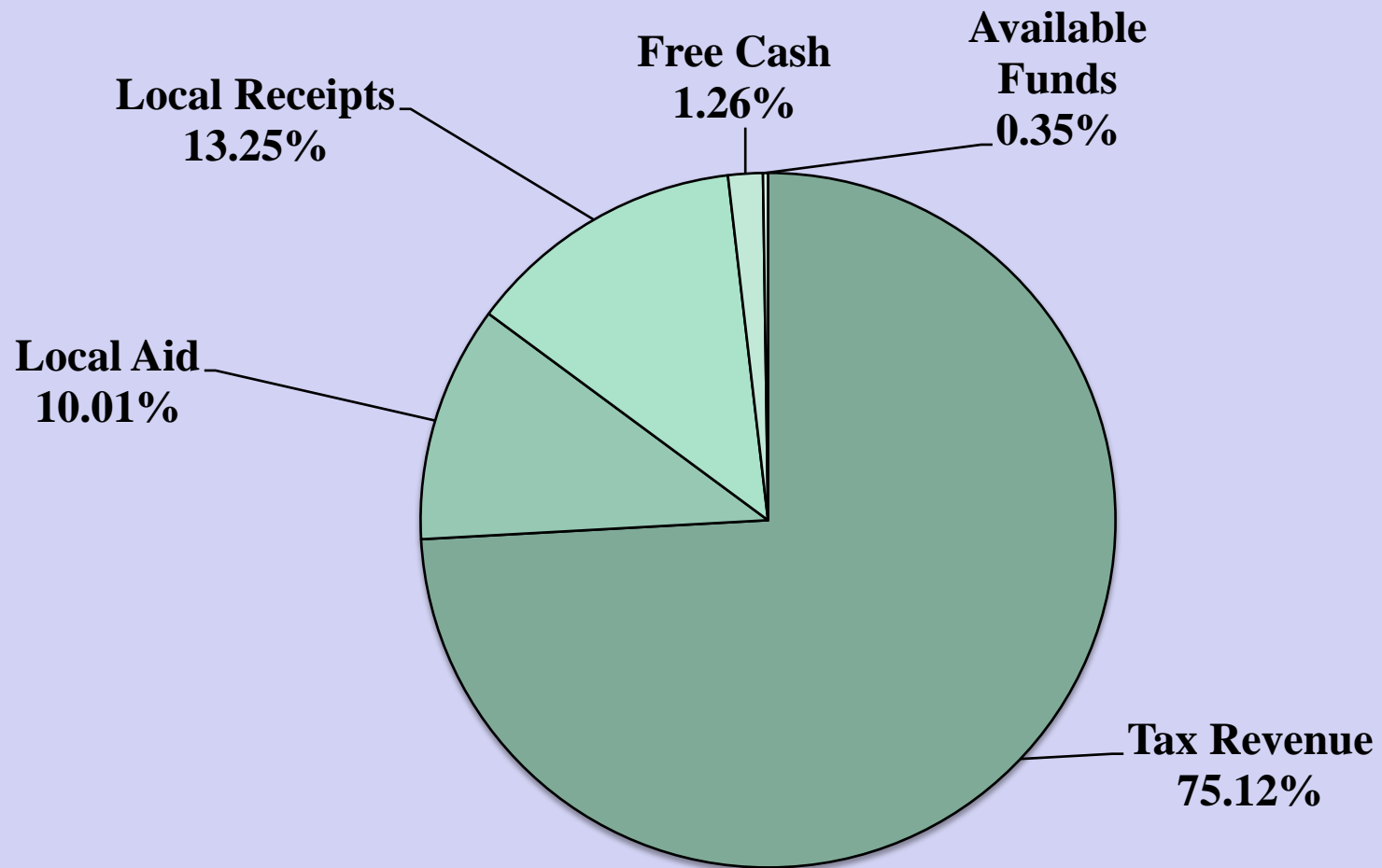


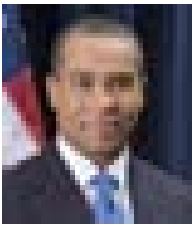
Total Revenue Comparison

| | Fiscal Year 2009 | Fiscal Year 2010 | % Change |
|-----------------|-------------------|-------------------|----------|
| Tax Revenue | 40,746,045 | 41,357,200 | 1.50% |
| State Aid | 5,848,836 | 5,509,925 | (5.79%) |
| Local Receipts | 7,281,281 | 7,295,245 | 0.19% |
| Free Cash | 2,102,063 | 696,100 | (66.88%) |
| Available Funds | 380,000 | 193,883 | (48.98%) |
| Total Revenues | <u>56,358,225</u> | <u>55,052,353</u> | (2.31%) |



Revenue Allocation





FY10 Expenses

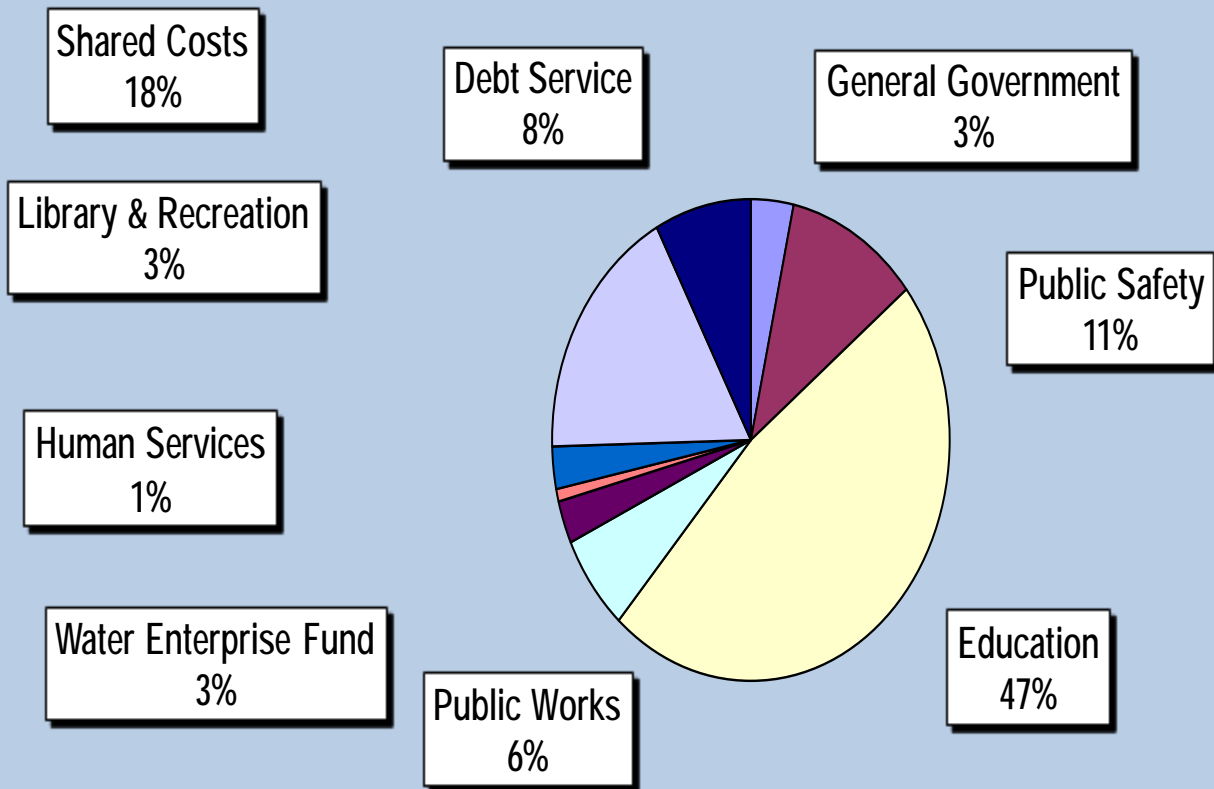




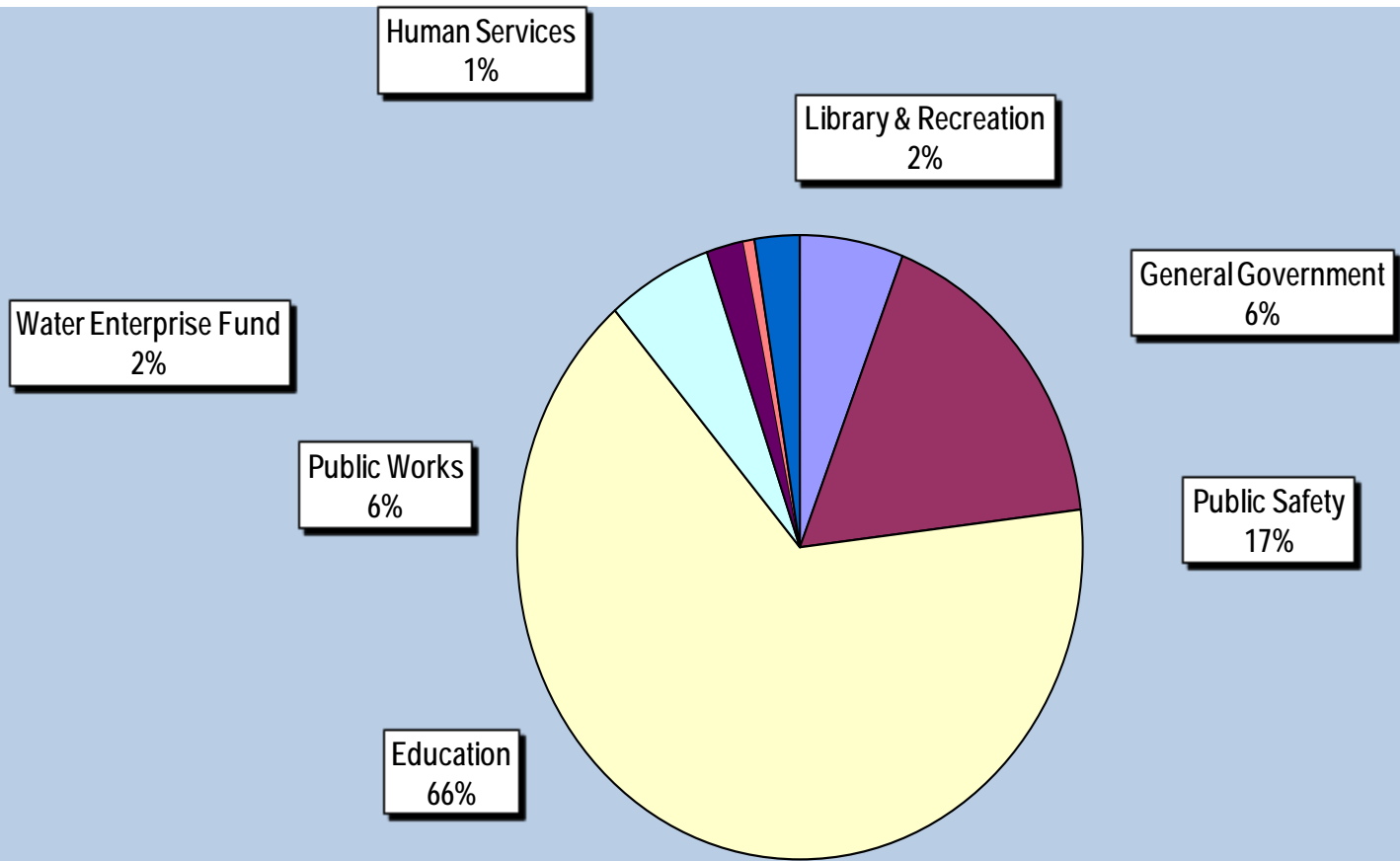
Budget Highlights

- A budget, not without risk.
- The goal of providing level service budgets has proven to be unattainable.
- Hiring freeze and/or reduction through attrition
- Pension Reserve and Cemetery Perpetual Care Funds utilized to offset expenses.
- Budget reflects no override.

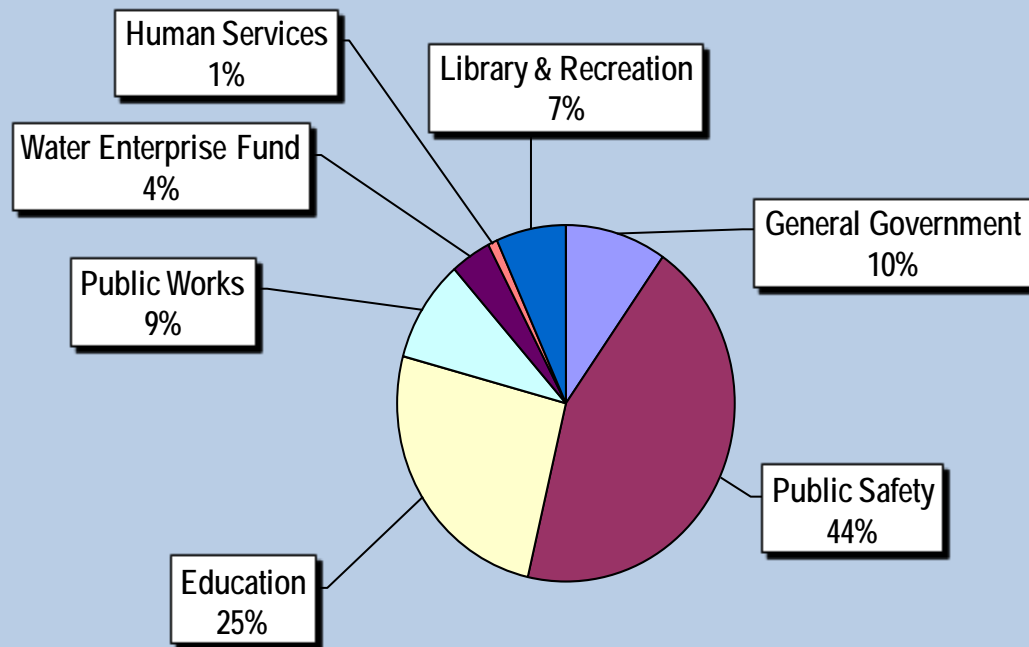
Direct Costs



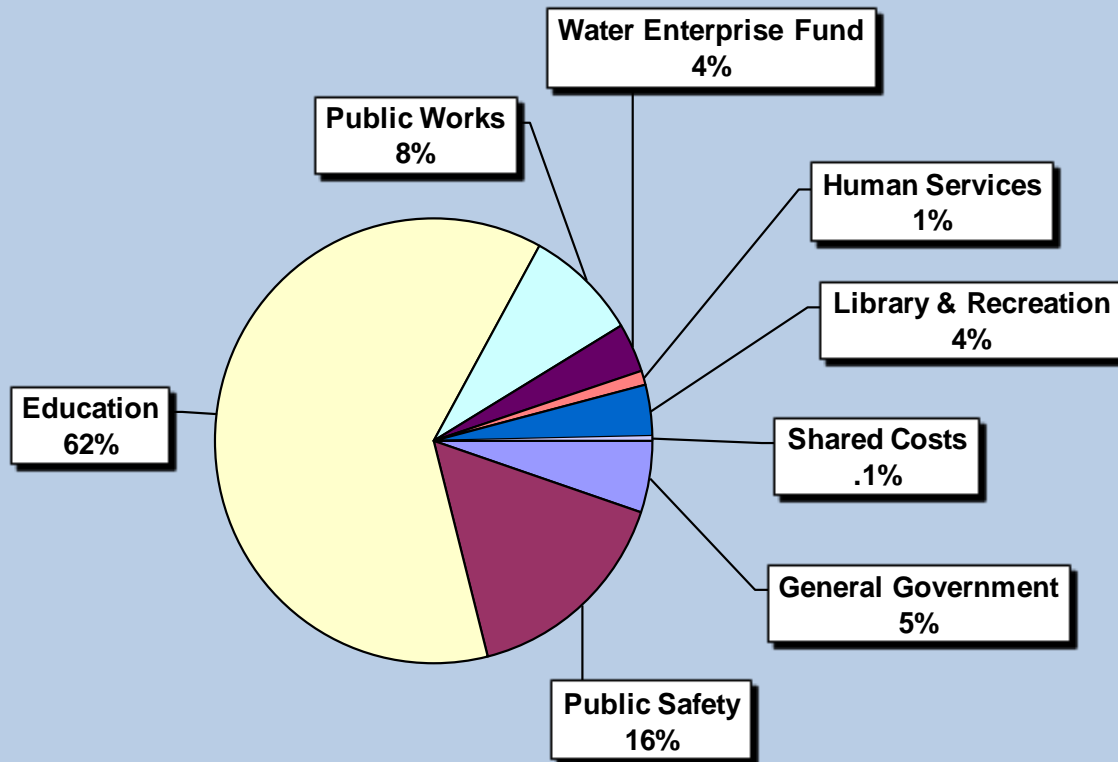
Health Insurance



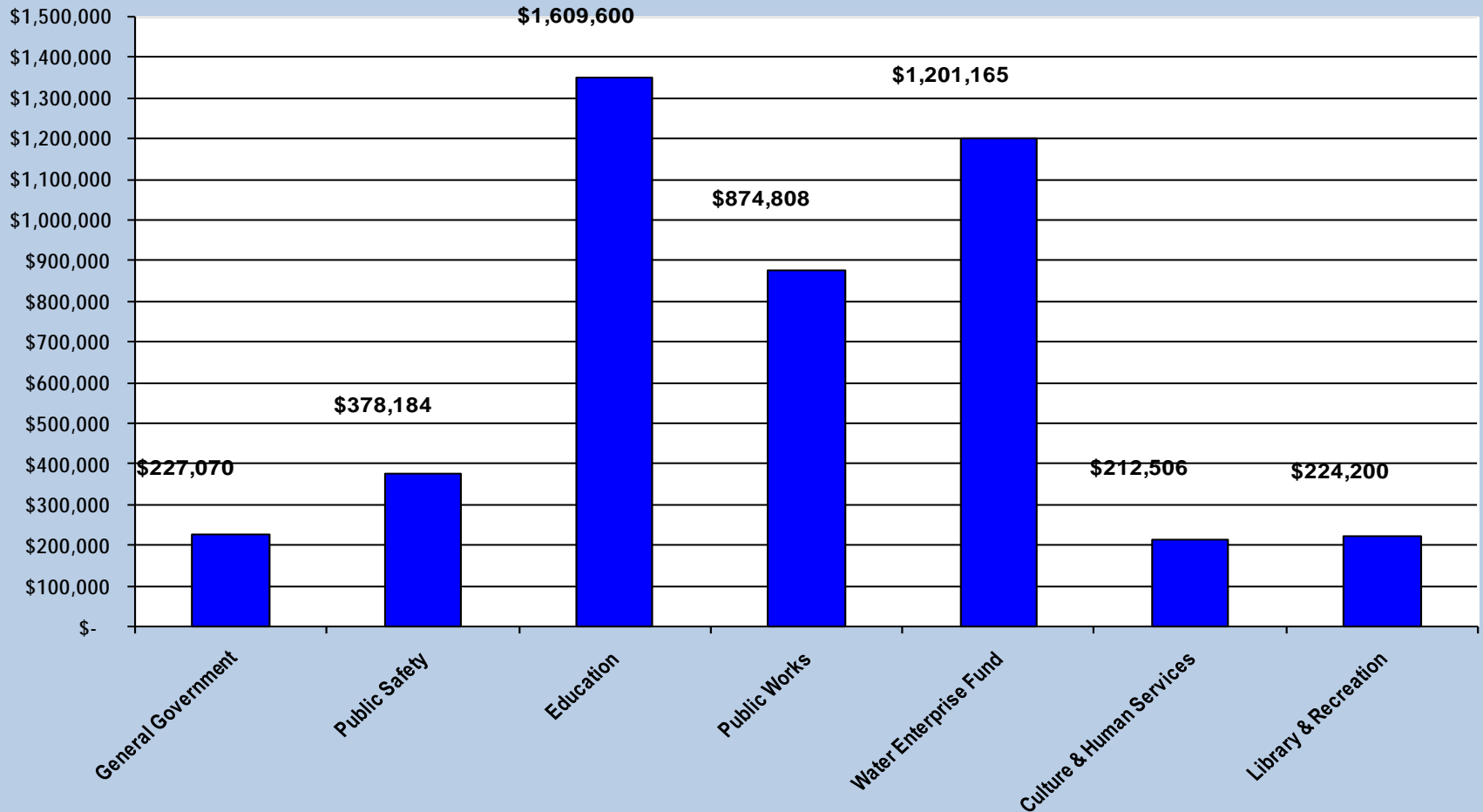
Shared Pension Expense



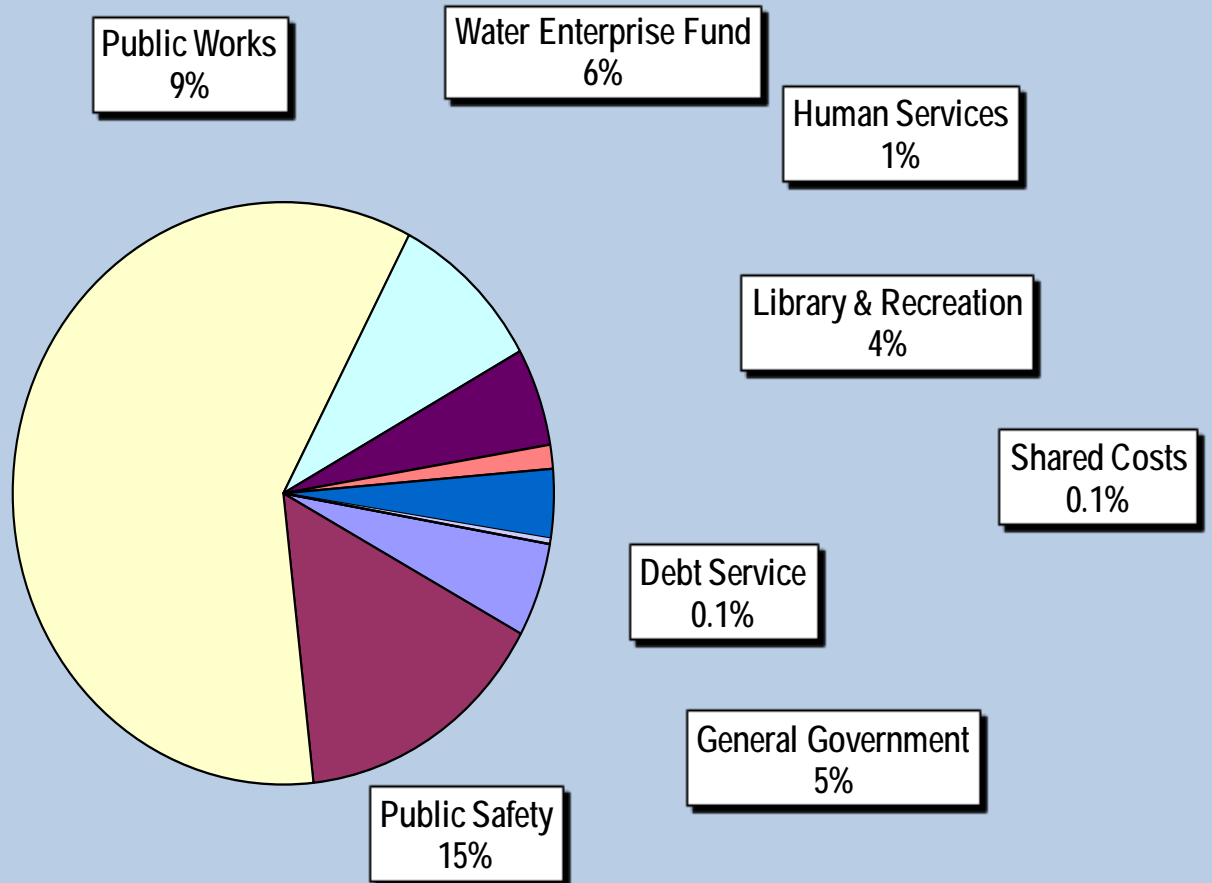
Direct and Shared Costs



Debt Allocation by Entity



Direct and Shared Costs Including Debt Service



Article 5: FY 2010 Operating Budget

| | FY 08 ACTUAL | FY 09 BUDGET | FY 10 DEPT REQ | FY 10 FIN DIR | FY 10 TN MGR | FY 10 FIN COMM |
|---------------------------|--------------|--------------|-------------------|------------------|-----------------|-------------------|
| GENERAL GOVERNMENT | | | | | | |
| Moderator | | | | | | |
| Salaries | 40 | 40 | 40 | 40 | 40 | 40 |
| Total | 40 | 40 | 40 | 40 | 40 | 40 |
| Selectmen/Manager | | | | | | |
| Salaries | 228,445 | 241,350 | 224,190 | 224,190 | 224,190 | 224,190 |
| Expenses | 24,696 | 31,122 | 27,622 | 25,724 | 25,724 | 25,724 |
| Total | 253,141 | 274,472 | 251,812 | 250,914 | 250,914 | 250,914 |
| Town Engineer | | | | | | |
| Expenses | 5,859 | 4,920 | 4,920 | 4,920 | 4,920 | 4,920 |
| Total | 5,859 | 4,920 | 4,920 | 4,920 | 4,920 | 4,920 |
| Finance Committee | | | | | | |
| Expenses | 250 | 500 | 500 | 500 | 500 | 500 |
| Total | 250 | 500 | 500 | 500 | 500 | 500 |
| Finance Director | | | | | | |
| Salaries | 79,000 | 81,370 | 81,370 | 81,370 | 81,370 | 81,370 |
| Expenses | 1,657 | 2,000 | 2,500 | 2,500 | 2,500 | 2,500 |
| Total | 80,657 | 83,370 | 83,870 | 83,870 | 83,870 | 83,870 |
| Accounting | | | | | | |
| Salaries | 169,598 | 193,894 | 188,400 | 188,400 | 188,400 | 188,400 |
| Expenses | 62,938 | 40,250 | 43,825 | 43,600 | 43,600 | 43,600 |
| Total | 232,536 | 234,144 | 232,225 | 232,000 | 232,000 | 232,000 |
| Information Systems | | | | | | |
| Salaries | 55,160 | 56,401 | 58,255 | 58,201 | 58,201 | 58,201 |
| Expenses | 57,521 | 100,427 | 114,649 | 114,979 | 114,979 | 114,979 |
| Total | 112,681 | 156,828 | 172,904 | 173,180 | 173,180 | 173,180 |

PLEASE REFER
TO
TOWN MEETING WARRANT FOR:

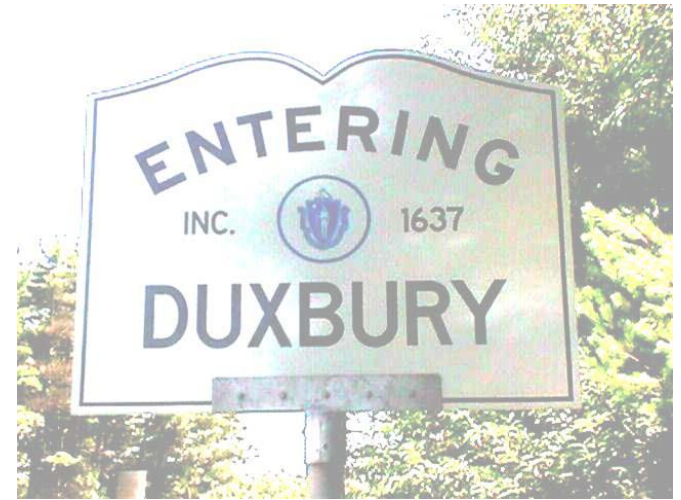
ARTICLE 5 - Operating Budget
ARTICLE 6 - Capital Budget



Expense Comparison by Function

| EXPENSES | FY09 BUDGET | FY10 DEPT REQ | FY10 MANAGER | Percentage Change | Dollar Change |
|----------------------|------------------|------------------|------------------|----------------------|------------------|
| General Government | 1,900,764 | 1,987,872 | 1,982,825 | 4.3% | 82,061 |
| Public Safety | 6,060,133 | 6,184,293 | 6,024,054 | (0.6%) | (36079) |
| Education | 26,746,458 | 28,537,675 | 27,646,458 | 3.4% | 900,000 |
| Public Works | 3,720,033 | 3,698,449 | 3,633,345 | (2.3%) | (86,688) |
| Library & Recreation | 1,600,976 | 1,602,376 | 1,331,464 | (16.8%) | (269,512) |
| Human Services | 476,923 | 469,740 | 466,840 | (2.1%) | (10,083) |
| Shared Costs | 10,313,623 | 9,786,982 | 9,781,982 | (5.28%) | (531,641) |
| Debt Service | <u>3,267,946</u> | <u>2,371,454</u> | <u>2,371,454</u> | <u>(27.4%)</u> | <u>(896,492)</u> |
| SUB-TOTAL OPERATING | 54,086,856 | 54,638,841 | 53,238,422 | (1.6%) | (848,434) |

General Government



- **Salaries**

5.2% increase over FY09

\$69,587 increase over FY09

Eliminate Position

Treasurer/Collectors Office

- **Expenses**

2.2% increase over FY09

\$12,474 increase over FY09





Public Safety



- **Salaries**

(0.7%) decrease over FY09

(\$40,121) decrease over FY09

Reduce Overtime Police/Fire

Eliminate Fulltime Position Police

Reduce Seasonal Salaries & Expenses

Harbormaster

- **Expenses**

0.8% decrease over FY09

\$4,042 decrease over FY09



Public Works



- **Salaries**

4.9 % increase over FY09

\$85,531 increase over FY09

- **Expenses**

(8.7%) decrease from FY09

(\$172,219) decrease from FY09

Reduce Hauling Cost

Reduce/Eliminate Seasonal Employees





Library & Recreation



- **Salaries**

(14.4%) decrease over FY09

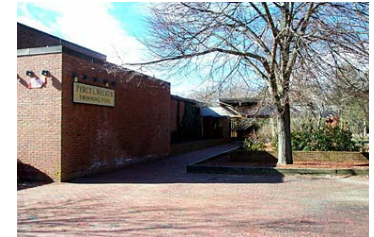
(\$169,358) decrease over FY09

- **Expenses**

(23.6%) decrease over FY09

(\$100,154) decrease over FY09

Close Percy Walker Pool





Human Service



- **Salaries**

(7.9%) decrease over FY09

(\$25,798) decrease over FY09

- **Expenses**

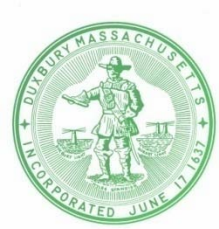
10.6% increase over FY09

\$15,715 increase over FY09



Duxbury Schools

- **\$27,646,458**
- **3.4% increase from FY09**
- **Maximize FY10 Increase at \$900,000**



Town and School

Shared Costs/Employee Benefits

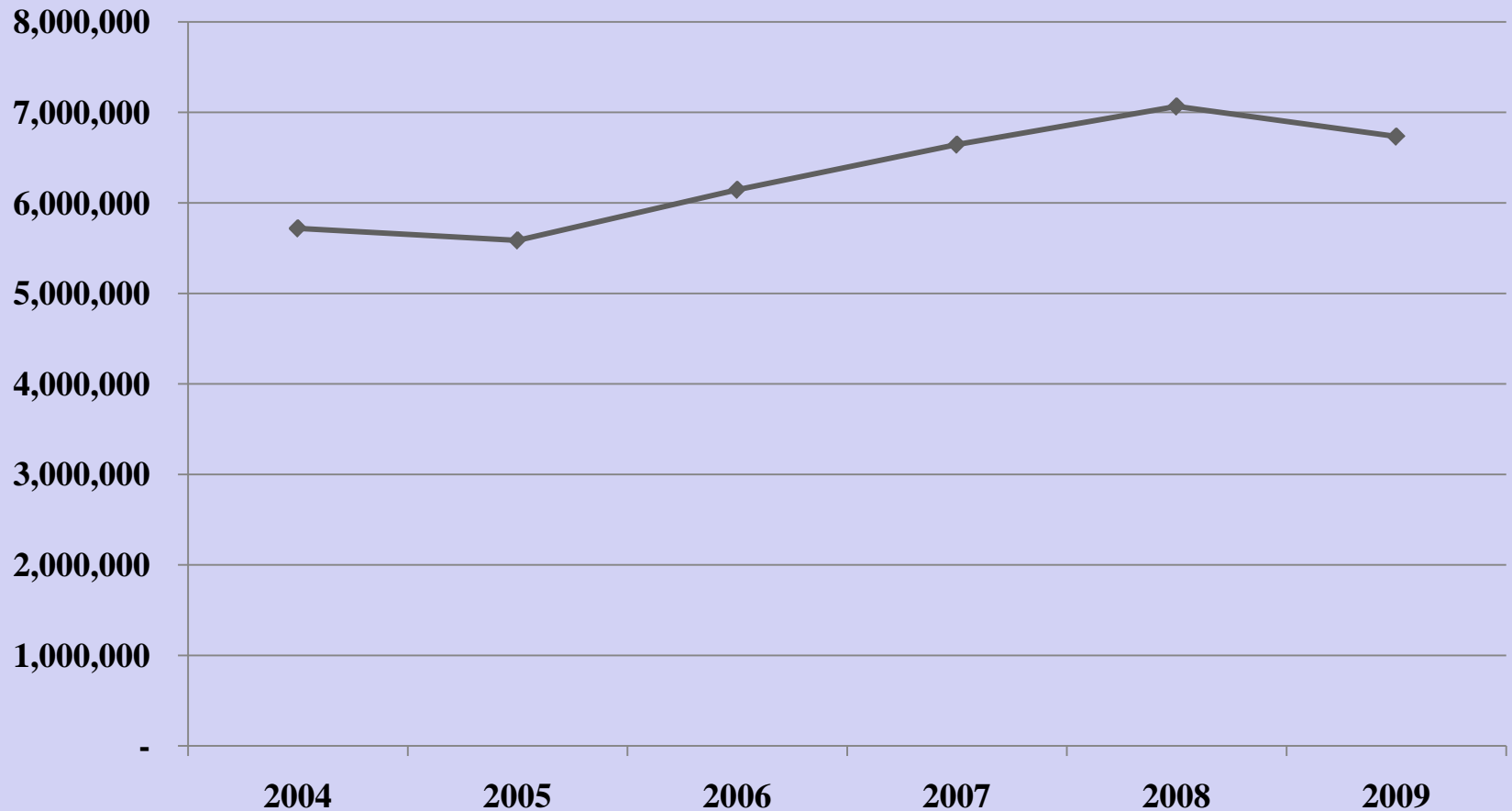
Health Insurance

- **Reduced FY09 to FY10 by 7.7% - \$558,256**
- **Industry-Wide Estimates 10% - 12%**
- **Implementing Insurance Holiday**

Pension Plymouth County Retirement

- **Total Increase Is \$100,091 (5.4% Increase)**
- **Utilized Pension Reserve Fund to Offset Cost**
- **Payment in July to Save Interest Cost**

Health Insurance Expense Fiscal 2004 Through Fiscal 2009



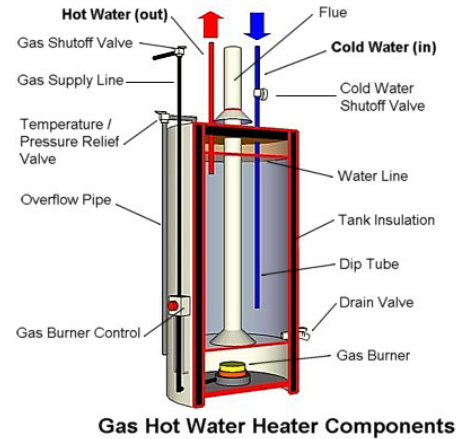
Pension Assessment Expense Fiscal 2004 Through Fiscal 2009





Debt Service

- **Debt Service Decrease by Over 27%**
- **\$200,000 of Decrease from Prior Year Debt Exclusions**
- **Currently Developing Long Range Capital and Funding Plan**



Capital Budget





FY10 Capital Budget General Fund

- **Departmental requests reduced from \$1.78M to \$728,740.**
- **Multiple funding vehicles will be used as funding for Capital Projects.**

Funding Sources

- » **Free Cash**
- » **Sale of Lots and Graves**
- » **Debt Exclusion**

FY10 Article 6

Capital - General Government

| Capital Request | Department | Estimate |
|--|-------------------------------|-----------------|
| Replace 1998 Nissan Pickup | Conservation | 13,000 |
| Mobile Cruiser Units for Police | Information Technology | \$14,730 |
| Red Alert Software Modules for Fire | Information Technology | \$5,315 |
| TOTAL | | \$33,045 |

FY10 Article 6

Capital – Public Safety

| Capital Request | Department | Estimate |
|--|--------------|-----------------|
| | | |
| Refurbish Inflatable Boat/Motor | Fire | \$40,000 |
| Replace Fire Hoses | Fire | \$19,521 |
| Replace Self Contained Breathing Apparatus | Fire | \$8,000 |
| Replace Tires for Engines | Fire | \$ 5,000 |
| Aids to Navigation | Harbormaster | \$10,935 |
| TOTAL | | \$83,456 |

FY10 Article 6

Capital - DPW

| Capital Request | Department | Estimate |
|------------------------------|------------------|-----------|
| | | |
| | | |
| | | |
| DPW Garage Metal Walls | Central Building | \$12,000 |
| Reline Crematory Retorts | Cemetery | \$ 70,000 |
| Replace '95 Toro Workman 300 | Cemetery | \$22,600 |
| Design for New Crematory | Cemetery | \$80,000 |
| TOTAL | | \$184,640 |

FY10 Article 6

Capital – Human Services

| Capital Request | Department | Estimate |
|-------------------------------------|------------------|----------------|
| | | |
| Replace Senior Center Kitchen Floor | Council on Aging | \$5,931 |
| | | |
| TOTAL | | \$5,931 |

FY10 Article 6

Capital – Library & Recreation

| Capital Request | Department | Estimate |
|------------------------------|------------|-----------------|
| | | |
| Replace Gas Water Heater | Library | \$4,000 |
| Replace Carpet | Library | \$2,000 |
| Install Playground Surfacing | Recreation | \$5,000 |
| Replace Irrigation Pump Work | North Hill | \$10,000 |
| | | |
| TOTAL | | \$21,000 |

FY10 Article 6

Capital – Duxbury Schools

| Capital Request | Department | Estimate |
|----------------------------------|------------|------------------|
| | | |
| Library Software Upgrades | Schools | \$14,268 |
| Network Upgrades | Schools | \$10,000 |
| Mobile Classroom Computer System | Schools | \$35,000 |
| Replace Computers | Schools | \$ 90,000 |
| Install Wireless System Phase | Schools | \$12,000 |
| World Language Lab | Schools | \$32,500 |
| TOTAL | | \$193,768 |

FY09 Article 6

Capital – Duxbury Schools

| Capital Request | Department | Estimate |
|-----------------------------------|------------|-----------|
| | | |
| Construct New Classrooms | Schools | \$20,000 |
| New Classrooms Furniture | Schools | \$5,000 |
| Replace Classroom Furniture | Schools | \$20,000 |
| Purchase & Replace Café Tables | Schools | \$ 12,000 |
| Convert to White Marker Boards | Schools | \$9,000 |
| Replace Drama Scaffolding | Schools | \$5,000 |
| Repair& Improve AC - DMS | Schools | \$10,000 |
| Repair Floor Cleaner/Polishers(2) | Schools | \$11,990 |
| Renovate Tennis Courts - DHS | Schools | \$75,000 |
| Repair In/Outdoor Bleachers – DHS | Schools | \$13,000 |
| Replace 1998 Utility Van | Schools | \$25,910 |
| TOTAL | | \$206,900 |



FY10 Debt Exclusion Request

General Fund



- **Debt Exclusions**

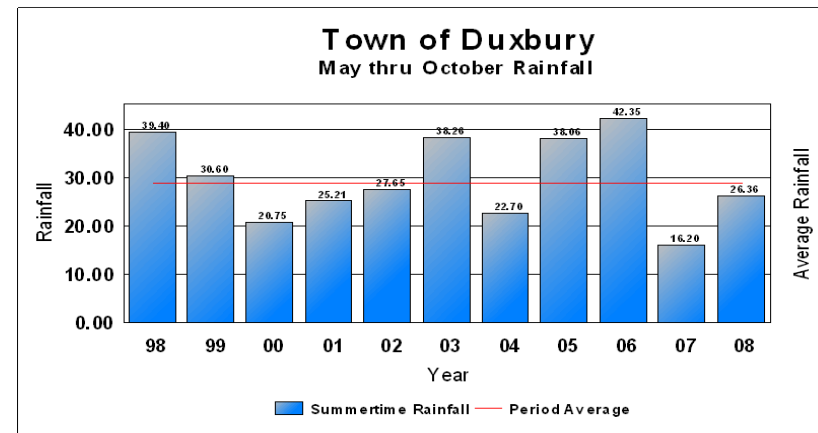
- **Chandler School Roof \$1,540,000**
- **Public Safety Facilities**
 - **Police Station Design \$435,000**
 - **Fire Station Rehabilitation \$5,200,000**
- **Pool Renovation \$2,200,000**
- **Strategic Study for School Construction/Renovation \$200,000**





Explanation Debt Exclusion

- **Town Meeting votes by a two-thirds majority, to approve the borrowing authority necessary to fund the projects at this March Annual Town Meeting contingent on voter approval,**
- **The Board of Selectmen vote, by majority, to approve a ballot question allowing registered voters to vote approval/disapproval of the expenditure,**
- **A ballot question is presented to voters requiring a majority for approval.**



FY10 Water Enterprise Fund



Water Enterprise Expense Comparison

| EXPENSES | FY 2009 BUDGET | FY 2010 MANAGER | Percentage Change | Dollar Change |
|---------------------|---------------------------|----------------------------|------------------------------|-------------------------|
| Operating | 1,612,462 | 1,646,949 | 2.1% | 34,487 |
| Debt Service | <u>1,201,165</u> | <u>1,034,711</u> | <u>(13.9%)</u> | <u>(166,454)</u> |
| TOTAL | 2,813,627 | 2,681,660 | (4.7%) | (131,967) |



Debt Service – Water Enterprise

Currently \$4,309,000 authorized and unissued

- **MWPAT funding approved for Birch Tank (3.15 M)
2% interest (savings of ~\$745,000)
Damon and Temple projects to be bonded in May**
- **Rapid repayment
70% paid off in 5 years**

FY10 Capital Budget

Water Enterprise Fund

| Water Enterprise Request | Estimate |
|----------------------------------|-------------------------|
| | |
| Upgrade SCADA System | \$390,000 |
| Leak Detection | \$12,000 |
| PCE Main Pipe Replacement | <u>\$100,000</u> |
| Total Request | <u>\$502,000</u> |

Water Enterprise Fund

- **Salaries**
 - 5.1% increase over FY09
 - \$30,028 increase over FY09
- **Expenses**
 - 0.4% increase over FY09
 - \$4,459 increase over FY09
- **Debt Service**
 - (13.9%) decrease over FY09
 - (\$166,454) decrease over FY09



Summary



- Achievement of AAA Rating by Standard & Poor's
- State Aid Reductions
- Local Receipts Maximized
- Free Cash Dedicated to Capital
- Override???



Summary

- **Balanced FY 10 Budget**
 - The FY09 budget is in balance as presented.
 - Consideration given to debt exclusions.
 - Pension reserves and Cemetery Perpetual Funds were utilized to balance the budget.



Those of us who manage the public's dollars will be held to account—to spend wisely, reform bad habits, and do our business in the light of day—because only then can we restore the vital trust between a people and their government.

– President Barack Obama



Thank You!

<http://www.town.duxbury.ma.us>