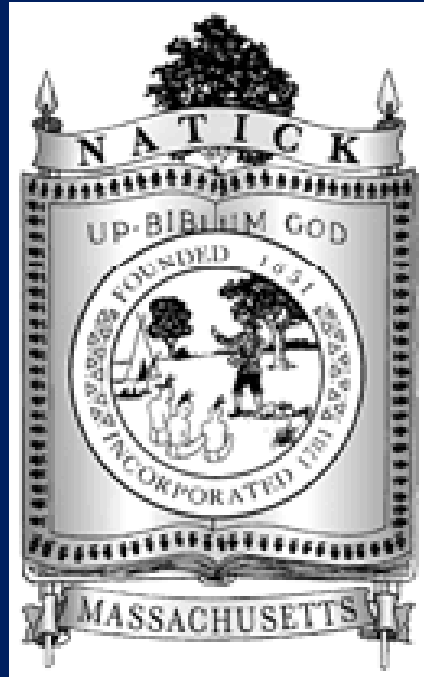


# *Town of Natick*

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## FY 2010 TA Recommended Budget Update

Martha White, Town Administrator

March 2, 2009



# *Town of Natick*

FY 2010 Recommended Budget

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## **Presentation Summary:**

1. From January to March
2. Balanced FY 2010 Budget
3. Outstanding Issues to Finalize the FY 2010 Budget
4. Next Steps
5. Ongoing Efforts for Cost Efficiencies



# Town of Natick

## FY 2010 Recommended Budget

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### 1. From January 1 to Today (March 2)

When the FY 2010 TA Recommended Budget was presented in early January, it was presented as a level-services budget. This was a comprehensive proposal, but it was also \$4,722,744 out of balance.

#### **FY 2010 Budget as Originally Submitted: January 5, 2009**

Revenues	\$102,114,519
Expenses	\$106,837,263
<b>Balance as of 1/5/2009</b>	<b>(\$ 4,722,744)</b>

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# Town of Natick

## FY 2010 Recommended Budget

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### 1. From January 1 to Today (March 2)

#### January 28, 2009: FY 2010 Budget with House 1 Revision

The first major revision to the budget as proposed occurred on January 28, 2009 when the governor introduced his FY 2010 Omnibus budget for the Commonwealth (also known as House 1). Natick received good news - the State Aid reduction proposed by the Governor in House 1 was less than originally projected by staff (by about \$200,000). This impacted the budget by reducing the gap to \$4,560,667.

#### FY 2010 Budget after submission of House 1: January 28, 2009

Revenues	\$102,276,596
Expenses	\$106,837,263
<b>Balance as of 1/28/2009</b>	<b>(\$ 4,560,667)</b>

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# *Town of Natick*

## FY 2010 Recommended Budget

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### 1. From January 1 to Today (March 2)

#### **February 11, 2009: FY 2010 Budget with expense revisions & split determination**

A second round of revisions occurred in tandem with the formal recommendation of the Financial Planning Committee.

- 1) Increase in the School Budget for one (1.0) FTE transferred from the municipal side: \$68,578 has been added to the school department budget for one employee being transferred from the municipal side.
- 2) Decrease in Health Costs: The recommended rates of increase for Health Plans for FY 2010 from the West Suburban Health Group are going to be less than staff had forecast – an average increase of 6.9% instead of the 10% forecast.
- 3) Increase in Snow Removal Supplement: To date the Board of Selectmen and the Finance Committee have approved two overdrafts totaling \$650,000. That amount has replaced the \$325,000 amount in the original recommended budget.
- 4) Decrease in Golf Course Deficit: Although a final amount has yet to be recommended by the Board of Selectmen, a recommended amount of \$355,000 is forecast for FY 2010.



# Town of Natick

## FY 2010 Recommended Budget

### 1. From January 1 to Today (March 2)

These changes have made the gap lower, resulting a gap of \$4,467,305:

#### FY 2010 Budget: February 11, 2009

Revenues	\$102,276,596
Expenses	<u>\$106,743,401</u>
<b>Balance as of 2/11/2009</b>	<b>(\$ 4,467,305)</b>

This amount was then split according to the split methodology recommended by staff and the Financial Planning Committee.

#### Step 3: Deficit Determination

Municipal Request Increment	\$ (767,459)	School Request Increment	\$ (2,173,410)
Less Incremental Revenues	\$ (559,748)	Less Incremental Revenues	\$ (897,930)
Less Shift of 1.0 FTE to schools	\$ (68,758)	<b>Education Deficit</b>	<b>\$ (3,071,340)</b>
<b>Municipal Deficit</b>	<b>\$ (1,395,966)</b>		

Deficit as of 2/11  
\$ (4,467,305)



# *Town of Natick*

FY 2010 Recommended Budget

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## 1. From January 1 to Today (March 2)

Finally, the municipal side was increased by \$171,914 to account for fully funding municipal unemployment costs.

Municipal Gap as of 2/11:	\$1,395,966
<u>Added Unemployment Amount</u>	<u>\$ 171,914</u>
<b>Final Municipal Deficit amount:</b>	<b>\$1,567,880</b>



# *Town of Natick*

FY 2010 Recommended Budget

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## 1. From January 1 to Today (March 2)

**Today:** The budget is balanced, but not final. A series of reductions (detailed in Section 2 of this presentation) and revenue enhancements/ expense offsets (Section 3 of this presentation) need to be balanced against one another to create the final complete plan for spending presented to Town Meeting in April.



# *Town of Natick*

FY 2010 Recommended Budget

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## 2. Balancing the FY 2010 Budget

The budget gap as of February 11 was split between the schools and the municipal sides according to a methodology based upon the distribution of expenses between the municipal and school sides. This distribution roughly amounted to a 61.6% (schools) / 38.4% (municipal).

### Targets:

<b>School</b>	<b>\$3,071,340</b>
<b>Municipal</b>	<b>\$1,567,880</b>



# *Town of Natick*

## FY 2010 Recommended Budget

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## 2. Balancing the FY 2010 Budget

Municipal Departments were given targeted amounts for reduction – 2% for smaller departments and 6.5% for larger departments. These targets were derived in an attempt to provide a sustainable level of services going forward while maintaining services for all citizens; administration is in the process of examining each department budget for reductions. As a general rule, smaller departments (Selectmen, Health, Community Development, Council on Aging, Town Clerk, Finance, Recreation, IT) will be forced to reduce their budgets by at least 2% while larger departments (Public Works, Public Safety, Libraries) will be forced to reduce their budgets by at least 6.5%. In addition, many smaller (and larger) departments that have existing vacancies in positions will lose these positions through attrition.

The next four slides details the impact of those reductions to municipal departments.



# Town of Natick

## FY 2010 Recommended Budget

## 2. Balancing the FY 2010 Budget

### Municipal Reductions: by Department

Municipal Department	2010 Requested	2010 Revised	Difference	Key Reasons	Staff Reduction
Morse Inst. Library	\$ 1,858,422	\$ 1,737,625	\$ 120,797	6.5% reduction; Eliminate Young Adult Lib. (open position)	1
Bacon Free Library	\$ 125,147	\$ 116,976	\$ 8,171	6.5% reduction & need to reorg for Sunday hours	TBD
Emergency Management	\$ 4,100	\$ 4,100	\$ -	Level-Fund Emergency Management	N/A
Police	\$ 5,514,027	\$ 5,155,615	\$ 358,412	6.5% overall reduction; reduction in force of 1 patrol officer & 7 crossing guards (part-time), reduced OT (by 25%), shift of personnel to grants, misc. other reductions	1.57
Fire	\$ 6,666,511	\$ 6,233,188	\$ 433,323	6.5% overall reduction; reduction in force of 4 firefighters, reduced OT (by 50%) and closure of one station at least 70% of time	4



# Town of Natick

## FY 2010 Recommended Budget

## 2. Balancing the FY 2010 Budget

### Municipal Reductions: by Department

Municipal Department	2010 Requested	2010 Revised	Difference	Key Reasons	Staff Reduction
Public Works					
Admin	\$ 345,066	\$ 7,362,909	\$ 405,660	6.5% overall reduction; (excluding level-funding of Municipal Energy Budget), includes service level reductions (building maint., paint shed, flower island maint.), reductions in force of laborers & clerical, restructuring of Recycling Center & Curbside Yard Waste Pick-up	7.5
Build. Maint.	\$ 894,162				
Energy	\$ 1,532,670				
Engineering	\$ 406,985				
Equipment Maint.	\$ 778,387				
Highway	\$ 3,078,655				
LF & NR	\$ 732,645				
Council on Aging	\$ 304,133	\$ 295,581	\$ 8,552	Reduction of Hours for Vol. Coord. & misc. prog. Reductions	0.18
Human Services	\$ 97,746	\$ 97,396	\$ 350	Reduction of Directory Support	None
Veterans Services	\$ 182,801	\$ 232,801	\$ (50,000)	Adds Necessary PIR's for Veterans Disbursements	None



# Town of Natick

## FY 2010 Recommended Budget

## 2. Balancing the FY 2010 Budget

### Municipal Reductions: by Department

Municipal Department	2010 Requested	2010 Revised	Difference	Key Reasons	Staff Reduction
Board of Health	\$ 439,790	\$ 378,198	\$ 61,592	Eliminate Sanitarian (open position)	1
Parks & Recreation	\$ 588,697	\$ 576,923	\$ 11,774	At least 2% including reduced hours for positions; Add'l. cuts/shifts TBD	0.25
Selectmen	\$ 678,914	\$ 596,382	\$ 82,532	Eliminate HR Director (open position)	1
Legal	\$ 293,500	\$ 293,500	\$ -	Level-fund	N/A
Comptroller	\$ 307,112	\$ 300,680	\$ 6,432	2% reduction; incl. actual Comptroller salary & less bookbinding	None
Assessors	\$ 449,388	\$ 405,135	\$ 44,253	Reduce Admin. Asst. to P-T, reduce tax mapping, supplies	0.5
Collector	\$ 326,861	\$ 320,361	\$ 6,500	2% reduction; reduce travel, training & collection activities	None



# Town of Natick

## FY 2010 Recommended Budget

## 2. Balancing the FY 2010 Budget

### Municipal Reductions: by Department

Municipal Department	2010 Requested	2010 Revised	Difference	Key Reasons	Staff Reduction
Treasurer	\$ 210,447	\$ 206,247	\$ 4,200	2% reduction; reduce travel, training, repair & supply budgets	None
Information Technology	\$ 873,946	\$ 829,895	\$ 44,051	Eliminate Data-Entry Clerk	1
Town Clerk	\$ 271,289	\$ 265,789	\$ 5,500	2% reduction	None
Sealer of Weights & Measures	\$ 15,753	\$ 15,403	\$ 350	2% reduction; Elim. Training, reduce dues & repair budgets	None
Parking Clerk	\$ 128,407	\$ 126,982	\$ 1,425	Reduced collection cont., clothing allowance and repair budgets	None
Community Development	\$ 700,271	\$ 686,266	\$ 14,005	2% reduction	TBD
Committees	\$ 18,510	\$ 18,510	\$ -	Level-fund	N/A
<b>Total</b>	<b>\$ 27,824,342</b>	<b>\$ 26,256,462</b>	<b>\$ 1,567,880</b>		<b>18</b>



# Town of Natick

FY 2010 Recommended Budget

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## 2. Balancing the FY 2010 Budget

Municipal Reductions: by Personnel Services vs. Expenses

Expense Reductions	\$ 162,116
Personnel Reductions	
-Open Positions/Vacancy Elimination	\$ 304,847
-Layoffs/Reduction in Hours	\$ 666,133
-Overtime Reductions	\$ 307,094
-Utilization of Furlough/Grants	\$ 127,690
<b>Municipal Reduction Total</b>	<b>\$1,567,880</b>



# Town of Natick

## FY 2010 Recommended Budget

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### 3. Outstanding Issues to Finalize FY 2010 Budget

<u>Issue:</u>	<u>Amount:</u>
- Impact of increased Fees	
After approval by the Board of Selectmen on February 23, a series of fee increases will allow revenue estimates to be increased. The Finance Director has calculated the revenue increases to total \$526, 361.	
Municipal Benefit	\$410,591
Schools Benefit	\$115,770
- Negotiations with Unions & Associations for Concessions	
Although the Board of Selectmen has instructed all Personnel Board employees Not to receive Cost-of-Living –Increases for 2010, union and association COLA's must be negotiated. This savings is estimated as follows:	
Personnel Board COLA Reductions	\$119,938
Union/Association COLA Reductions	\$352,283



# Town of Natick

## FY 2010 Recommended Budget

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### 3. Outstanding Issues to Finalize FY 2010 Budget

<u>Issue:</u>	<u>Amount:</u>
- Early Retirement Initiative Dependent upon the Board of Selectmen, the Early Retirement proposal could save money in FY 2010 Potential FY 2010 savings	\$ 63,633
- Keefe Tech Although a final assessment for Keefe Tech will not be approved until after Town Meeting, the budgeted assessment as of March 2, 2009 for FY 2010 is \$1,317,550. This is more than is currently budgeted. Deficit created by Keefe Tech Assessment	(\$142,225)
- Debt Service Design Monies The placement of articles on the Spring Town Meeting Warrant for the Natick High School and Senior/Community Center projects require design money. This is an added cost to the Town's Debt Service for FY 2010. Deficit created by Design Service Requests for Capital Projects	(\$ ???,???)



# Town of Natick

## FY 2010 Recommended Budget

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### 3. Outstanding Issues to Finalize FY 2010 Budget

<u>Issue:</u>	<u>Amount:</u>
- Capital Recommendations	
The current recommendation for capital projects does not use the budget amount of \$350,000 set aside for FY 2010. This money is available for other purposes.	
Excess Capital Funding for redistribution	\$196,440
- Police Superior Officers' Union Contract	
This contract remains unsettled, but will likely need to be funded in FY 2010.	
Contract Settlement Costs	\$ ???,???
- Additional supplement for this winter's snow removal	
More money may be necessary to close this year's Snow/Ice Deficit.	
Additional supplement cost for Snow/Ice Removal	\$ ???,???
- Reduced Golf Course Subsidy	
The current tax levy subsidy (\$355,000) should be reduced through use of retained earnings.	
Benefit of reduced Golf Course Subsidy	\$ ???,???



# *Town of Natick*

## FY 2010 Recommended Budget

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### 4. Next Steps

- March:
- Publication of FY 2010 Updated Budget Summary in local newspaper
  - Hearings on Budgets & Warrant Articles @ Finance Committee – every Tuesday and Thursday
  - Budget & Warrant Reviews @ Board of Selectmen & School Committee
  - Continual Updates at [www.natickma.gov](http://www.natickma.gov). Click on “FY 2010 Budget Information”
- April:
- Town Administrator’s Budget Mailed to Town Meeting Members
  - Finance Committee Recommendation Books Mailed to Town Meeting Members
  - Town Meeting Commences on April 14<sup>th</sup>, 2009



# *Town of Natick*

FY 2010 Recommended Budget

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## 5. Ongoing Efforts for Cost Efficiencies

- Ambulance Study (current model vs. privatization)
- Golf Course (current model vs. closure vs. re-use)
- OPEB (liability & funding strategies)
- Recommendations of the Revenue Enhancement & Expense Control Task Forces  
(review for implementation strategies)
- Regionalization of Services (pursuit w/neighboring communities)
- Reducing Health Care Costs (primary focus of FY 2011)
- Return on Retirement Investments (collaboration w/Retirement Board to maximize returns on investments)
- Ongoing evaluation of opportunities to re-engineer municipal services



# *Town of Natick ~ Home of Champions*

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# *Thank You*