



Town Administration
Fiscal Year 2019
General Fund Budget
Recommendations

December 13, 2017

Board of Selectmen's Meeting

FY 2019 General Fund Budget Overview

- Revenue
 - Total Projected Revenues: \$94,830,397
 - Net of property abatements
- Expenses
 - Total Projected Expenses: \$94,581,813

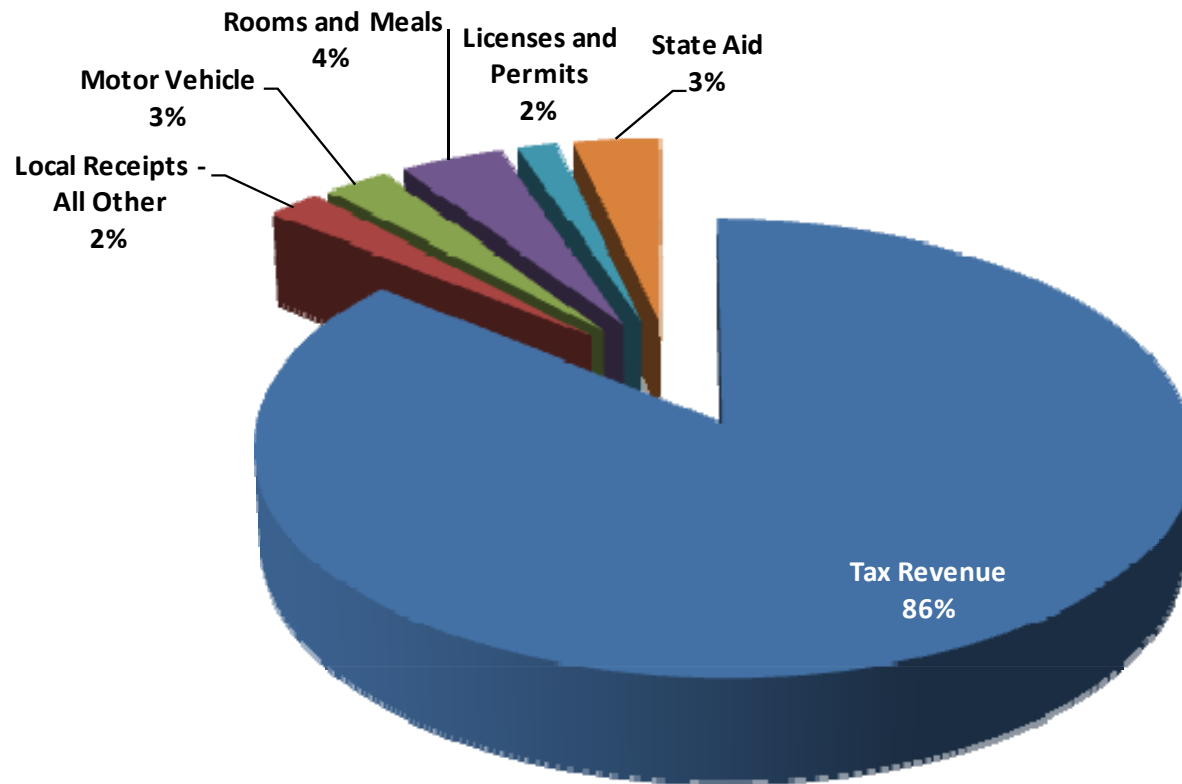
FY 2019 General Fund Budget Summary Comparison

REVENUES	FY2018	FY2019	\$ Change	% Change
Property Tax	78,166,688	79,820,606	1,653,918	2.1%
Local Receipts (All other)	2,742,720	2,535,680	(207,040)	(7.5%)
Motor Vehicle Excise	2,400,000	2,450,000	50,000	2.1%
Rooms and Meals Tax	3,954,000	3,850,000	(104,000)	(2.6%)
Licenses and Permits	1,500,000	1,479,100	(20,900)	(1.4%)
State Aid (1)	3,271,156	3,320,527	49,371	1.5%
Free Cash	1,110,500	1,125,900	15,400	1.4%
Other Available Funds	65,000	-	(65,000)	(100.0%)
TOTAL REVENUES	93,210,064	94,581,813	1,371,749	1.5%
EXPENDITURES				
Municipal Departments	26,445,282	27,099,244	653,962	2.5%
School Department	28,016,642	29,269,642	1,253,000	4.5%
Non-Departmental	27,841,404	26,125,777	(1,715,627)	(6.2%)
Special Appropriations	10,906,736	12,087,150	1,180,414	10.8%
TOTAL EXPENDITURES	93,210,064	94,581,813	1,371,749	1.5%

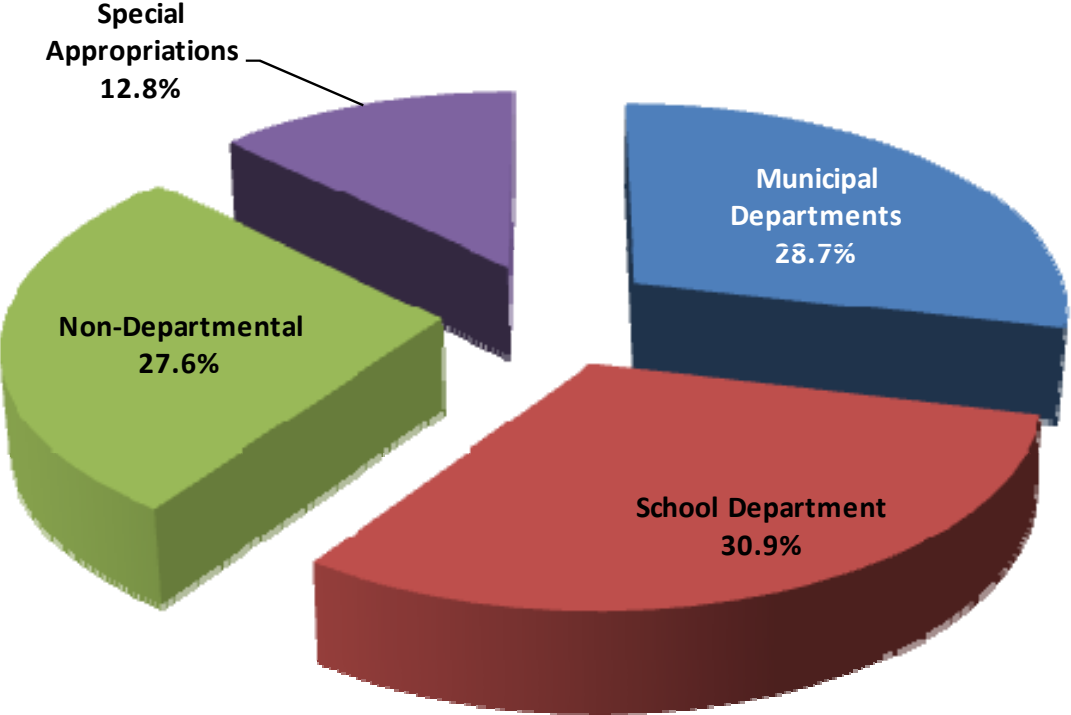
- See Appendix A for detailed breakdown.

(1) FY 2019 state aid represents level funding from FY 2018 approved figure.

FY 2019 General Fund Budget Projected Revenue



FY 2019 General Fund Projected Expenses



FY 2019 General Fund Budget Expense Categories

Category	FY 2019 Current Projection	Notes
Town Operational Expenses	\$7,653,144	<i>0.1% decrease</i>
Town Operational EIR's ⁽¹⁾	\$571,900	<i>Included in Town expenses</i>
Town Salaries	\$19,446,100	<i>Contracts in negotiations; c/b allowance</i>
Town Personnel EIR's	\$541,000	<i>Included in Town salaries</i>
School Operational Expenses	\$5,407,087	<i>4.4% increase</i>
School Operational EIR's	\$228,000	<i>Included in School expenses</i>
School Salaries	\$23,412,555	<i>Contracts in negotiations; c/b allowance</i>
School Personnel EIR's	\$455,000	<i>Included in School salaries</i>

(1) EIR = Expense Increase Request, excludes AHTF.

FY 2019 General Fund Budget Fixed Costs

Category	FY 2019 Current Projection	% Change over FY 2018 Budget
Health Insurance		
Active	\$9,162,145	<i>3.3% decrease</i>
Retiree	\$3,054,048	<i>3.3% decrease</i>
General Insurance	\$2,275,830	<i>7.4% decrease</i>
Debt Service	\$7,016,501	<i>per established schedule</i>
Retirement	\$4,617,253	<i>8.5% increase</i>
Enterprise Fund Subsidies	\$8,250,949	<i>1.8% increase</i>

- See Appendix A for detailed breakdown.

FY 2019 General Fund – Special Appropriations

Category	FY 2019 Current Projection	% Change over FY 2018 Budget
Health & Human Services	\$450,000	<i>12.5% increase</i>
County Assessment	\$170,201	<i>No change</i>
Reserve Fund	\$500,000	<i>No change</i>
Unpaid Bills	\$20,000	<i>No change</i>
Other Post Employment Benefits (OPEB)	\$500,000	<i>No change</i>
Overlay & Other Deficits	\$0	\$0
Cherry Sheet Charges	\$498,000	<i>2.5% increase</i>
Community School	\$450,000	<i>3.2% decrease</i>
Affordable Housing Trust Fund	\$800,000	<i>60% increase</i>
Min Cap Funding Req.	\$898,000	<i>n/a - 1% of prior year revenue</i>
TOTAL EXPENSES	\$94,581,813	<i>1.6% increase</i>

FY 2019 Town Expense Increase Requests

(included in recommended budget, excluding school & AHTF)

- \$ 3,729,089 Submitted Requests
- \$ 1,256,900 Recommended
 - One-time \$ 273,900
 - Ongoing \$ 983,000
- To be funded through available tax levy, budget adjustments, alternate funding sources, free cash, potential revenue increases

FY 2019 Recommended Town Expense Increase Requests

Department	Description of Expense Request	One-Time or Ongoing	Approved EIRs ⁽¹⁾
Personnel Expense Increase Requests (EIRs)			
DPW	Capital Project Manager / DPW Facilities Director	Ongoing	\$ 150,000
DPW	Add'l Mechanic	Ongoing	89,000
HR	Benefits Coordinator	Ongoing	90,000
PLUS	Building Inspector (PT)	Ongoing	72,000
PLUS	Senior Planner / Code Enforcement	Ongoing	114,000
Town Admin	Open Meeting Law (OML) Compliance Position	Ongoing	95,000
Various	Increase in Overtime, Shift Coverage and Reclassifications	Ongoing	75,000
Total Personnel Expense Increase Requests			\$ 685,000
Operating Expense Increase Requests (EIRs)			
Town Admin	Board of Selectmen strategic plan implementation	One-time	50,000
Town Admin (Facilities)	Mobile bathroom trailer for Surfside or Cisco Beach	One-time	50,000
Health (Central Fleet)	Replacement of inspection vehicle	One-time	35,000
Nat Resources (Central Fleet)	Replacement of department vehicle	One-time	35,000
Fire	Siasconset fire station building study	One-time	30,000
Fire	Purchase of mechanical CPR devices	One-time	16,000
Town Clerk	Increase for election-related expenses	One-time	15,000
IS GIS	MUNIS self-service project	One-time	11,400
Town Clerk	Voter check-in tablets	One-time	6,500
DPW / Facilities	Increase in overall Facilities and Public Works budget	Ongoing	225,000
Town Admin	Municipal employee housing rent	Ongoing	34,000
Town Admin	NCTV annual meeting recording increase	Ongoing	27,000
Natural Resources	Pond management program	Ongoing	25,000
IS GIS	Support services for virtualization project	Ongoing	12,000
Total Operating Expense Increase Requests			\$ 571,900
Total Town Personnel & Operational Expense Increase Requests			\$ 1,256,900

(1) Includes health insurance benefits.

FY 2019 Town Expense Increase Requests Funding Source Detail

Funding Source	Amount
Tax Levy & Other General Revenues	\$839,000
Free Cash	\$192,900
Other Funds	\$81,000
▪ Ambulance Reserve \$16,000	
▪ Beach Improvement Revolver \$65,000	
Departmental Budget Reallocations	\$144,000
Total - All Funding Sources	\$1,256,900

Preliminary Free Cash Recommendation (Subject to Change)

General Fund Certified Free Cash	\$6,215,883
Fund Town Expense Increase Requests (one-time)	\$192,900
Fund School Expense Increase Requests (one-time)	\$133,000
Fund Town & School Capital Projects	\$4,605,416
Fund Affordable Housing Trust Fund	\$800,000
Unallocated Free Cash	\$484,567

Our Island Home

- Current structure does not allow for full funding of Town and School priorities
- Options could free up additional funds in the General Fund

Our Island Home FY 2019 Budget Funding Alternatives

	Status Quo	Option #1 Decrease Subsidy / Increase Use of Retained Earnings	Option #2 Cover Deficit Solely with Retained Earnings	Option #3 Cover Deficit with Tax Override
Revenue	\$4,284,095			
Expenses	(8,199,762)			
Operational Deficit	(3,915,667)	(3,915,667)	(3,915,667)	(3,915,667)
Transfer from Retained Earnings	2,404,221	3,159,944	3,915,667	-
General Fund Subsidy	1,511,446	755,723	-	-
Tax Override	-	-	-	3,915,667
Operational Deficit After Transfers	-	-	-	(3,915,667)
Certified Retained Earnings as of July 1, 2017	5,321,795			
Less: Transfer from Retained Earnings	(2,404,221)	(3,159,944)	(3,915,667)	-
Projected Retained Earnings	2,917,574	2,161,851	1,406,128	5,321,795

- Recommendation: Option #1

Potential Additional Town & School Expense Increase Requests with Add'l Funding

Department	Description of Expense Request	One-Time or Ongoing	Funding
Personnel Expense Increase Requests (EIRs)			
Town Admin	Real Estate Specialist	Ongoing	TBD
DPW	Add'l Mechanic	Ongoing	TBD
DPW	Add'l Sr Equipment Operators (1 of 2 requested)	Ongoing	TBD
DPW	Add'l Laborer	Ongoing	TBD
Police	Parking Enforcement Officer	Ongoing	TBD
Police	Dispatch PT to FT position	Ongoing	TBD
Total Personnel Expense Increase Requests			\$ -
Operating Expense Increase Requests (EIRs)			
DPW / Facilities	Allocation to address various requests	Ongoing	TBD
DPW / Mosquito Control	Increase in service area for mosquito control program	Ongoing	TBD
Total Operating Expense Increase Requests			\$ -
Total Town Personnel & Operational Expense Increase Requests			\$ -
School Personnel & Operational Expense Increase Requests			TBD

Administration & Board of Selectmen Goals and Priorities for FY 2019

- Balanced budget – within projected revenue
- Capital and operational investment in infrastructure/facilities
- Project management
- Staffing for increased service and seasonal demands; and to meet priorities
- Water quality
- Continued health insurance cost mitigation efforts
- Strategic Plan
- Housing (community and employee)
- Public information and transparency goals including use of technology
- Focus on Human Resources regulatory compliance and management

Initiatives/Needs/Goals Addressed with Budget Recommendations

- Facilities, infrastructure & equipment maintenance
 - Additional funding proposed in Public Works and Facilities
- Staffing/professional Services to address high activity and/or mandates
 - PLUS, Town Admin, HR, DPW
 - Project management oversight
 - Adequate benefit and HR regulatory compliance oversight
- Water quality
 - Natural Resources and Nantucket Pond Coalition projects
- Code enforcement
 - Dedicated staffing resources (PLUS)
- Plan updates and implementation
 - Hazard Mitigation, Coastal Resiliency, Open Space & Recreation (PLUS, Natural Resources)
- Community public health (HHS)

Efforts to Reduce Expenses and Increase Efficiency, Transparency

- Personnel
 - Review staffing when key positions become vacant
 - Combine/consolidate duties where appropriate
 - Cross-train staff where appropriate
 - Increase training and educational opportunities so as to reduce reliance on consultants, reduce legal fees and increase professional qualifications and expertise (i.e. technical skills such as project management)
- Review and refine internal controls/processes, procedures and policies
- Seek 2nd Compact Community grant
- Seek grant for Recycling Coordinator position for Solid Waste Enterprise Fund

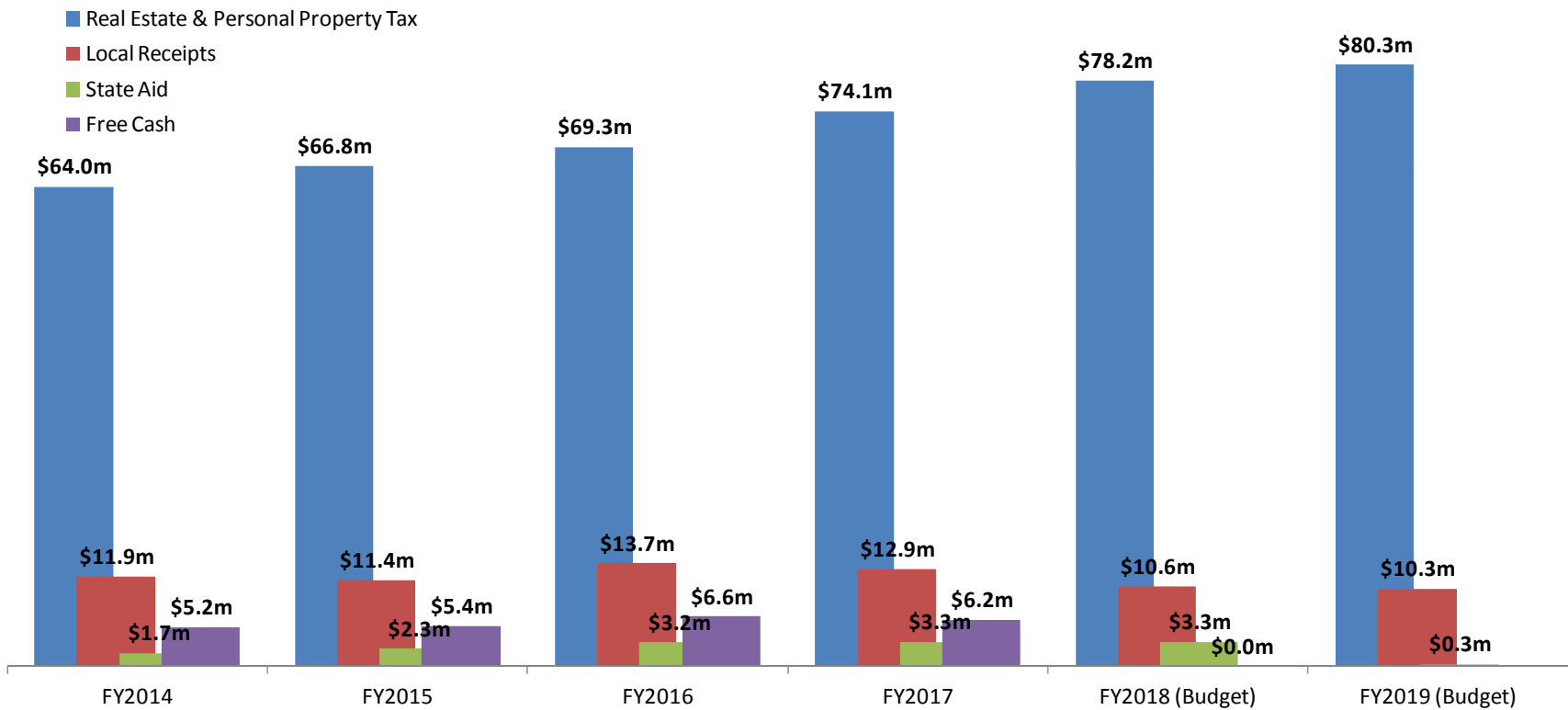
Outstanding Items and Current Unknowns

- Strategic Plan
- Potential Future Tax Overrides
 - Our Island Home
 - NRTA
- Collective Bargaining
- State Aid impact
- Chapter 90
- Harbor Place Project
- Federal Tax Reform and Other Legislative Changes
- Citizen Warrant Articles Potential Cost Impact

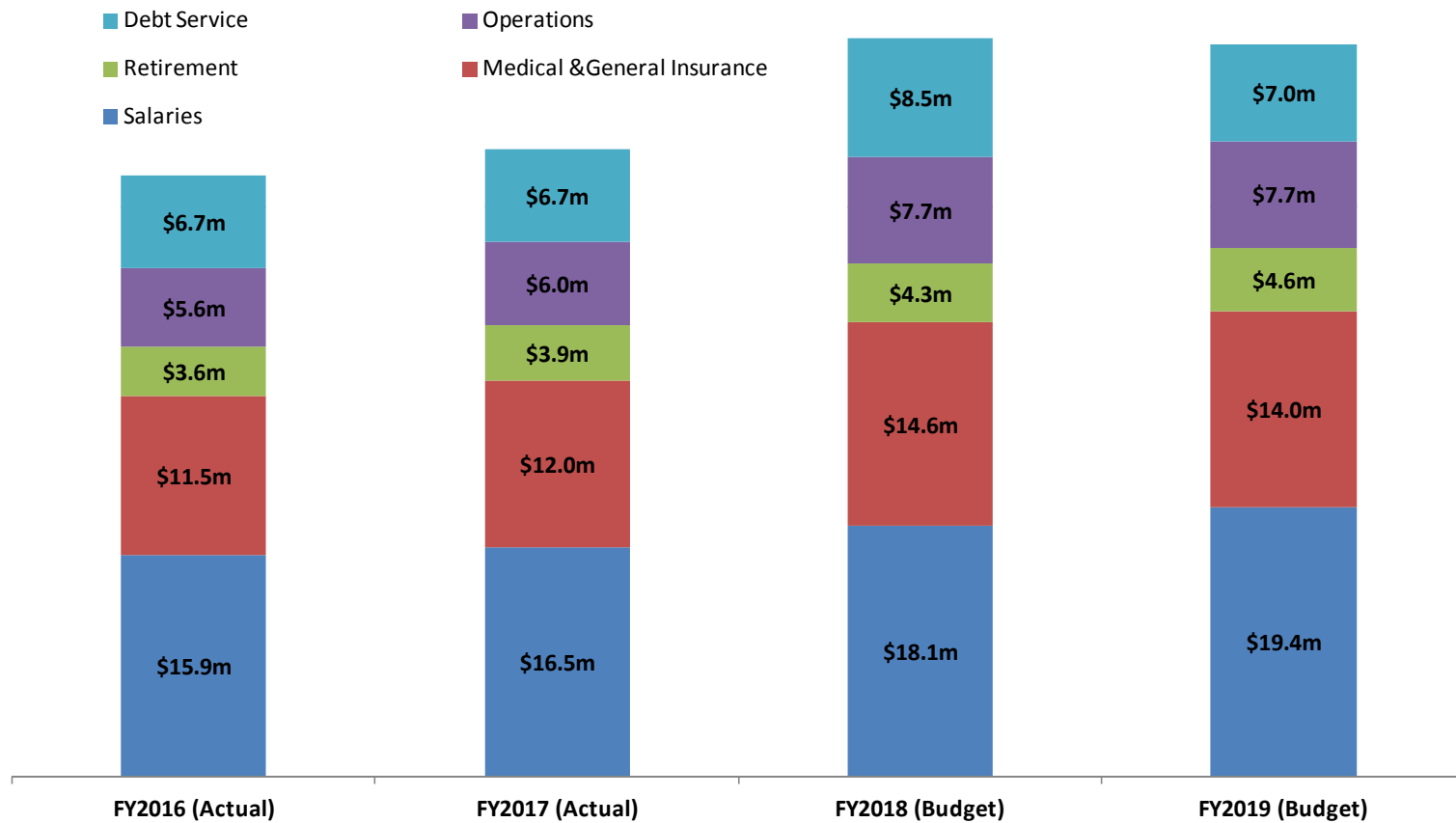
Next Steps

- December 19: Town Administration FY 2019 Budget presentation to School Committee
- January 3: Board of Selectmen public hearing; endorsement of recommended FY 2019 General Fund Budget
- January 8: Review of Recommended Budget with Finance Committee
- January 17: Review of Enterprise Fund Budgets and County with Board of Selectmen/County Commissioners
- Mid-January – mid-March: Finance Committee review of General Fund & Enterprise Fund budgets; other financial appropriations
- Tuesday, April 3: Annual Town Meeting (2018)

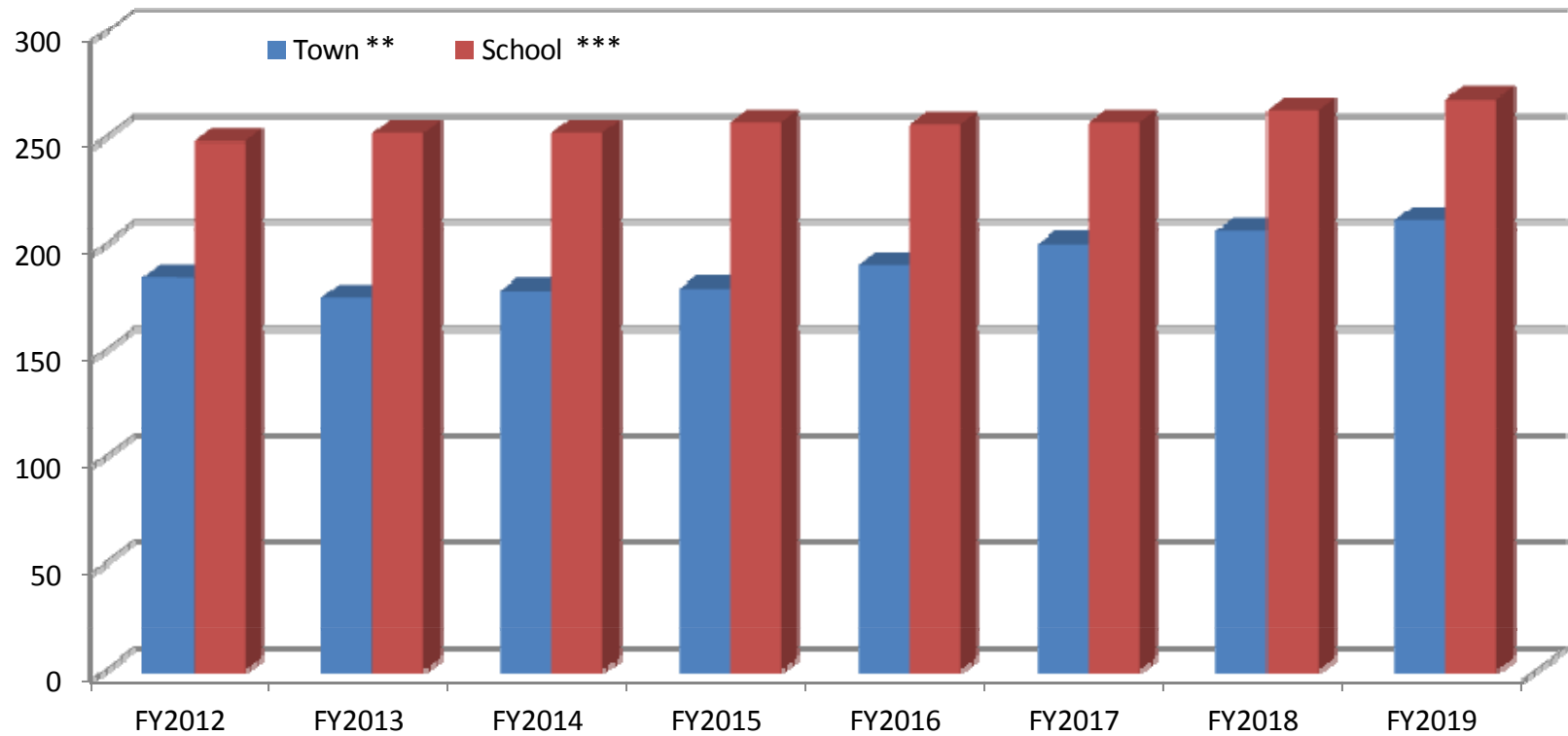
General Fund Revenue Breakdown FY 2014-FY 2019



Town Expense Breakdown FY 2016-FY 2019



General Fund Personnel History FY 2012-FY 2019



* Full Time Equivalent Calculation = 33-40 Hrs 1.0; 20-32 Hrs 0.50; Seasonal = 0.25

**For comparative purposes, Town Personnel History does not include Our Island Home

*** Education Personnel History includes Community School Employees

Appendix

FY 2019 Status of Capital Projects Requests General Fund

Department	Projects Submitted	Amount
Fire	Self Contained Breathing Apparatus (SCBA)	\$90,720
Police/Marine	Renovation Town Pier Office Bldg/Public Restrooms	\$3,450,000
DPW	Parks	\$50,000
DPW	Traffic Data Collection System	\$75,000
DPW	Multi-Use Paths	\$100,000
DPW	Massasoit Bridge - Engineering	\$250,000
DPW	Millies Bridge - Engineering	\$250,000
DPW	Upgrades and Renovations to Concessions	\$250,000
DPW	CCTV - Continuation of work begun in FY18	\$100,000
DPW	Vacon Truck (related to Stormwater)	\$350,000
DPW	Surfside Area Roads	\$534,800
DPW	Vehicle Replacements	\$830,000
DPW	Island-Wide Road Repair	\$1,000,000
DPW	Townwide Facility Repairs	\$1,000,000
DPW	Stormwater Improvements	\$3,500,000
DPW	DPW Garage	\$18,000,000
Transportation	Old South Corridor	\$15,000,000
Transportation	Bartlett/Surfside Roundabout	\$65,077
Transportation	Pleasant Street Sidewalk	\$452,000
Transportation	6 Fairgrounds Area Road	\$1,314,800
Transportation	4 Corners Intersection	\$109,155

FY 2019 Status of Capital Projects Requests General Fund cont'd

Department	Projects Submitted	Amount
IT/GIS	Server Virtualization	\$190,000
School	Playground	\$400,000
School	High School Vestibule	\$450,000
Total General Fund Capital		\$47,811,552
General Fund Capital Funding Sources		
	General Fund Debt Exclusion	\$38,950,000
	Free Cash	\$4,605,416
	Capital Exclusion	\$1,835,720
	Capital from Operating Budget	\$898,000
	Prior Year Capital Article Reappropriations	\$100,000
	AHTF	\$400,000
	State Grant	\$1,000,000
	Bond Premium Proceeds	\$22,416
Total other funding sources		\$47,811,552

FY 2019 Status of Capital Projects Requests Enterprise Funds

Enterprise Fund	Projects Submitted	Amount
Airport	Airport AIP Projects	\$6,260,000
Airport	Infrastructure Projects	\$2,723,000
Airport	Airport Amintenance and Equipment	\$482,000
Airport	Airport Security	\$50,000
	Subtotal Airport	\$9,515,000
Our Island Home	Supplemental Project Funding	\$625,000
	Subtotal OIH	\$625,000
Sewer	Pinevalley Pump Station	\$250,000
Sewer	Airport Rd Pump Station	\$250,000
Sewer	Pick-up Truck	\$60,000
Sewer	CMOM (Capacity/Maint/OPS/Management	\$2,000,000
Sewer	Town Water Main to Plant and Housing	\$1,000,000
Sewer	Building Foundaiton and Utilities	\$200,000
Sewer	Perimeter Fencing	\$1,000,000
Sewer	Sparks Ave, Sewer Rehab	\$500,000
Sewer	Replace Water Mains with WWCO	\$5,524,413
Sewer	Surfside Area Sewer Improvements	\$5,100,000
Sewer	Surfside WWTF Phase 2 Upgrades	\$1,100,000
Sewer	Replace Sewer Mains within WWCO project areas	\$3,421,700
Sewer	NatGrid L8 Feeder Project	\$1,035,000
Sewer	Jetties Beach Bathing Beach Road	\$451,150
	Subtotal Sewer	\$21,892,263

FY 2019 Status of Capital Projects Requests Enterprise Funds cont'd

Enterprise Fund	Projects Submitted	Amount
Solid Waste	Continuation of Landfill Mining (7th Year)	\$700,000
Solid Waste	MRF Cardboard Baler Replacement	\$300,000
Solid Waste	MRF Sorting Station Repairs	\$175,000
	Subtotal Solid Waste	\$1,175,000
Siasconset Water	Water Tank Maintenance	\$303,000
	Subtotal Siasconset Water	\$303,000
Wannacomet	Water Main Replacement	\$3,533,230
Wannacomet	Water Tank Replacement	\$658,000
	Subtotal Wannacomet Water	\$4,191,230
Enterprise Fund Capital Funding Sources:		\$37,701,493
	Borrowing Authorizations	\$23,749,113
	Airport AIP and State Grants	\$5,947,000
	Tax Revenue and Free Cash	\$700,000
	OIH Retained Earnings	\$625,000
	Sewer Retained Earnings and Operating Budget	\$1,711,150
	Solid Waste Retained Earnings	\$475,000
	Wannacomet Borrowings	\$4,191,230
	Sconset Borrowings	\$303,000
	Total Funding Sources	\$37,701,493

FY 2019 General Fund Budget Breakdown – Revenues

	Budget FY2018	Budget FY2019	\$ Change	% Change
<u>Tax Revenue Limitations</u>				
Levy Limit from Prior Year	\$ 68,716,742	\$ 71,686,428	\$ 2,969,686	4.3%
Add: 2 1/2 % increase	1,717,919	1,792,161	74,242	4.3%
Add: Prop 2.5% operating override	-	-	-	na
Add: new growth <i>estimate</i>	1,251,767	800,000	(451,767)	(36.1%)
Add: operating override	-	-	-	na
Levy Limit for Current Year	71,686,428	74,278,588	\$ 2,592,161	3.6%
Add: Debt Exclusion	7,689,196	6,691,602	(997,594)	
Maximum Allowable Levy for Current Year	\$ 79,375,624	\$ 80,970,190	\$ 1,594,567	2.0%
OVERLAY	(900,000)	(900,000)	-	-
Net available:	\$ 78,475,624	\$ 80,070,190	\$ 1,594,567	2.0%
State Aid	\$ 3,271,156	\$ 3,320,527	\$ 49,371	1.5%
Local Receipts:				
Motor Vehicle Excise	2,400,000	2,450,000	50,000	2.1%
Rooms and Meals Tax	3,920,000	3,850,000	(70,000)	(1.8%)
Licenses and Permits	1,500,000	1,479,100	(20,900)	(1.4%)
Local Receipts - All Other	2,742,720	2,534,680	(208,040)	(7.6%)
Total Local Receipts	10,562,720	10,313,780	(248,940)	(2.4%)
Total Revenue	\$ 92,309,500	\$ 93,704,497	\$ 1,394,998	1.5%
Other Sources				
Other Sources	65,000	-	(65,000)	(100.0%)
Free Cash Used	1,110,500	1,125,900	15,400	1.4%
Excess Overlay	-	-	-	
Total Revenue and Other Sources	\$ 93,485,000	\$ 94,830,397	\$ 1,345,398	1.4%
Total Expenses and Other Uses (budget reprogramming)	\$ 93,210,064	\$ 94,581,813	\$ 1,371,749	1.5%

FY 2019 General Fund Budget Breakdown – Expenses

	Budget FY2018	Budget FY2019	\$ Change	% Change
General Fund Operating Budget Items:				
Salaries - TOWN (includes allowance for collective bargaining)	\$ 17,716,373	\$ 18,905,100	\$ 1,188,727	6.7%
<i>Town Expense increase Requests- Salaries</i>	349,307	541,000	191,693	54.9%
Salaries - School (includes allowance for collective bargaining)	21,115,849	22,957,555	1,841,706	8.7%
<i>School Expense increase Requests- Salaries</i>	1,191,706	455,000	(736,706)	(61.8%)
Transfers to community school	400,000	450,000		
Subtotal Salaries	\$ 40,773,235	\$ 43,308,655	\$ 2,535,420	6.2%
Operating Expenses, Town:	6,375,051	6,970,863	595,812	9.3%
<i>+Town Expense Increase Requests-Operating</i>	1,180,500	571,900	(608,600)	(51.6%)
Operating Override - 2011 Mosquito Control	107,689	110,381	2,692	2.5%
Operating Expenses, School	4,976,793	5,179,087	202,294	4.1%
<i>+School Expense Increase Requests-Operating</i>	202,294	228,000	25,706	12.7%
Transfers to community school	65,000	-	(65,000)	(100.0%)
Subtotal Expense	\$ 12,907,327	\$ 13,060,231	\$ 152,904	1.2%
Group Medical Insurance- Active Employees	9,472,238	9,162,145	(310,093)	(3.3%)
Group Medical Insurance- Retired Employees	3,157,413	3,054,048	(103,364)	(3.3%)
General Insurance (all other insurance)	2,457,743	2,275,830	(181,913)	(7.4%)
Subtotal Insurance	\$ 15,087,393	\$ 14,492,023	\$ (595,370)	(3.9%)
Debt Service	\$ 8,522,421	\$ 7,016,501	\$ (1,505,920)	(17.7%)
Retirement	\$ 4,255,533	\$ 4,617,253	\$ 361,720	8.5%
Total General Fund Operating Budget Items	\$ 81,545,909	\$ 82,494,663	\$ 948,754	1.2%
Other Articles				
Unpaid Bills	20,000	20,000	-	-
Reserve Fund	500,000	500,000	-	-
Health and Human Services	400,000	450,000	50,000	12.5%
County Assessment	170,201	170,201	-	-
Other Post Employment Benefits (OPEB / GASB45)	500,000	500,000	-	-
Affordable Housing Trust Fund	500,000	800,000	300,000	60.0%
Capital				na
General Fund budgeted from revenue (Town Bylaw 11-12.1)				na
Town Capital (Non-Recurring)	435,150	449,000	13,850	3.2%
School Capital (Non-Recurring)	435,150	449,000	13,850	3.2%
Enterprise Fund Transfers				
Transfer to Enterprise Fund (Our Island Home - Beginning FY2011)	1,511,446	1,511,446	-	-
Add: Additional Subsidy from Free Cash (Our Island Hom	-	-	-	na
Transfer to Enterprise Fund (SWEF Operating Overrides 1999/2006)	3,394,033	3,478,863	84,830	2.5%
Add: Additional General Fund Subsidy to SWEF 2012-Forward	2,498,185	2,560,640	62,455	2.5%
Add: Additional General Fund Subsidy to SWEF-Landfill Mining	700,000	700,000	-	-
Total Other Article Appropriations	\$ 11,064,165	\$ 11,589,150	\$ 524,985	4.7%
Other Statutory Expenditures				
Overlay and other deficits	-	-	-	na
Cherry Sheet Offsets and Charges	486,000	498,000	12,000	2.5%
Total Appropriations and Other Statutory Expenditures	\$ 93,210,064	\$ 94,581,813	\$ 1,371,749	1.5%

Historical Information

Our Island Home

	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u> ⁽¹⁾	<u>FY2017</u>
General Fund Subsidy	\$ 2,261,560	\$ 2,295,000	\$ 2,267,598	\$ 2,295,000	\$ 2,762,535
Certified Retained Earnings	2,054,350	1,747,556	1,649,432	5,962,402	5,321,795
CPE Payment	1,798,751	1,017,038	1,690,143	5,204,549	1,324,207

Stabilization and Trust Funds

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Stabilization	\$3,740,988	\$4,776,308	\$4,834,733	\$5,044,535	\$5,053,411
Capital Stabilization	\$0	\$0	\$1,000,000	\$1,250,000	\$1,250,000
OPEB Trust Fund	\$250,111	\$248,522	\$765,994	\$1,341,213	\$1,903,825

Certified Free Cash

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Certified Free Cash	\$5,671,200	\$5,201,357	\$5,405,506	\$6,642,219	\$6,215,883

(1) CPE payment received in FY2016 represented two years of payments.