

**Town of Buckland, Massachusetts  
Budget Memorandum**

To: Citizens of the Town of Buckland  
From: Finance Committee  
Date: April 22, 2015  
Re: A discussion of the recommended Fiscal Year 2016 Town Budget

**SUMMARY**

The budget planning process was exceedingly difficult this year. We have some significant new, but ongoing expenses in the town's operating budget and the school budget. The school assessment also includes a new Pre-K program. To pay for these we had a tough choice: either ask the citizens to approve an over-ride to cover these increases, or make cuts in the town's operating budget in order to stay within our levy limit. Both the Finance Committee and the Select board struggled over deciding between these difficult options.

In the end, the Finance Committee recommended and the Select board has agreed to not request an over-ride vote to the budget. The cuts to make this happen come from the Buckland operating budget only. The following three areas had the most significant reductions, although there were either smaller cuts or reductions from requested increases in many areas of the budget:

**Reserve Fund:** a reduction of \$10,000 to \$20,000. This account provides funds in case we have under-budgeted in an area. Only once in the last five years have we needed more than \$20,000, although each year as we tighten our belts we have gone to the Reserve Fund more often.

**General Stabilization:** A reduction of \$53,742. This account will get no funding this year, the first time in many years. We have been putting money away for the new or renovated highway garage and currently have in excess of \$900,000 available.

**Police Stabilization:** A reduction of \$14,500. This account will get no funding this year, but should not affect the current schedule for future cruiser replacement

We believe we will be able to begin funding these two stabilization funds again in future years as long as we do not experience some unforeseen financial surprises.

As with last year, what weighed on us the most was the knowledge that in the years beyond fiscal year 2016 we will have a significant increase in our debt load from a new (or renovated) highway garage, from the rebuilding of roads destroyed by TS Irene and not funded by either MEMA or FEMA; from the much delayed and now necessary repairs to Mohawk, BSE and now Franklin Tech, and the potential "last mile" build out of internet access. Many of the recommendations we are making are done within the context of what the Town's financial status will look like in the coming years.

With that in mind, we present a budget that we think is fair to the citizens of Buckland while providing a decent level of service.

*Please note:*

*Fiscal Year 2016 (FY16) – the next budget year – July 1, 2015-June 30, 2016*

*Fiscal Year 2015 (FY15) – the last budget year – July 1, 2014 through June 30, 2015*

*Definition of terms (e.g. Free Cash) is appended to this Memorandum*

## **REVENUES**

New revenues are expected to be modestly higher for this coming year. (Please refer to the Buckland Fiscal Years 2014-2015 Revenue/Expense Analysis for details.) While both our real estate tax revenues and contributions from the State are up, new growth and local receipts income are down, albeit modestly. Our free cash continues to decline thus limiting our ability to save for future capital needs.

We continue to show the category of revenue called “revenues offset by specific expenses” which includes funds from stabilization accounts withdrawn to pay for specific capital items (e.g., trucks), borrowing for specific capital items (e.g., highway equipment) and debt exclusion amounts. We do this so as to more accurately indicate revenues available for expenditure for general town operations.

## **EXPENSES**

**Overall:** The combined Town and Schools budget is **increasing** by \$72,616 (1.8%) to \$4,203,750. A detailed explanation of the key budget changes follows. The discussion is organized by warrant article with references to the line item from the budget spreadsheet. Typically, we have limited our discussion to those line items that had at least a \$1,000 increase or decrease.

**Town Operating, Capital and Stabilization:** The proposed budget decreases Town expenses by -\$8,348 (-0.4%) to \$2,025,259. We will discuss the primary reasons for this change below, a majority of this is a reduction in capital expenditures.

**Article Four: Elected Officials Salary. Increase** (lines 1, 2, 13, 27, 61, 87):

The overall increase of \$656 to \$46,166 (+1.4%). The increase is due to salary adjustments resulting from the town-wide wage analysis. An effective COLA increase of 2.0% has been recommended for the Town Clerk comparable to the COLA increase for Town Employees. The other elected officials’ stipends are level-funded. The Finance Committee recommends approval of this article.

**Article Five: Town Operating Budgets. Increase.**

The Finance Committee is recommending approval of \$1,829,943, an increase of \$78,247 (+4.5%) over FY 15. Significant changes are highlighted below. The Finance Committee recommends approval of this article.

- **General Government Salaries (line 6): Increase.** An increase of \$2,760 to \$166,882 (+1.7%). This includes a 2.0% COLA and reflects adjustments made during this fiscal year to several positions based on job responsibility reviews and external wage analysis.
- **Salary Adjustments (line 7): Deleted.** See General Salaries above. A review of Town employee compensation and job classifications was completed last year in FY15 and there were a number of upward adjustments made.
- **Reserve Fund (Line 10):** a decrease of \$10,000 (-33.3%) made in order bring the budget in under the levy limit.
- **Town Clerk Expense (line 29):** An increase of \$1,240 to \$3,000 (+70.5%). This increase is to provide funds for an Assistant Clerk to partially cover the office during the Clerk's vacation and during any illness.
- **Conservation Commission Expense (line 33):** An increase of \$1,500 to \$1,700 (+75%). There are two expenses that are driving this increase: the need to provide training to the new members of the commission and the need, now, to pay for consulting services that have been previously donated. We have been incredibly fortunate to have the expertise of member John Organ over the years, but that, sadly, is coming to an end.
- **Boards Clerk (line 37): New** for \$2,160. We have several boards who need assistance taking accurate meeting minutes (Zoning Board of Appeals, Planning Board, Board of Health, and Conservation Committee).
- **Town Hall Expenses (line 41):** An increase of \$1,015 to \$19,500 (+5.5%). This is primarily to cover the increase in electricity costs.
- **Town Communications/IT (line 44):** An increase of \$2,550 to \$12,000 (+27%). Half of the increase is for technology support and half is an increase in the computer and telephone costs.
- **Insurance and Bonds (line 45):** An increase of \$3,000 to \$48,000 (+6.7%). We are expecting our renewals to come in higher for next year.
- **FRCOG Statutory Assessment (line 48):** decrease of \$6,438 to \$860 (-88.2%). This was an involuntary assessment for the Franklin Regional Retirement System's past unfunded liability and other retiree costs. Due to legislation that moved the cost of FRCOG staff from the former County system to the State, this is greatly reduced. There will be very small assessments in the future to be part of the state system.
- **FRCOG Core Assessment (line 49):** An increase of \$3,572 to \$12,730 (+39%). The increase includes a large contribution towards unfunded other post-employment benefits (OPEB) liability for future retiree health insurance benefits, increased health insurance costs, salary adjustments and a 1% COLA increase.
- **Police Salaries (line 50):** An increase of \$5,798 to \$152,053 (+3.8%). This represents an effective COLA increase of 2.0% with other compensation adjustments due to overtime and longevity.
- **Police Expense (line 53):** A decrease of \$1,098 to \$27,747 (-3.8%) due primarily to the reduced cost of fuel for the cruisers. There are also some additional savings in the communications area.

- **Town Hall Emergency Improvements** (line 57): Elimination. One-time expense last year of \$1,000 for a generator connection.
- **Highway Salaries** (line 66): An increase of \$2,203 to \$143,051 (+1.5%). This includes a 2.0% COLA increase plus adjustments to several positions.
- **Winter Roads Salary** (line 71): An increase of \$1,422 to \$80,875 (+1.8%). This includes a 2.0% COLA increase plus adjustments to several positions.
- **Town Garage Expense** (line 74): Increase of \$22,710 to \$35,060 (+183.9%) due to new heating costs. One condition of the lease of the new space is that we keep the building warm enough to prevent freezing and damage to the Mayhew equipment that is stored there. We are working to mitigate this expense, but this was not anticipated.
- **Town Garage Rental Expense** (line 76): **New.** \$60,000. This large expense will become a capital item, if and when we have a permanent facility. While a new expense, this was the winter to have our equipment under cover.
- **Wired West** (line 85): Decrease of \$1,000. We are not funding this year. The town is negotiating with MBI (Mass Broadband Institute) directly.
- **Senior Center** (line 90): Increase of \$3,511 to \$47,628 (+8.0%). The overall Senior Center budget increased 4.8%. Buckland's assessment has gone up because our 5-year average usage of services has increased since more of our citizens are attending more programs. Part of the 4.8% increase is due to an extra pay period falling in this fiscal year while the overall salary increase was 2.6%. The other increase was in electric utility costs.
- **Buckland Public Library** (line 94): An increase of \$1,615 to \$38,395 (+4.2%). This is due to a need for increased substitute coverage for vacation and to small increases in electricity and books.
- **Recreation Facility Manager** (line 96): An increase of \$2,500 to \$7,500 (+50%). The increase covers a small salary adjustment for the manager and a fee for the Certified Pool Operator, Dan Fleuriel (from WWTF) who has been retained as our CPO (after volunteering last summer). The quality of the pool water has improved immensely as has attendance.
- **Recreation Facility Maintenance** (line 97): An increase of \$1,400 to \$9,000 (+18.4%). This is due to the need to paint the pool every few years until a permanent solution is presented by the Recreation Committee. There are also small increases in electricity and water testing costs.
- **Landfill Capping** (line 103): An increase of \$1,454 to \$41,096 (+3.7%). During each of the last five years of this loan, the principal payment will increase and the interest payment will drop significantly. Our last payment will be due in FY19.
- **Interest Short Term** (line 104): A decrease of \$7,000 to \$6,000 (-53.8%). This is a result of decreasing our TS Irene short term borrowing.
- **Interest Long Term** (line 105): A decrease of \$2,000 to \$20,000 (-9.1%) The decrease is largely the result of the structure of borrowing for the land fill capping.

● **Massachusetts Unemployment Insurance** (line 107): An increase of \$1,100 to \$2,850 (+62.9%). We have had some turnover in the Highway Department which resulted in this increase.

● **Employee Health and Life Insurance** (line 108): An increase of \$12,098 to \$129,598 (+10.3%). Changes and additions in coverage.

● **Retiree Health/Life Insurance** (line 109): A decrease of \$3,589 to \$14,602 (-19.7%). One of our retirees left the health plan.

● **Police Technology** (line 121): Unfunded. Savings of \$10,000 due to state grants received to cover in-cruiser cameras.

**Article Six: Special Line Items** (lines 15, 16, 21, 38, 101): **Decrease** of \$7,850 to \$16,200 (-32.6%). The Finance Committee recommends approval of this article.

**Audit Town Books** (line 38): Elimination. A savings of \$8,000. We have just completed the FY2013 audit and there is a balance of \$33,000 in this account. We have sufficient funds to cover the cost of the FY15 audit after June 30<sup>th</sup>. *These line items are the only ones other than stabilization accounts that can carry forward unspent funds into the next year.*

#### **A note about the school budget**

The Selectmen have separated the school district operating budget assessment into two warrant articles. The next two articles combined represent our certified assessment for the Mohawk K-12 School District. Article 8 represents the town's allocated costs for the new pre-school program. Article 7 represents our remaining costs for the school operating budget. Please refer to the memo from our School Committee representatives.

**Article Seven: Mohawk K-12 School District Operating Assessment** (line 63): **Increase** of \$28,720 (+1.5%) to \$1,953,157. The Finance Committee takes no position on this article.

**Article Eight: Mohawk K-12 School District Pre-school Education Assessment** (line 63a): **New** \$45,557 to fund a free, half-day pre-school to all district students. The Finance Committee takes no position on this article.

**Article Nine: Mohawk K-12 School District Capital Assessment** (line 64): **Decrease** of \$20,367 to \$34,976 (-36.8%). This includes the bond for major renovations done a number of years ago as well as the new windows and roofs. The Finance Committee recommends approval of this article.

**Article Twelve: Mohawk Trail Regional Middle and High School request to borrow a sum not to exceed \$250,700.** This borrowing will allow for significant deferred maintenance issues to be addressed. The cost to Buckland would be about \$11,000 per year for five years. The cost of this borrowing will not have an impact on Buckland's budget until FY'17. The Finance Committee recommends approval of this article.

**Article Thirteen: Request by the Mohawk K-12 district to borrow a sum not to exceed \$90,000 for the purchase of one school bus.** The cost to Buckland would be about

\$3,900/yr for a 5-year loan This would replace one (a 2002 model) of three buses owned by the district which are used almost daily in the spring and fall for field trips and athletic games. While there are two buses that are in good shape, replacing this third bus would prevent the need for sub-contracting bus use at a much higher rate. The cost of this borrowing will not have an impact on Buckland's budget until FY'17. The Finance Committee recommends approval of this article (not unanimous).

**Article Fourteen: Request by the Mohawk K-12 district to borrow a sum not to exceed \$734,532 for repair of Buckland Shelburne Elementary School.** The cost to Buckland would be about \$43,000 a year if the borrowing is for ten years, and about twice as much per year if we borrow for five years, although the overall borrowing would be less. The Finance Committee recommends a 10-year loan. The cost of this borrowing will not have an impact on Buckland's budget until FY'17. The Finance Committee recommends approval of this article.

**Article Sixteen: Franklin County Technical School Operating Assessment (line 65): Increase.** \$27,054 to \$144,801 (+23.0%). The total operating budget did not increase, however other sources of revenue traditionally tapped to help balance the budget are now depleted. This results in an overall assessment increase to the towns of 5%. Buckland also experienced an increase in enrollment to the Tech school. The Finance Committee recommends approval of this article.

**Article Seventeen: Operation and Maintenance of the Shelburne Falls Wastewater Treatment Facility (Enterprise Fund) (lines 131 - 149): Increase.** An increase of \$8,840 to \$237,683 (+4%). This is an enterprise fund operation and only the users of the facility are assessed for its costs through user fees. Nevertheless, the Town of Buckland is charged with the financial and operational oversight of this plant. Most of the increase is due to salary adjustments and operating expenses. The Finance Committee recommends approval of this article.

**Article Eighteen: Capital and/or Debt Expenses for the Shelburne Falls Wastewater Treatment Facility (Enterprise Fund) (lines 152 and 153): No Change.** In FY16 there is a request for \$5,000, the same as in prior years, for capital projects, primarily sewer upgrades. The Finance Committee recommends approval of this article.

**Article Nineteen: Wastewater Treatment Facility Bylaw** - These are changes to the bylaws for the sewer district, an enterprise fund. There is a small financial change in permit fees which go to the Town. The Finance Committee recommends approval of this article.

**Article Twenty: Highway Road Repaving (line 127): Increase.** An increase of \$40,000 to \$70,000 (+133.3%). These funds are targeted to repair Bray Road, and will also require use of Chap. 90 funds. The Finance Committee recommends approval of this article and that \$64,755 of the amount be funded with free cash.

**Article Twenty-One: Highway Facility (line 128): No Change.** \$10,000 for engineering studies and permits. The Finance Committee recommends approval of this article.

**Article Twenty-Two: Authorizing various revolving funds.** The Finance Committee recommends approval of this article.

**Article Twenty-Three: Town Capital/Stabilization Accounts (lines 112 -130): Decrease.** A decrease to \$53,000. The Finance Committee recommends approval of this article.

- **Highway Department Equipment Stabilization Fund (line 113): No Change.** \$35,000. The Finance Committee recommends approval of this article and that this account be funded from Free Cash.
- **Technology Stabilization Fund (line 115): No change.** \$3,000 The Finance Committee recommends approval of this article and that the account be funded from Free Cash.
- **Town Property Repairs and Maintenance (line 119):** Decrease of \$5,000 to \$15,000. After much discussion we agree with the recommendation of the Town Administrator to begin annual funding of repair and deferred maintenance to town properties. The Finance Committee has requested a Master Plan be developed (similar to the plan developed for the schools) so we can prioritize and plan for our buildings' upkeep. This year funds will be used on completing the town hall renovations.

**Article Twenty-four.** This article authorizes the Select Board to enter into a five-year contract with the Massachusetts DEP and Waste Management Recycle America, LLC or take any action thereto. The Finance Committee recommends approval of these articles.

**Articles Twenty-four, Twenty-five, Twenty-six, Twenty-seven and Twenty-eight.** These articles authorize the Select Board and Sewer Commissioners to carry on their regular duties. The Finance Committee recommends approval of these articles.