

Town of Buckland, Massachusetts
Budget Memorandum

To: Board of Selectmen and Citizens of the Town of Buckland
From: Finance Committee
Date: April 22, 2013
Re: A discussion of the recommended Fiscal Year 2014 Town Budget

SUMMARY

After many years of holding our expenses to a bare minimum, we are finding that there are very few areas where savings can be found and more areas where we need to invest in order to provide the services the citizens need. Our revenues are up, but so are our expenses. The net result is an increase of an estimated 3.0% in the final levy - or an estimated \$58 on each \$100,000 of property value.

Please note:

Fiscal Year 2014 (FY14) – the next budget year – July 1, 2013 through June 30, 2014

Fiscal Year 2013 (FY13) – the current budget year – July 1, 2012 through June 30, 2013

Fiscal Year 2012 (FY12) – the last budget year – July 1, 2011 through June 30, 2012

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

REVENUES

Revenues are expected to increase this coming year. We are projecting that the contribution from the State will be increased by 7.7% (\$22,692) to \$318,282. On the other hand we are keeping our local receipts estimate of \$215,000, the same amount as in FY2013. Local receipts include all non-real estate revenues, such as excise taxes, fees and fines. A significant contributor to our “revenues” is an increase in Free Cash over last year and the use of savings from our stabilization funds to offset the cost of new vehicle purchases. In all, Revenues, including borrowing (for the highway truck) and the use of stabilization funds is expected to increase by \$433,437 or 11.3% to \$4,280,805.

EXPENSES

Overall: The combined Town and Schools budget is increasing by \$397,861 to \$4,196,649 or 10.5%. A detailed explanation of the key budget changes follows.

Town Operating, Capital and Stabilization: The proposed budget increases Town expenses by \$315,756 or 17.2% to \$2,148,547. We will discuss the primary reasons for this change below. The discussion is organized by warrant article with references to the line item from the budget spreadsheet. We have limited our discussion to those line items that had a \$1,000 increase or decrease, although we are prepared to discuss any expense at Town Meeting.

Article Four: Elected Officials Salary. Increase (lines 1, 2, 12 27, 59, 83):

A COLA increase of 1.9% has been recommended for the Town Clerk comparable to the COLA increase for Town Employees. The other elected officials' stipends are level-funded, thus the overall increase is 1.3% to a total of \$43,523. The Finance Committee recommends approval of this article.

Article Five: Town Operating Budgets. Increase.

The Finance Committee is recommending approval of \$1,599,234, an increase of \$90,041 (6%) over FY 13. Significant changes are highlighted below. The Finance Committee recommends approval of this article.

- **Salaries** (lines 6, 49, 64, 69, 74, 92): Increase. An increase of \$16,492 to \$478,480. The Board of Selectmen has voted to award all employees a COLA of 1.9%. In addition, the Assessor's Clerk's hours have been permanently increased from 20 hours to 28 hours per week.
- **Assessors Projects Expense** (line 17): Elimination. This expense was added to the budget to give time to the Assessors Clerk to complete the digitization of records project. That project is nearly done, but the Assessors have requested that these 4 hours a week be made permanent. They have also requested an additional 4 hours a week be added. The Assessors have made this request for several years and on analysis, The Finance Committee now supports these requests.
- **Election Expense** (line 30): A decrease of \$3,500 (-46.7%) to \$4,000 because there is no national elections this fiscal year.
- **Insurance & Bonds** (line 44): An increase of \$2,000 to \$44,000 (+4.8%). After several years of being conservative in this line we dropped the budgeted amount last year and have found we were too aggressive. We are still below the amount budget several years ago.
- **FRCOG Statutory Assessment** (line 47): An increase of \$1,221 to \$6,627 (22.6%). This is an involuntary assessment for the Franklin Regional Retirement System's unfunded liability and other retiree costs. The FRCOG is using \$45,000 of its free cash to lessen the impact of this assessment to towns and is seeking legislation that could significantly reduce this assessment by FY15.
- **Police Expense** (line 52): An increase of \$2,040 (7.3%) to \$29,890 nearly all of which is in the amount and cost of fuel for the cruisers. In replacing the oldest cruiser in FY14, emphasis will be placed on enhanced fuel efficiency.

- **Highway Supplies** (line 65): An increase of \$5,000 to \$50,000 (+11.1%) primarily because of the increase in the cost of hot and cold patch.
- **Temporary Help** (line 68): An increase of \$29,800 to \$38,400 for summer help in various brush clearing/road work and replacement workers for the crew who can only take vacation time during summer months. This is the upper end of the expense and would be reached only if the hired persons have the desired equipment licenses. The town had success in using temporary help last year in road improvement and we would like to get more roads repaired this year.
- **CDBG Matching Funds** (line 81): An increase from zero to \$12,500 (100%). In the year we are finishing we asked for a hardship exemption from this match because of the amount of damage the Town sustained from TS Irene and the costs to repair that damage. We do not have that option this year, so this expense must go back into our budget.
- **FRCOG Regional Health Program** (line 84): Increased. The Board of Health has now moved all of our required services to the joint program at an increased cost of \$3,302 to \$11,194. It is believed by our BOH that they, as individuals, were not able to handle the increased regulation and reporting requirements now in place. This is partially offset by users fees, but these fees will never fully cover this expense.
- **Buckland Library Expense** (line 90): An increase of \$2,265 to \$31,654 or 7.7%. The operating budget of the Library is unchanged. All of the increase is caused by a salary adjustment to the librarian that was requested by the Trustees of the Library and supported by both the Selectboard and the Finance Committee.
- **Arms Library** (line 91): An increase of \$2,111 to \$19,311 (12.3%). This year we are playing some catch-up, as we had no increase in this requested budget last year. The budget includes an increase in the number of hours for the Assistant Librarian (by 2 hours a week), a 2.5% COLA for all employees and a 5% increase in the operating budget. While this may seem like an excessive increase, no single operating expense in their budget is at all unreasonable. The biggest increase is in supplies/postage of \$600 that only brings it back up to the budgeted amount for 2012. The Finance Committee supports their budgeted request.
- **Recreation Facility Maintenance** (line 93): A decrease of \$1,800 (-19.1%) to \$7,600. All of this decrease is for the cost of the paint that was purchased last year for repainting the pool. The useful life of the pool is coming to an end and the Recreation Committee and Town

Administration are beginning the process of looking at alternative plans for the Rec Area.

- **County Retirement** (line 107): An increase of \$6,913 (8.7%) to \$86,152. This is our assessment. It is driven by the investment results of the Fund and the current interest rate environment as we had no changes in participation during the year.
- **Massachusetts Unemployment Insurance** (line 108): A decrease of \$1,600 (-65.3%) to \$850. This expense is based on our experience, and lately we have had very stable employee experience.
- **Employee Health and Life Insurance** (line 109): An increase of \$17,544 to \$93,646 (23.1%). We have had no increase in premium rates for three years. This increase is wholly caused by a change in employee elected coverage.
- **Landfill Capping** (line 112): Last year we had a decrease of \$8,026. This year we have an increase of \$11,124 to \$37,424 that includes a doubling of our principal payment. The principal payment will remain high for the last five years of the loan.
- **Interest Long Term** (line 114): Last year we had an increase of \$8,522 (33%) to \$34,353 all of which was attributed to a one-time double interest payment due on the Landfill Capping loan amortization. This year we enjoy a decrease of \$10,872 to \$23,481 (-31.6%) that is driven by the reduction in payments for the Landfill.
- **Interest Short Term** (line 115): A decrease of \$7,043 to \$16,716 (29.6%). We have received some reimbursement from FEMA that we used to pay off one of our short-term loans, hence the reduction in interest payments.
- **Police Video & Technology** (line 118): New. \$3,500 This expense category will be ongoing as the Police Department upgrades its in vehicle technology (computers and dash-board cameras). We believe that technology is changing rapidly in this area and have approved this account to upgrade technology as needed.

Article Six: Special Line Items: Increase (lines 14, 15, 21, 37, 97): This article is up a modest \$200 to \$23,750. The software for our tax-mapping program increased while all other areas remained unchanged. The Finance Committee recommends approval of this Article.

Article Seven: Mohawk K-12 School District Operating Assessment (line 61): **Increase.** An increase of \$50,619 to \$1,821,703 or 2.9%. The Finance Committee does not support this Article. Originally, the Mohawk Administration and the Budget Subcommittee of the Mohawk School Committee recommended a budget that was \$80,000 lower than that finally approved by the full School Committee.

We can and would support that original budget recommendation, which would have resulted in a total assessment of \$1,805,366 to the town, or \$16,336 less than that requested in this Article. The impact of that extra assessment on our Town budget would be to raise our tax rate by about 0.5%. Because we must budget assuming the Mohawk Assessment remains at the higher number, we have decided to pay for it by increasing our borrowing for the truck. This is not an optimum solution, but it is either borrow more or reduce our summer highway help that will put us even further behind on the repair of our roads. The Finance Committee **does not** recommend approval of this article.

Article Eight: Mohawk K-12 School District Capital Assessment (line 62): Increase. An increase of \$37,354 to \$63,843 (+141%). The new roofs and windows at BSE and Mohawk came in on time and under budget! The bond was placed at very favorable rates. The Finance Committee recommends approval of this article.

Article Nine: Franklin County Technical School Operating Assessment (line 63): Decrease. Our Assessment for Franklin Tech is decreasing by \$5,868 or -3.5% to \$162,556. The overall Franklin Tech budget increases by 2.5% over last year. The decrease for Buckland is the result of fewer students from our town attending FCTS while the overall student population at FCTS increased thus creating a reduction in our share of the budget. The Finance Committee recommends approval of this article.

Article Ten: Operation and Maintenance of the Shelburne Falls Wastewater Treatment Facility (Enterprise Fund) (lines 124 - 142): Increase. An increase of \$7,981 (3.7%) to \$221,333. Following the recommendation of the Sewer Commissioners of Shelburne and Buckland, the Finance Committee approved the Operation and Maintenance budget of the Wastewater Treatment Plant. The majority of the increase in the budget was for plant repairs (\$3,000) and operation and maintenance expense (\$2,000). 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. The Finance Committee recommends approval of this article.

Article Eleven: Capital and/or Debt Expenses for the Shelburne Falls Wastewater Treatment Facility (Enterprise Fund) (lines 143-146): Decrease. A reduction of \$2,460 (-7.6%) to \$30,000. The outstanding debt of \$27,460 was paid during FY13 providing significant savings. In FY14 there is a request for \$5,000, the same as this year, for capital projects, primarily sewer upgrades and \$25,000

for Reed Bed Maintenance. The Finance Committee recommends approval of this article.

Article Twelve: Shelburne Falls Area Partnership (line 38): **Increase:** After many years of no increases, the SFAP is requesting a \$2,000 increase in our support to \$7,000 (or 40%). We believe the Town has benefited by their efforts on our behalf.

Article Thirteen: Preservation of Town Record Books (line 121): **No Change.** We recommend that the Town Clerk continue the work of preserving our vital records. The Finance Committee recommends approval of this article.

Article Fourteen: Road Repair and Repaving (line 122): **No Change.** The highway department has requested \$30,000 for this account. The Finance Committee recommends approval of this article.

Article Fifteen: Public Works Facility (line 123): **No Change.** Again this year, \$10,000 has been requested to cover various costs as we negotiate for a potential site for the Town's highway department. The Finance Committee recommends approval of this article.

Article Sixteen and Seventeen: Authorizing various revolving funds. The Finance Committee recommends approval of this article.

Article Eighteen: Police Department Equipment Stabilization Fund (line 99): **Increase.** We are recommending we increase this fund by \$500 to \$14,500. Looking forward to our planned replacement schedule, this will allow us to avoid borrowing on the purchase of our next replacement cruiser that we recommend for FY14. The Finance Committee recommends approval of this article and that this account be funded from Free Cash.

Article Nineteen: Highway Department Equipment Stabilization Fund (line 100): **Increase.** We are recommending that the Town increase the annual funding by \$5,000 to \$35,000 per year. As the cost of highway equipment is significant, it remains our goal to try to save as much as possible for replacements in order to minimize borrowing. The Finance Committee recommends approval of this article and that this account be funded from Free Cash.

Article Twenty: Elections Equipment Stabilization Fund (line 101): **Decrease.** A decrease of \$2,000 (-66.7%) to \$1,000. The Clerk believes we are close to having sufficient funds in the account to purchase replacement equipment. The Finance Committee recommends approval of this article and that this account be funded from Free Cash.

Article Twenty-One: Technology Stabilization Fund (line 103): No Change. The Finance Committee recommends approval of this article and this account be funded from Free Cash.

Article Twenty-Two: General Stabilization Fund (line 102): Increase. An increase of \$29,040 to \$187,040 (18.4%). The Finance Committee recommends approval of this article and this account be funded by using \$163,040 from Free Cash and to raise and appropriate \$24,000.

Article Twenty-Three: Emergency Management Stabilization Account (line 104) New Account. Increase. \$1,000. The Finance Committee approves the request that we establish a new stabilization account for future equipment purchases for our emergency management activities. To be funded from Free Cash. The Finance Committee recommends approval of this article and that this account be funded from Free Cash.

Article Twenty-Four: Purchase of new Police Vehicle (line 117): New. \$35,000 to purchase a new cruiser to replace the 2004 Crown Vic with over 110,000 miles. The cost includes updated equipment, decal/lettering as well as swapping equipment that is still in good order. The Finance Committee recommends approval of this article and that this expense be funded by using \$32,200 from the Police Stabilization Account and to raise and appropriate the remaining \$2,800.

Article Twenty-Five: Purchase of a new Highway Truck (line 119): New. \$158,000 is budgeted to purchase a new single axle Dump Truck with an all-season body, 11' power-reversing snowplow, and 11' fully hydraulic patrol wing system to replace the 1995 Chevrolet Dump Truck that is in extremely bad condition. The Finance Committee recommends approval of this article and that this expense be funded by using \$98,000 from the Highway Stabilization Account and to borrow the remaining \$60,000.