

Town of Buckland, Massachusetts
Budget Memorandum

To: Board of Selectmen and Citizens of the Town of Buckland
From: Finance Committee
Date: April 28, 2014
Re: A discussion of the recommended Fiscal Year 2015 Town Budget

SUMMARY

Putting together this year's budget has been an unusual challenge. This budget is rather straightforward, but not without some difficult choices. What weighed on us the most was the knowledge that in the years beyond fiscal year 2015 we will have a significant increase in our debt load from a new highway garage (either the proposed or another); from the rebuilding of roads destroyed by TS Irene and not funded by either MEMA or FEMA; and from the much delayed and now necessary repairs to our schools. 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 2015 (FY15) – the next budget year – July 1, 2014 through June 30, 2015

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

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

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

REVENUES

New revenues are expected to be slightly down 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, other sources of income are down, some significantly. A big drag to our "revenues" is a decrease in available Free Cash of almost \$108,000 compared to last year.

We have created a new category of revenue called "revenues offset by specific expenses" which includes funds from stabilization accounts withdrawn to pay for specific capital items (e.g., trucks), borrowing for specific capital items (e.g., highway equipment) and debt exclusion amounts.

EXPENSES

Overall: The combined Town and Schools budget is **decreasing** by \$64,231 to \$4,131,134 or -1.5% A detailed explanation of the key budget changes follows.

Town Operating, Capital and Stabilization: The proposed budget decreases Town expenses by \$113,656 or -5.3% to \$2,033,607. 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. Typically, 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, 13, 28, 61, 86):

A COLA increase of 2.5% 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 1.8%, yielding a total of \$44,294. The Finance Committee recommends approval of this article.

Article Five: Town Operating Budgets. Increase.

The Finance Committee is recommending approval of \$1,744,021, an increase of \$133,225 (+8.3%) over FY 14. Significant changes are highlighted below. The Finance Committee recommends approval of this article.

- **General Government Salaries** (line 5): Increase. An increase of \$4,023 (+2.6%) to \$156,053. The Board of Selectmen has voted to award all employees a COLA of 2.5%.
- **Salary Adjustments** (line 7): **New. \$30,000.** A review of Town employee compensation and job classifications is being undertaken. It is anticipated that there will be some adjustments. The Selectmen have asked that this amount be set aside for potential increases.
- **FRCOG Accounting Services** (line 11): An increase of \$2,661 (+15.0%) to \$20,379. This is Buckland's share of the cost of increasing the accounting staff by one full-time person. FRCOG had found that the staff was just too thin, allowing no room for sick time or vacation time and requiring a significant amount of over time at year-end. It is also hoped that this will help retain qualified staff.
- **Election Expense** (line 31): An increase of \$3,000 to \$7,000 because of an increase in the number of elections (two state elections) and the potential for a special town vote.
- **Town Communications** (line 44): **New/consolidation.** \$9,450. Lines 24, 42, 43 are being eliminated by merging into line 44. The town is merging communication expenses into one line item for efficiency and improved management. At the same time we are upgrading the technology as discussed in Article 28. Communications include telephone, Internet, Blackboard Connect and web expenses for all town departments.
- **Town Hall Repairs and Maintenance** (line 45): **New.** \$20,000. After much discussion we agree with the recommendation of the Town Administrator to begin annual funding of repair and deferred maintenance to town hall. 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.

- Insurance and Bonds** (line 46): An increase of \$1,000 to \$45,000 (+2.3%). We are expecting our renewals to come in slightly higher for next year.
- FRCOG Statutory Assessment** (line 49): An increase of \$671 to \$7,298 (+10.1%). This is an involuntary assessment for the Franklin Regional Retirement System's unfunded liability and other retiree costs. The FRCOG is seeking legislation that could significantly reduce this assessment after FY15.
- Police Salaries** (line 51): An increase of \$9,961 (+7.3%) to \$146,255. This is a result of three factors: 1) A change in personnel that resulted in a change in annual salary; 2) A 2.5% COLA increase for all town personnel; and 3) An additional 25 part-time shifts were approved to provide improved coverage.
- Police Building Maintenance** (line 53): An increase of \$2,200 (+24.4%). More funds (\$1,000) have been allocated to cover an anticipated increase in heating costs. There has also been an increase in funding for additional repairs and maintenance of the building. A master plan for the ongoing maintenance of the police building and the Town Hall will be created to address prioritization and planning for future needs.
- Police Expense** (line 54): A decrease of \$1,045 (-3.5%) primarily reflecting the removal of telephone and internet items from the police budget. (These items have been consolidated along with other town communications into Town Communications - line 44).
- Emergency Management Expense** (line 57): A decrease of \$1,505 (-41.7%) Blackboard Connect has been consolidated into the Town Hall Communications & Technology line.
- Highway Salaries** (line 66) and **Temporary Help** (line 70): A decrease of \$8,812 to \$135,752 (-6.1%). The elimination of Temporary Help offsets the salary for a proposed new full-time highway worker. The town seeks to hire an individual with the requisite equipment licenses for increased efficiency in highway services and operations. This hire will bring us up to 2005 staffing levels.
- Road machinery** (line 68) and **Contracted Equipment** (line 69): Combining Accounts. Net no change. These two line items are being combined with the elimination of contracted equipment.
- Temporary Help** (line 70): Eliminated (see discussion of Highway Salaries, above).
- Winter Roads Salary** (line 71): Increase. An increase of \$16,701 (+27.7%) to \$76,943. Some of this increase is offset by the elimination of Temporary Help. (See discussion of Highway Salaries, above.)
- Winter Roads Expense** (line 72): An increase of \$5,000 to \$130,000 (+4%). After reviewing the three-year average of this line, we felt it prudent to increase the account. This year we are over budget by \$35,000. We will continue to track and assess this line after each winter.
- Town Garage Expense** (line 74) and **Town Garage Maintenance** (line 75): Net no change as Town Garage Maintenance is being merged into Garage Expense.
- FRCOG Regional Health Program** (line 87): Increased by \$2,351 to \$13,545 (+21%). The Board of Health moved all of our mandated public health services

to the joint FRCOG Cooperative Health District two years ago. Buckland now uses all of the services provided by this regional program including camp, housing and retail food inspections; well and septic permitting and compliance; vaccination and flu clinics; infectious disease investigation; and wellness education and health screenings. The cost is partially offset by user fees, but these fees will never fully cover this expense. The 10 member towns share the cost of the program based on individual town use. Buckland has been using more of these services.

•**Senior Center** (line 89): Increased by \$4,651 to \$44,117 (+11.8%). The overall Senior Center budget has not changed over last year. Buckland's assessment has gone up because our 5-year average usage of Senior Center services has increased as more of our citizens are attending more programs. The Senior Center is looking for ways to generate more of its funding from non-town sources – fundraising, grants and gifts –in order to help ease the burden on member towns in the future.

•**Veterans Benefits** (line 91): Increased by \$12,000 to \$70,000 (+20.7%). The town is required by state law to provide services, if requested, for veterans living in Buckland. The increase is due to a new recipient moving into town this year.

•**Buckland Library Expense** (line 93): Increase of \$4,490 to \$36,144 (+14.2%). The operating budget of the Library has increased due to utility, maintenance, dues and supply cost increases. A small portion (\$600) of the total increase is caused by new line for a library assistant, a position that is intended to create more programs for the public. This was requested by the Trustees of the Library and supported by both the Select Board and the Finance Committee. We anticipate that this will help increase circulation. It was stressed to the trustees that outside funding sources (grants, donations and fundraising) need to be enhanced since these contributions to the library's budget have remained flat, while the town's share has increased over the past several years.

•**Arms Library** (line 94): Increase of \$965 to \$20,276 (+5%). The operating budget includes increases in books, insurance, dues, and payroll. The Arms Trustees have requested an increase of two hours a week for the Librarian. Since the library is now fully automated under CWMARS, it has experienced an increase in circulation. There is also a 2.5% COLA for all Library employees.

•**Town Hall Historical** (line 109): Elimination. This was a one-time expense to create an appropriate frame for the town quilt.

•**County Retirement** (line 110): An increase of \$2,624 (+3.0%) to \$88,776. This is our mandated assessment. We had no changes in participation during the year.

•**Employee Health and Life Insurance** (line 112): An increase of \$23,854 to \$117,500 (+25.5%). Changes in coverage from single to family plan of two new employees, one of which results from an increase in staffing.

•**Retiree Health/Life Insurance** (line 113): A decrease of \$7,196 to \$18,191 (-28.3%). One of our retirees dropped the health plan.

•**Landfill Capping** (line 115): An increase of \$1,836 to \$39,260 (+4.9%). 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 Long Term** (line 117): A decrease of \$1,481 to \$22,000 (-6.3%) the majority of which is from the Landfill Capping loan.
- Interest Short Term** (line 118): A decrease of \$3,716 to \$13,000 (-22.2%). We are benefitting from a reduction of \$500,000 in borrowing related to TS Irene and a very modest decline in the interest rate.
- Police Vehicle** (line 120): Reduction of \$35,000 (100%). Last year we paid for the new cruiser entirely from the Police Stabilization account.
- Police Video and Technology** (line 121): A decrease of \$3,500 (-100%) in this line as the department does not plan to invest in this area during FY15.
- Highway Truck** (line 122): a decrease of \$146,000 to \$12,000. The \$12,000 represents the first of five annual payments on the \$60,000 loan we took out to fund the purchase of a new truck in FY14. The remainder of the truck was paid for from the Highway Department Stabilization account (\$86,000).

Article Six: Special Line Items (lines 15, 16, 22, 38, 100): **Increase.** This article is up a modest \$300 (0%) to \$24,050. The software for our tax-mapping program accounts for the full increase. The Assessors' Revaluation line increased by \$2,000 to cover the increased costs associated with the complex assessment process for the power plant properties (dams). This is offset by a reduction of \$2,000 in the funds appropriated for the Town audits. With this reduction the funds available for the Town audit are expected to be sufficient. The Finance Committee recommends approval of this Article.

Article Seven: Mohawk K-12 School District Operating Assessment (line 63): **Increase.** An **increase** of \$102,734 (+5.6%) to \$1,924,437. We would like to refer you to the explanatory memo from our School Committee representatives for a detailed explanation. The Finance Committee supports the work done by our representatives and recommends approval of this article (not unanimous).

Article Eight: Mohawk K-12 School District Capital Assessment (line 64): **Decrease.** A **decrease** of \$8,500 (-13.3%) to \$55,343. 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 Nine: Mohawk Trail Regional Middle and High School request to borrow a sum not to exceed \$542,778. This borrowing will allow for significant deferred maintenance issues to be addressed. The cost to the Buckland would be about \$32,000 per year for five years. Finance committee does NOT support this article. However, we are in support of a building maintenance program. We question the need to re-pave the parking lot in this first phase.

Article Ten: Request by the Mohawk K-12 district to borrow a sum not to exceed \$783,900 for repair of Buckland Shelburne Elementary School. It has been requested

that this article be passed over at this time. The Finance Committee supports delaying a vote on this article.

Article Eleven, Twelve and Thirteen: Request by the Mohawk K-12 district to borrow for the repair of Sanderson Academy, Colrain Elementary and Heath Elementary, respectively. It is the recommendation of the Finance Committee that we pass over these three Articles.

Article Fourteen: Franklin County Technical School Operating Assessment (line 65): Decrease. Our Assessment for Franklin Tech is decreasing by \$44,809 (-27.6%) to \$117,747. 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 Fifteen: Operation and Maintenance of the Shelburne Falls Wastewater Treatment Facility (Enterprise Fund) (lines 131 – 149): Increase. An increase of \$1,870 (+0.8%) to \$223,203. 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. A reduction of \$2,000 in operation and maintenance expense (back to \$48,000 – the level for FY 2013) allowed for minimal increases in a number of other accounts while still keeping the overall increase to 0.8%. 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 Sixteen: Capital and/or Debt Expenses for the Shelburne Falls Wastewater Treatment Facility (Enterprise Fund) (lines 152 and 153): Decrease. A reduction of \$25,000 (-83.3%) to \$5,000. In FY15 there is a request for \$5,000, the same as in prior years, for capital projects, primarily sewer upgrades. The \$25,000 reduction is available because funding for Reed Bed Maintenance was not required in FY15. The Finance Committee recommends approval of this article.

Article Seventeen: Wired West Communications Cooperative (line 84): New. \$1,000. Request from Wired West Communications Cooperative to further support their operating costs. The Finance committee does not support this article. This is an additional fee to support Wired West, and we do not believe that the organization has delivered enough services to the town to justify this new cost at this time.

Article Eighteen: Shelburne Falls Area Partnership (line 39): No change: We believe the Town has benefited this organization's efforts on our behalf. The Finance Committee recommends approval of this article.

Article Nineteen: Preservation of Town Record Books (line 125): 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 Twenty: Road Repair and Repaving (line 126): No Change. The highway department has requested \$30,000 for this account. The Finance Committee recommends approval of this article.

Article Twenty-One: Public Works Facility (line 127): No Change. 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: Police Department Equipment Stabilization Fund (line 102): No Change. This amount is expected to be adequate for planned replacement schedules. It should allow us to avoid borrowing on the purchase of our next replacement cruiser. The Finance Committee recommends approval of this article and that this account be funded from Free Cash.

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

Article Twenty-five: Purchase of a Steel Drum Roller and Trailer (line 124): \$45,000. In light of the cost of purchasing a new steel roller and the fact that the town has been renting one at a cost of about \$9,000 per year, the payback for purchasing this equipment is around 5 years. The useful life of the roller is 25-30 years. Thus, in the long run, the town will save money by purchasing the roller now. In addition, more work can be done if we own a roller. The Finance Committee recommends approval of this article and that it be funded with \$35,000 from Highway Stabilization and raise and appropriate \$10,000.

Article Twenty-six: New Voting Equipment (line 128): Up to \$8,000. The town Clerk is awaiting State certification of new voting machines, anticipated in FY15. To be funded from the Election Stabilization account. The Finance Committee recommends approval of the article.

Article Twenty-seven: Technology Stabilization Fund (line 106): Increase. An increase of \$1,000 (+50%) to \$3,000 required to help level out the funding needs for technology upgrades for the Town. In FY15 these include telephone system upgrades for Town Hall and Police Station and software and hardware upgrades for various departments. The Finance Committee recommends approval of this article and that the account be funded from Free Cash.

Article Twenty-eight: Upgrades to the phone systems and technology in Town Hall and Police Station (line 129): **New.** \$10,500. This will include new phones, routers, cabling and switching for both Town Hall and the Police Department. Technology improvements include computers, servers, and a multifunction printer along with necessary software upgrades for both Police and Town Hall. The costs will be covered by the Technology Stabilization account. The Finance Committee recommends approval of this article.

Article Twenty-nine: Emergency Management Stabilization Account (line 107): **No change.** \$1,000. This stabilization account was created last year for future equipment purchases for our emergency management activities. The Finance Committee recommends approval of this article and that the account be funded from Free Cash.

Article Thirty: Emergency Management Improvements (line 130): **New.** \$1,000. A one-time expense to install a 25-foot, 30AMP-rated cord set inside a lockable box on the exterior of Town Hall that will provide easy hook-up of the portable emergency generator. The costs will be covered by the Emergency Management Stabilization account. The Finance Committee recommends approval of this article.

Article Thirty-one: General Stabilization Fund (line 105): **Decrease.** A decline of \$131,952 (-71.1%) to \$53,742. This is all that is available from Free Cash after our other commitments. The Finance Committee recommends approval of this article.

Articles Thirty-two, Thirty-three and Thirty-four. Citizens Petition regarding the purchase of land and buildings at 2231 Mohawk Trail in Charlemont for the Town Garage. This has no financial impact this year but will beginning in FY16 and beyond. It is estimated that the debt service for the purchase and modifications to the building will cost approximately \$90,000 per year for 20 years. The Finance Committee recommends approval of these articles.

Article Thirty-five: Citizens Petition regarding appropriating funds for the operation and maintenance of the VFW Post 8503 located at 10 Water Street, Shelburne, MA. **New.** \$10,000. Finance committee does not support this article. We do not support using taxpayer funds to support the operating budget of a private business.

Articles Thirty-six, Thirty-seven, Thirty-eight and Thirty-Nine. These articles authorize the Select board and Sewer Commissioners to carry on their regular duties. The Finance Committee recommends approval of these articles.