

Balanced Budget Proposal:

The Journey From FY2003 to FY2010

Fiscal Year 2010

Office of the Town Manager

1.27.09

Citizen Satisfaction

- ❑ Over 90% of survey participants ranked the quality of life in Needham and “Needham as a place to live” as good or excellent
 - ❑ The survey compared Needham to similar jurisdictions across the country
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Citizen Satisfaction

- ❑ Needham ranked above the norm for 17 of 23 items identified as “key drivers”
 - ❑ 6 areas were identified for improvement: parks and trails, snow removal, street lighting, street cleaning, street repair, and sidewalk maintenance
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Difficult Budget Years

- ☐ FY03 - Deferred Capital/use of Non-recurring revenue for operations
 - ☐ FY04 - Override for Schools, Public Safety & Roads; other Town departments reduced by \$500,000 or 10 FTE's
 - ☐ FY05 - Additional operating budget reductions
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Difficult Budget Years

- ☐ FY06 - West Suburban Health Group
 - ☐ FY07 - Town Departments Override
 - ☐ FY08 - School Override
 - ☐ FY09 - Benefits of Sustainability
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“Tried and True” Sustainability

- ☐ Refraining from appropriating any portion of the Stabilization Fund for operations
 - ☐ Building up Reserves
 - ☐ Allocating **only** recurring free cash for recurring expenses
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From FY2003 to FY2009

- ❑ FY2003 - No Capital Plan, virtually all free cash allocated to operating expenses (\$3,226,740)
 - ❑ FY2009 - Extraordinary Free Cash allocated to non-recurring capital (DeFazio Track) and to shore up reserves (over \$800,000)
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Looking ahead to FY2010



Growing Demand for Services

Growth in School Age Population:

2002/2003	4,565
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2008/2009	5,059
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Delta	494 (10.8%)
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The State of Local Aid (major categories)

FY2003	\$6,565,744
FY2004	\$5,228,666
FY2005	\$5,228,666
FY2006	\$5,663,972
FY2007	\$6,508,063
FY2008	\$7,296,880
FY2009	\$8,291,519
FY2010	\$7,425,525

FY2010: Caution & Restraint, Not Panic

- ☐ Recurring Revenue: \$4,285,360 (4.3%)
 - ☐ Energy
 - ☐ Major fixed cost categories
 - ☐ Judicious budget submissions
 - ☐ High Rock Override
 - ☐ No new headcount without dedicated revenue source
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Moderation in Energy Costs

- ❑ Energy growing at 18.7% per year; 1.7% less in FY08 than FY07
 - ❑ Fuel prices growing 23.7% on average; 36% FY08 over FY07
 - ❑ Moderation due to precipitous drop in commodity pricing (not expected to continue)
 - ❑ Town is building energy sustainability, exploring and implementing energy saving measures
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Moderation in Major Fixed Costs

❑ OPEB Actuarial Schedule lower in FY2010 than 2009 (not expected to continue)*

❑ Health insurance enrollment moderating since FY03:

■ Active Town	0%
■ Active School	12%
■ Retired	14%
■ Total	11%

Moderation in Major Fixed Costs

□ Over 74% of the budget is related to personnel expenses

□ Average Salary Growth FY03-FY09:

■ General Government	3.3%
■ School Department	4.8%
■ Total	4.2%

Moderation in Major Fixed Costs

No increase in General Government headcount since the last economic downturn in FY2003:

General Government	0%
School Department	10%

High Rock Operating Override

□ Police Department \$42,900

□ Public Facilities \$527,611

■ \$59,156 additional in Townwide Expenses

□ Education \$1,057,272

■ \$200,990 additional in Townwide Expenses

Revenue Projection Changes

	<u>FY09</u>	<u>FY10</u>
☐ Tax Levy Increase	4%	6%
☒ Override		
☐ State Aid Increase	12%	(9%)
☐ Local Receipts Increase	0%	3%

Revenue Sources

	<u>FY2009</u>	<u>FY2010</u>
Property Taxes	76.5%	80.3%
State Aid	8.8%	7.9%
Local Receipts	7.9%	8.0%
Other Sources	1.4%	0.9%
Free Cash	5.4%	2.9%

Fy2010 Budget Recap

Townwide Expenses	\$29,375,257
Departments	\$76,940,937
Financial Warrant Articles	\$ 35,000
Appropriate to Other Funds	\$ 535,681
Capital Budget	<u>\$ 1,215,099</u>
Available for Appropriation	\$108,101,974

Balanced Budget Highlights

☐ Townwide Expenses	(\$67,000)
☐ Fuel (Police, Fire, DPW)	(\$50,219)
☐ Operating Capital	(\$40,715)
☐ Computer Replacement	\$12,500
☐ Land Use/Development	\$ 1,750

Balanced Budget Highlights

☐ Athletic Fields	\$ 12,065
☐ Streetlights/Energy	(\$75,000)
☐ CPI Adjustment	(\$ 6,238)
☐ Library Services	\$ 7,775

Recommended Funding Through Alternative Financing Methods

☐ Trails Plan/Housing	\$64,701
☐ Conservation Trust/CPA	\$50,000
☐ Street Opening Inspection	\$53,000
☐ DPW Operations Manager	\$93,600

Performance (Deferred) Budget

☐ COA Trust	\$ 65,000
☐ Reserve Fund	\$ 52,000
☐ Computer Replacement	\$ 12,500
☐ Athletic Field Maintenance	\$ 10,744
☐ Grounds Maintenance	\$ 100,000

Performance (Deferred) Budget

☐ Land Use/Development	\$ 5,120
☐ Public Safety/Building	\$ 7,366
☐ Library Services	\$ 21,020
☐ Traffic Signals/Energy	\$ 10,000
☐ Capital Plan	<u>\$ 1,032,360</u>
☐ Total	\$ 1,316,110

Not Recommended

☐ General Government	\$ 80,831
☐ Land Use/Development	\$ 40,000
☐ Public Safety/Building	\$ 42,163
☐ Public Facilities	\$ 58,592
☐ Roads Program	\$2,569,993
☐ Public Works/Grounds	\$ 92,475
☐ Library Services	<u>\$ 67,247</u>
☐ Total	\$2,951,301

The Athenian Oath: Ancient Sustainability

Thus in all these ways we will transmit the City, not only not less, but greater and more beautiful than it was transmitted to us.
