

FY16 Operating Budget

Finance Committee
February 18, 2015

Three Year Budget Plan

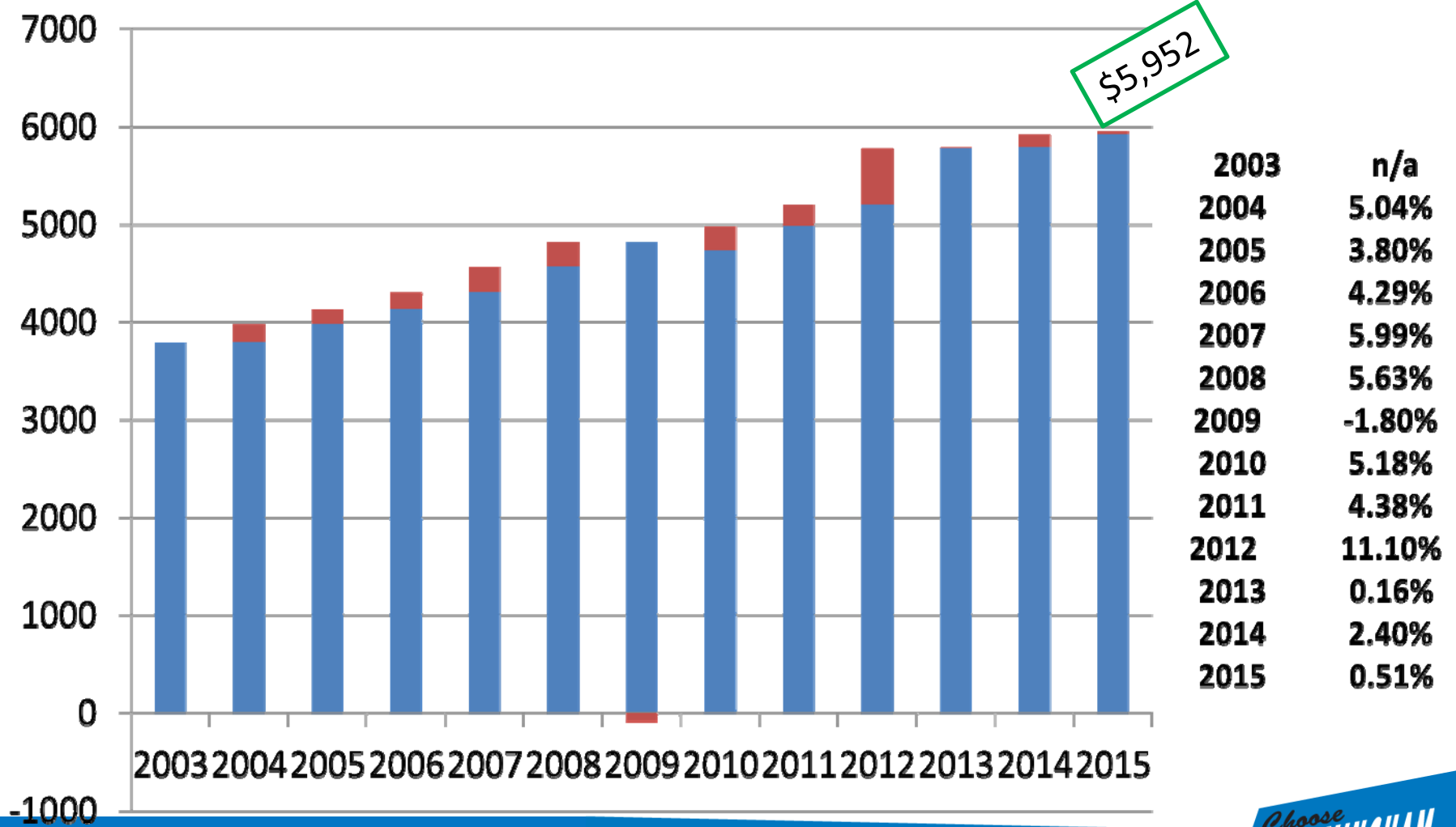
Tax Revenue

Tax Levy Increase		1.250%	1.25%	1.25%	2.5%	2.5%	2.5%
New Growth Estimate		8%	10%	9%	7%	6%	5%
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Property Tax Levy	\$169,030,389	\$172,026,590	\$175,130,909	\$178,369,431	\$183,986,619	\$189,825,292	\$195,884,274
New Growth Estimate	\$872,416	\$942,209	\$1,036,430	\$1,129,709	\$1,208,789	\$1,281,316	\$1,345,382
Total Taxes	\$169,902,805	\$172,968,799	\$176,167,340	\$179,499,140	\$185,195,407	\$191,106,608	\$197,229,655

Total Revenue

	FY16 Estimate	FY17 Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast
Revenue					
Property Taxes	\$176,167,340	\$179,499,140	\$185,195,407	\$191,106,608	\$197,229,655
State Aid	\$48,788,405	\$51,621,811	\$54,734,030	\$58,055,737	\$60,999,766
Local Receipts	\$20,584,268	\$21,091,427	\$20,688,021	\$21,047,223	\$21,447,791
Enterprise Indirect Trnsfr	\$2,982,422	\$3,071,894	\$3,194,770	\$3,322,561	\$3,455,463
Free Cash	\$4,949,739	\$4,203,378	\$2,212,598	\$1,626,163	\$2,173,763
Miscellaneous	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Total Revenue	\$253,537,172	\$259,552,651	\$266,089,826	\$275,223,292	\$285,371,438
Revenue Growth Rate	2.95%	2.4%	2.5%	3.4%	3.7%

Changes to Average SFR Tax Bill 2003 - 2015



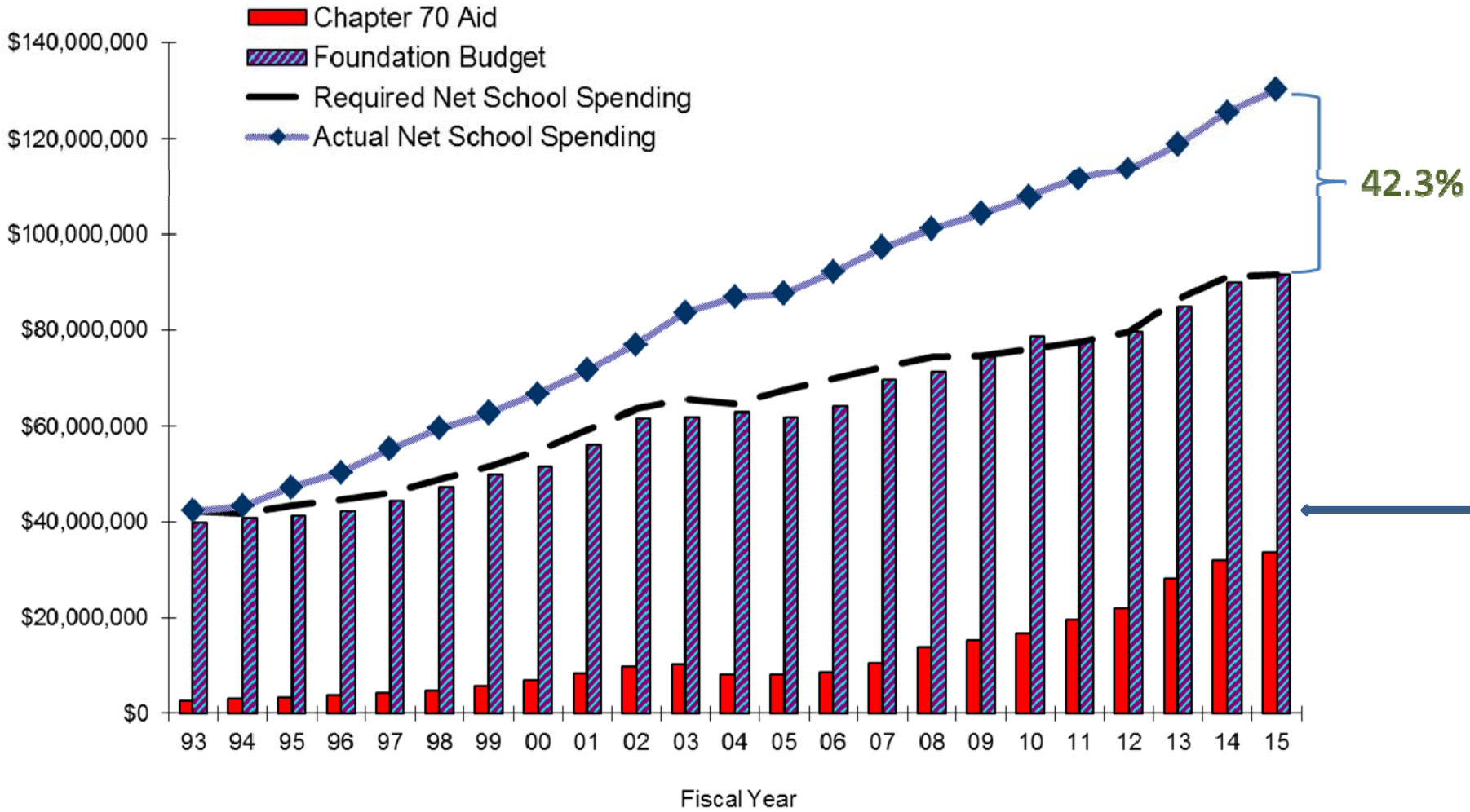
FY16 Tax Bill Increase Estimate

FY 2015		FY2016	FY2017
<i>Average Single Family Tax Bill</i>		<i>Avg S F Tax Bill</i>	<i>Avg S F Tax Bill</i>
Average Assessment	\$334,032	\$335,651	\$337,154
Tax Rate	\$17.82	\$18.00	\$18.21
Tax Bill	\$5,952.02	\$6,043.25	\$6,137.93
Percent Change	0.51%	1.53%	1.57%
Change	\$30.00	\$91.19	\$94.67

Revenue Areas of Concern for FY16

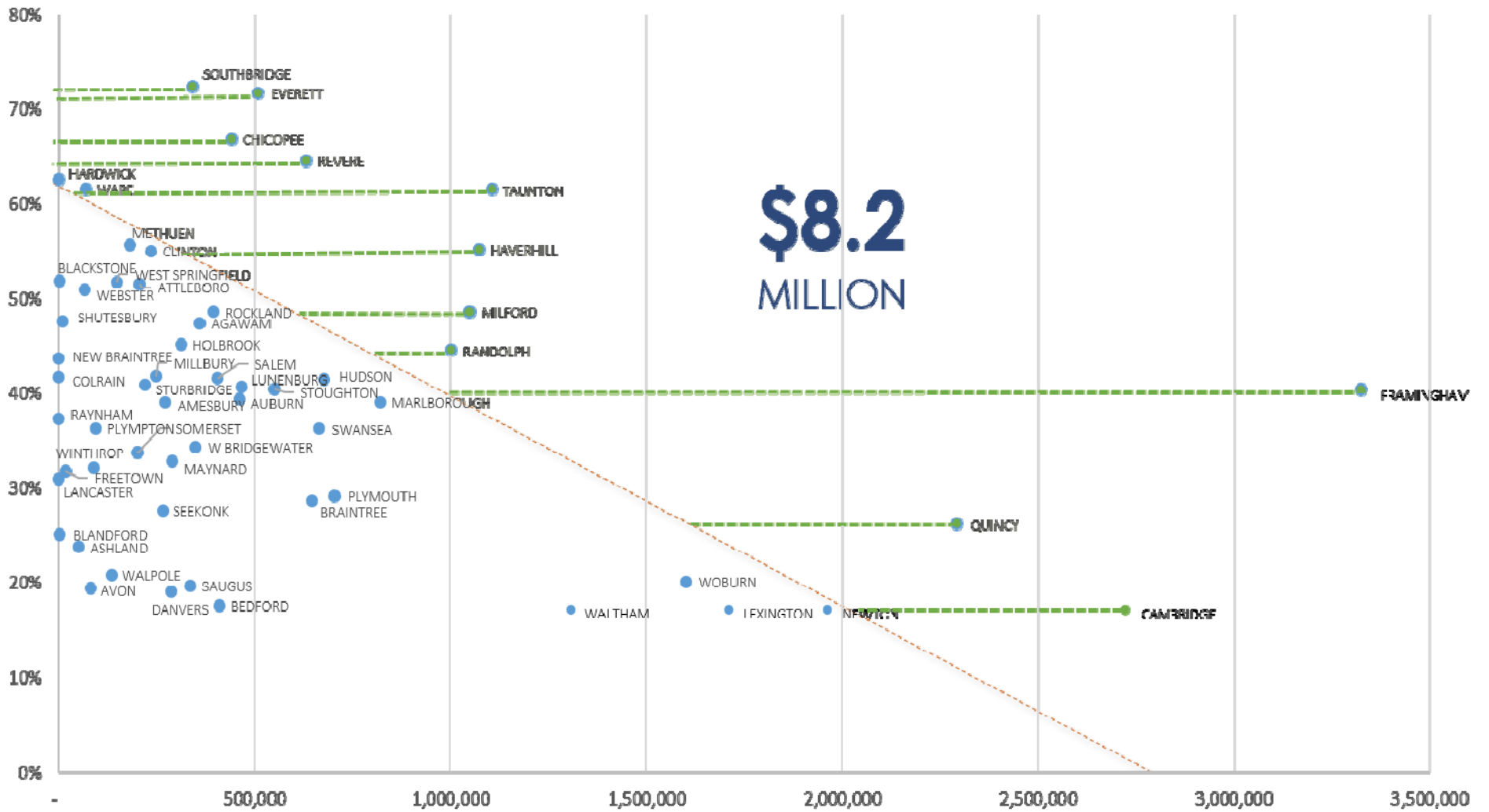
- Chapter 70 Aid estimated revenue is at risk
 - FY15 deficit will have impact on next year's state aid (all categories)
 - This budget is based on a 7% increase in Chapter 70 aid
 - FY15 budget was also based on 7% increase but received 6% increase
 - Shortfall was closed with local fee revenue

Chapter 70 Trends FY93 to FY15

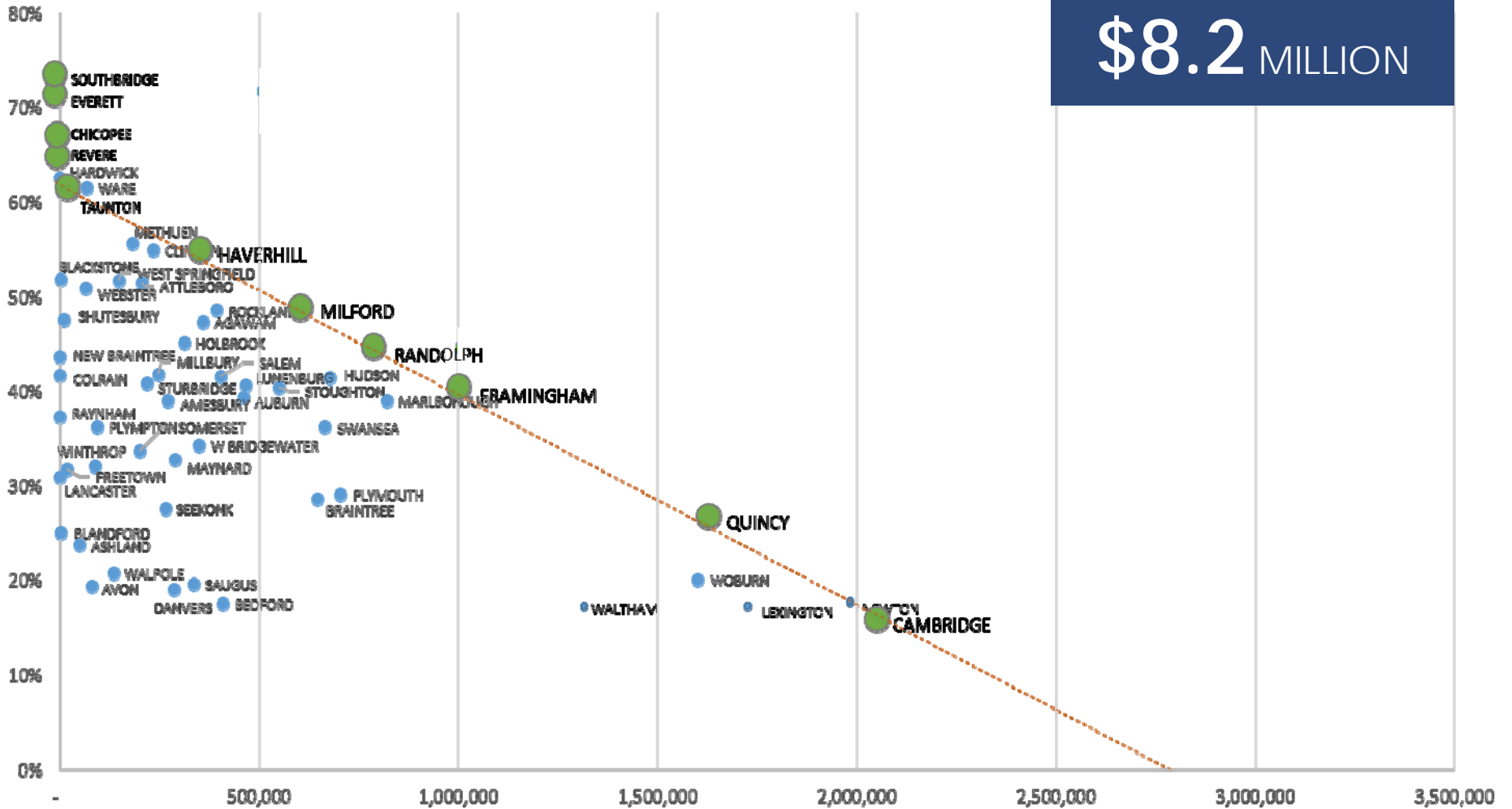


Introduction

- Ch. 70 Target Aid: A percentage of a Community's Foundation Budget based on need
- Variance: Distance from Target Aid in Dollars
- High Level of Need and Low Variance says one thing
- Low Level of Need but High Variance says another



PROJECTED WITH
\$8.2 MILLION



Summary

- Focus on High Target Need/High Target Variance
- Financial Equity – Move communities to within an acceptable range of Target Aid and Variance
- Eliminate all Variance and all Need over time

FY16 Recommended Spending

Expenditures	FY16 Recommend	FY17 Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast
Municipal Departments	\$59,133,033	\$61,323,907	\$63,130,467	\$65,495,815	\$67,370,927
Framingham School District	\$114,931,953	\$119,529,231	\$124,310,400	\$129,282,816	\$134,454,129
Keefe Technical Assessmnt	\$8,941,210	\$9,209,446	\$9,531,777	\$9,865,389	\$10,210,678
Group Health Insurance	\$29,751,864	\$30,346,901	\$31,409,043	\$32,633,996	\$33,939,356
Other Insurances	\$4,694,549	\$4,935,127	\$5,182,520	\$5,449,525	\$5,737,918
Retirement	\$12,371,188	\$12,989,500	\$13,637,840	\$14,250,921	\$14,399,077
OPEB Trust	\$749,900	\$353,935	\$546,574	\$473,630	\$740,630
Debt Service	\$11,922,904	\$14,204,781	\$14,919,122	\$15,668,746	\$15,731,630
Stabilization/Reserves	\$1,779,454	\$1,276,114	\$1,592,695	\$1,280,312	\$1,760,912
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Non Appropriations	\$9,121,730	\$9,433,468	\$9,057,016	\$9,471,668	\$9,905,066
Total Expenditures	\$253,397,784	\$263,602,410	\$273,317,454	\$283,872,818	\$294,250,322
<i>Expenditure Growth Rate</i>	3.0%	4.0%	3.7%	3.9%	3.7%

\$120,000 economic development fund in separate article total spending increase 3.1%



Spending Areas of Concern

- Health insurance cost increase potentially more than current estimate
 - Will be monitoring GIC decisions and estimates over next several months
 - Overall estimates still within multi-year savings target
- Capital budget recommendation is narrowly focused to reduce the debt service impact on the operating budget not just for FY16 but FY17 - FY18
- Adding positions has long term cost versus one time items

Reduced Capital Budget

FY2016-2021 General Fund Debt Service Impact (exclude FY17 School)

General Fund	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund Estimated Revenue	\$ 253,806,803	\$ 259,185,674	\$ 265,985,425	\$ 275,222,948	\$ 285,223,638	\$ 295,206,465
Debt Service Policy Limit of 5%	\$ 12,690,340	\$ 12,959,284	\$ 13,299,271	\$ 13,761,147	\$ 14,261,182	\$ 14,760,323
Existing General Fund Debt Service Total	\$ 10,238,054	\$ 9,267,754	\$ 8,145,599	\$ 6,783,891	\$ 5,234,462	\$ 4,050,791
Authorized but Unissued Total	\$ 1,067,800	\$ 3,160,212	\$ 3,132,850	\$ 3,246,140	\$ 3,141,870	\$ 3,043,960
Total Debt Service on Existing General Fund Debt	\$ 11,305,854	\$12,427,966	\$11,278,449	\$ 10,030,031	\$ 8,376,332	\$ 7,094,751
LESS State Debt Service Reimbursements	\$ (2,510,995)	\$ (2,510,995)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,667)
Net Available Debt Service	\$ 8,794,859	\$ 9,916,971	\$ 9,148,778	\$ 7,900,360	\$ 6,246,661	\$ 4,965,084
Debt Service for FY2016 Capital Budget Projects*	\$ 302,050	\$ 2,103,473	\$ 2,229,791	\$ 2,164,079	\$ 2,104,639	\$ 2,045,209
Debt Service for FY2017 Capital Plan Projects*		\$ 775,552	\$ 4,909,225	\$ 4,654,010	\$ 4,526,400	\$ 4,398,790
Debt Service for FY2018 Capital Plan Projects*			\$ 1,127,597	\$ 5,951,259	\$ 5,670,360	\$ 5,529,905
Debt Service for FY2019 Capital Plan Projects*				\$ 823,233	\$ 4,182,326	\$ 4,557,830
Debt Service for FY2020 Capital Plan Projects*					\$ 381,141	\$ 2,351,206
Debt Service for FY2021 Capital Plan Projects*						\$ 348,189
Subtotal Future Debt Service:	\$ 302,050	\$ 2,879,025	\$ 8,266,613	\$ 13,592,581	\$ 16,864,866	\$ 18,882,940
New (Gross) Debt Service	\$ 11,607,904	\$15,306,991	\$19,545,062	\$ 23,622,612	\$ 25,241,198	\$ 25,977,691
LESS State Debt Service Reimbursements	\$ (2,510,995)	\$ (2,510,995)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,671)	\$ (2,129,667)
Net Debt Service Calculation for Policy Limit	\$ 9,096,909	\$12,795,996	\$17,415,391	\$ 21,492,941	\$ 23,111,527	\$ 23,848,024
Percentage of Operating Budget	3.6%	4.9%	6.5%	7.8%	8.1%	8.1%

*Assumes all projects requested in FY17 to FY21 are authorized and debt service is calculated. Each year is evaluated as they are authorized and reduced by vote of Town Meeting to not exceed available budget. Assumes MA School Building Authority funding for FY17 only.



Reducing Impact on Operating Budgets

General Fund	FY16	FY17	FY18	FY19	FY20	FY21
Reduced impact on operating budget	-\$313,656	-\$1,534,799	-\$1,230,368	-\$1,207,032	-\$1,177,413	-\$1,147,793
Water Fund	FY16	FY17	FY18	FY19	FY20	FY21
Reduced impact on operating budget	-\$78,342	-\$554,883	-\$398,661	-\$388,747	-\$375,698	-\$362,647
Sewer Fund	FY16	FY17	FY18	FY19	FY20	FY21
Reduced impact on operating budget	-\$152,515	-\$781,063	-\$286,609	-\$288,816	-\$278,864	-\$268,911

GF Debt is \$166,765 less than FY15 appropriation



FY16 Spending Details

- Level Service total budget increase 2.5%
 - \$6,031,813
 - No new programs or positions
 - Base rate of growth to perform the same level of service as the prior year
 - School Dept base increase 4%: \$4,378,153
 - Municipal Depts. base increase 2.2%: \$1.27M
- Service Improvement increases .7%
 - \$1,579,870

Recommended Department Spending

- School Dept
 - \$1.1 million improvement funds
- Conservation
 - Summer Youth Work program for property clean up and trail
- DPW Admin
 - Systems Integration Project Manger; Funded ½ GF in DPW Admin; ½ Water & Sewer
- Facilities Management
 - Mechanical Tradesperson: In-house HVAC maintenance and repair
- Building Inspection
 - ADA Compliance Officer/ADA Coordinator-Eliminate position for Housing Quality Inspector

Recommended Department Spending

- Sanitation
 - 2 Lead Drivers (¼ year funded)
- DPW Highway
 - 1 Dump Body, 1 Plow Assembly
- Loring Arena
 - Zamboni battery, Perimeter Piping Anchors
- Parks & Rec
 - Leaf Vac and Nite Lite Site Lighting
- Cemeteries
 - Tomb repair (from Cap budget)

Recommended Department Spending

- Library
 - Computers
- Human Resources
 - Financial Coordinator
- Police -
 - Jail Diversion Clinician (.5 FTE); 5 Cruisers & 30 Tasers
(from Cap budget)
- Technology Services
 - Programmer/Analyst (1 FTE); PC/laptop/projector replacements, VMWare Software upgrade
- Veterans Benefits -
 - \$84,000 increase based on current caseload and state set COLA

Deferred requests

- Facilities:
 - Admin Asst - Town owned building plan administration
- Fire
 - Vehicle replacement
- DPW Engineering
 - Vehicle Replace #803
- DPW Highway
 - 1 Dump Body
- Library
 - .5 FTE Technology staff
- Park & Rec
 - snow blowers/versa vac

Centralized Costs

- Health Insurance
 - 1.3% increase over FY15
 - Still less than 12% of total spending
- Pension funding
 - Regular schedule 4.5% increase \$525,458
- Cherry sheet charges increased 4%
 - \$236,287 increase could be simply charter school
- Snow and ice deficit
 - Not looking to carry any over, will close in FY15

Allocations to Reserves

- Operating Reserve Fund: \$400,000
- Stabilization Fund: \$199,973
- Capital Stabilization Fund: \$999,866
- OPEB Trust: \$749,900
- Tax Burden Shares: \$700,000

Water and Sewer Budgets

- Water Dept budget: \$20,489,558
 - Decrease of \$15,243
 - MWRA assessment increase \$411,755 (5.3%)
 - Debt service decrease \$641,180 (-10.5%)
 - Personnel cost increase \$142,618 (4.8%)
 - Operating cost increase \$22,834 (1.2%)
- Sewer Dept budget: \$25,701,372
 - Increase of \$628,983 (2.5%)
 - MWRA assessment increase \$736,497 (6.5%)
 - Debt service decrease \$352,476 (-4.4%)
 - Personnel cost increase include reclass 1 FTE to supervisory level
 - Operating cost increase \$33,235 (1.9%)