

FY16 Operating Budget Preparation

Presentation to Board of
Selectmen

February 3, 2015

Choose
FRAMINGHAM

Three Year Budget Plan

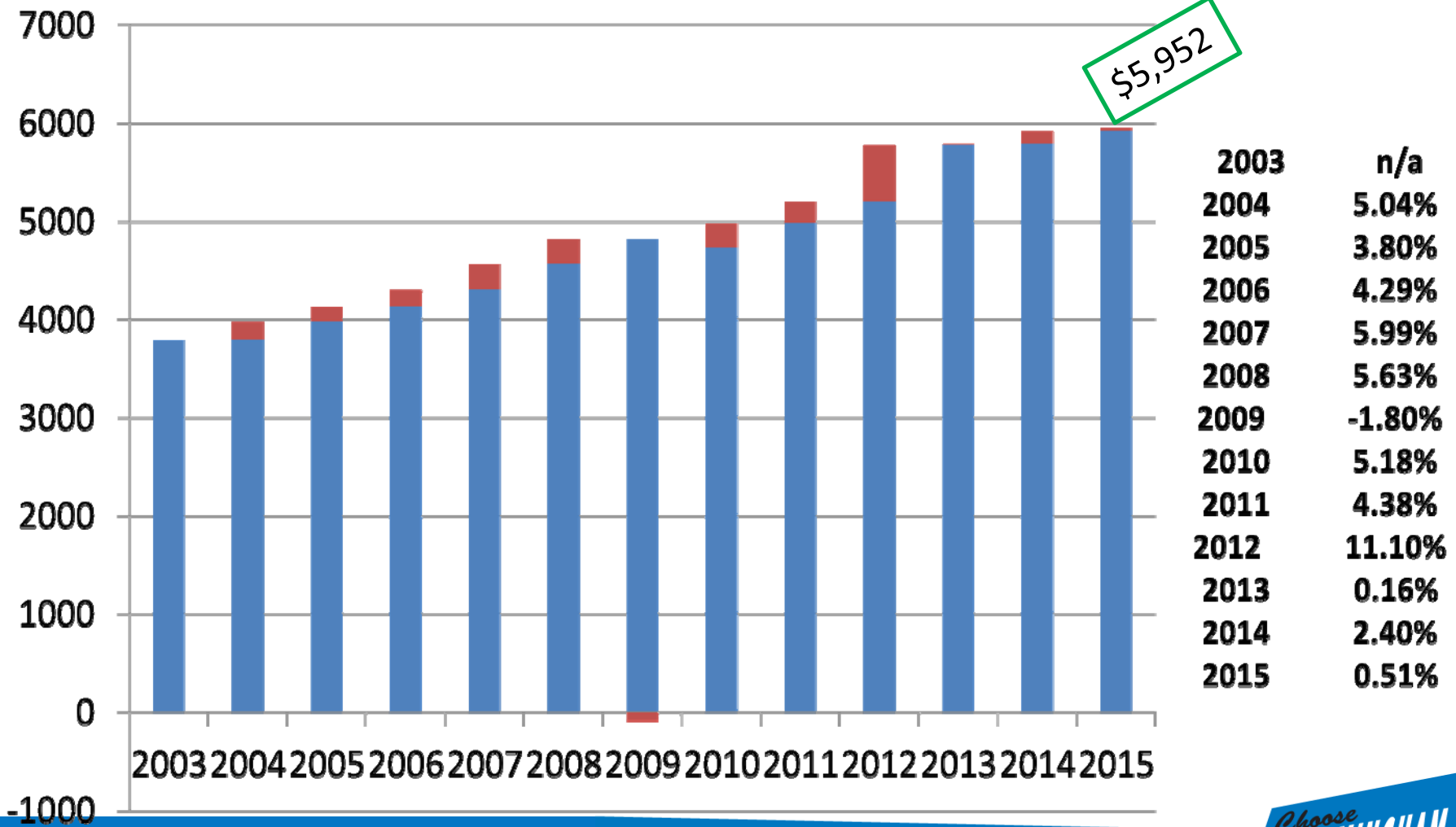
Tax Revenue

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 Forecast	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	\$48,725,405	\$51,555,661	\$54,664,572	\$57,982,807	\$60,926,835
Local Receipts	\$20,522,980	\$21,028,797	\$20,624,434	\$20,982,669	\$21,381,352
Enterprise Indirect Trnsfr	\$2,975,145	\$3,064,399	\$3,186,975	\$3,314,454	\$3,447,033
Free Cash	\$5,350,933	\$3,972,676	\$2,249,036	\$1,771,409	\$2,173,763
Miscellaneous	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Total Revenue	\$253,806,803	\$259,185,674	\$265,985,425	\$275,222,948	\$285,223,638
<i>Revenue Growth Rate</i>	3.1%	2.1%	2.6%	3.5%	3.6%

Changes to Average SFR Tax Bill 2003 - 2015



Level Service Budget

- A level service budget: the budget required to maintain department's current level of service.
 - Salaries should include the cost of step raises according to the current salary charts.
 - Only positions funded for FY15 should be included, not positions that were cut and/or "frozen" in prior fiscal years.
 - Make sure using current salary charts
 - Any service contract that covers all or part of the fiscal year should be included.
 - Natural gas spending and electricity spending should be increased by 3%.
 - Small capital requests will be evaluated based on immediate need.

Level Service Spending Estimates

Expenditures	FY16 Forecast	FY17 Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast
Municipal Departments	\$58,792,673	\$60,827,845	\$62,615,114	\$64,974,322	\$66,879,622
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	\$4,691,900	\$4,904,990	\$5,149,369	\$5,413,058	\$5,697,805
Retirement	\$12,371,471	\$12,989,500	\$13,637,840	\$14,250,921	\$14,399,077
OPEB Trust	\$659,900	\$428,935	\$546,574	\$473,630	\$740,630
Debt Service	\$13,061,678	\$13,835,112	\$14,276,448	\$14,488,995	\$14,551,879
Stabilization/Reserves	\$1,516,649	\$1,470,412	\$1,629,133	\$1,425,559	\$1,760,912
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Non Appropriations	\$9,087,730	\$9,501,448	\$9,127,035	\$9,544,138	\$9,980,073
Total Expenditures	\$253,807,027	\$263,043,820	\$272,232,733	\$282,352,824	\$292,614,160
Expenditure Growth Rate	3.2%	3.6%	3.5%	3.7%	3.6%

The only non-level service estimate is Framingham School District, which includes 4% level service increase over the **FY15 voted base** plus \$1.1 million for improvements.

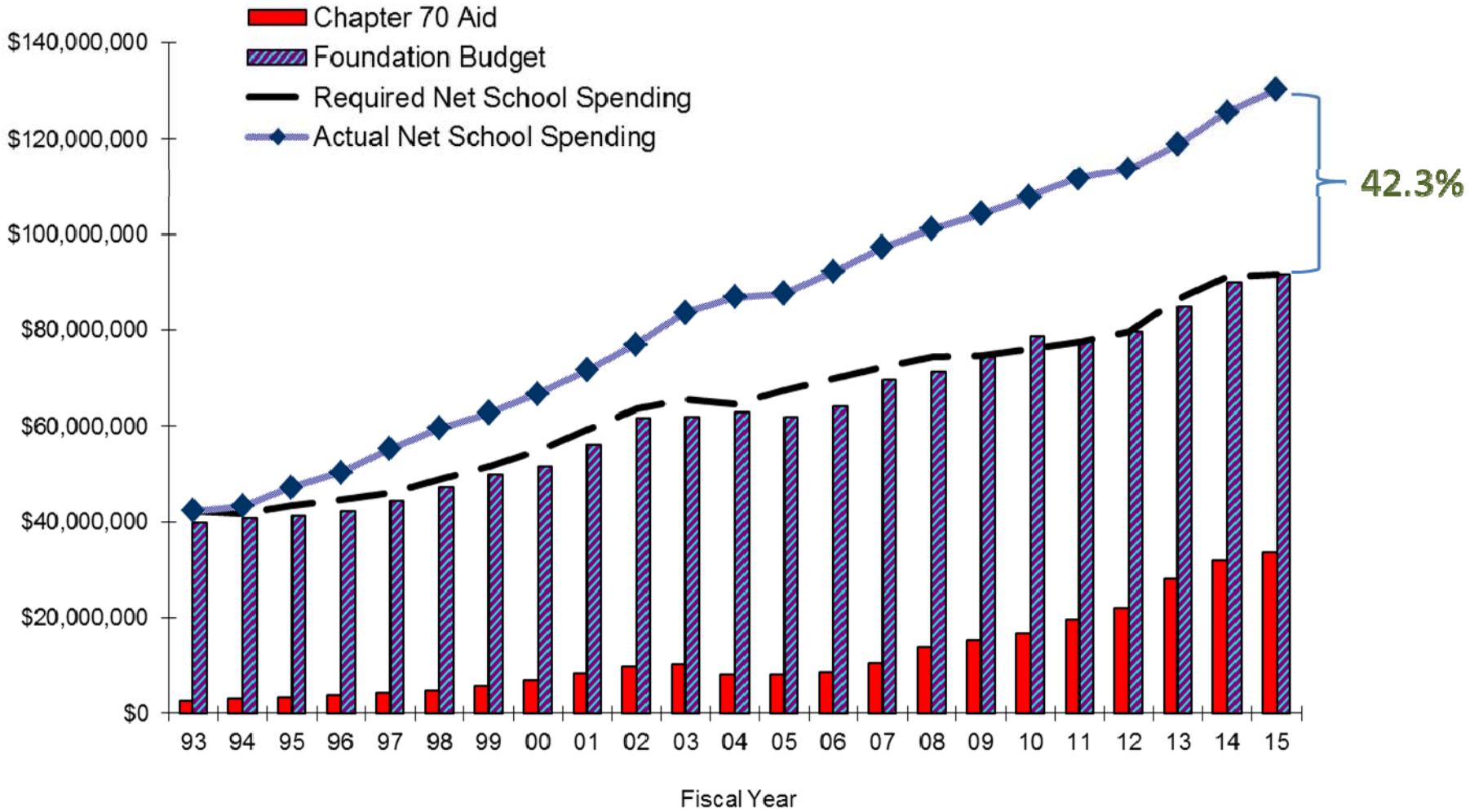
Additional Requirements

- Any position changes must be submitted to the Human Resources Director for review and approval.
- Any technology changes or additions must be submitted to the Technology Services Director for review and approval.
- Any requests submitted for the FY16 budget has to be evaluated for long term impact

Revenue Areas of Concern for FY16

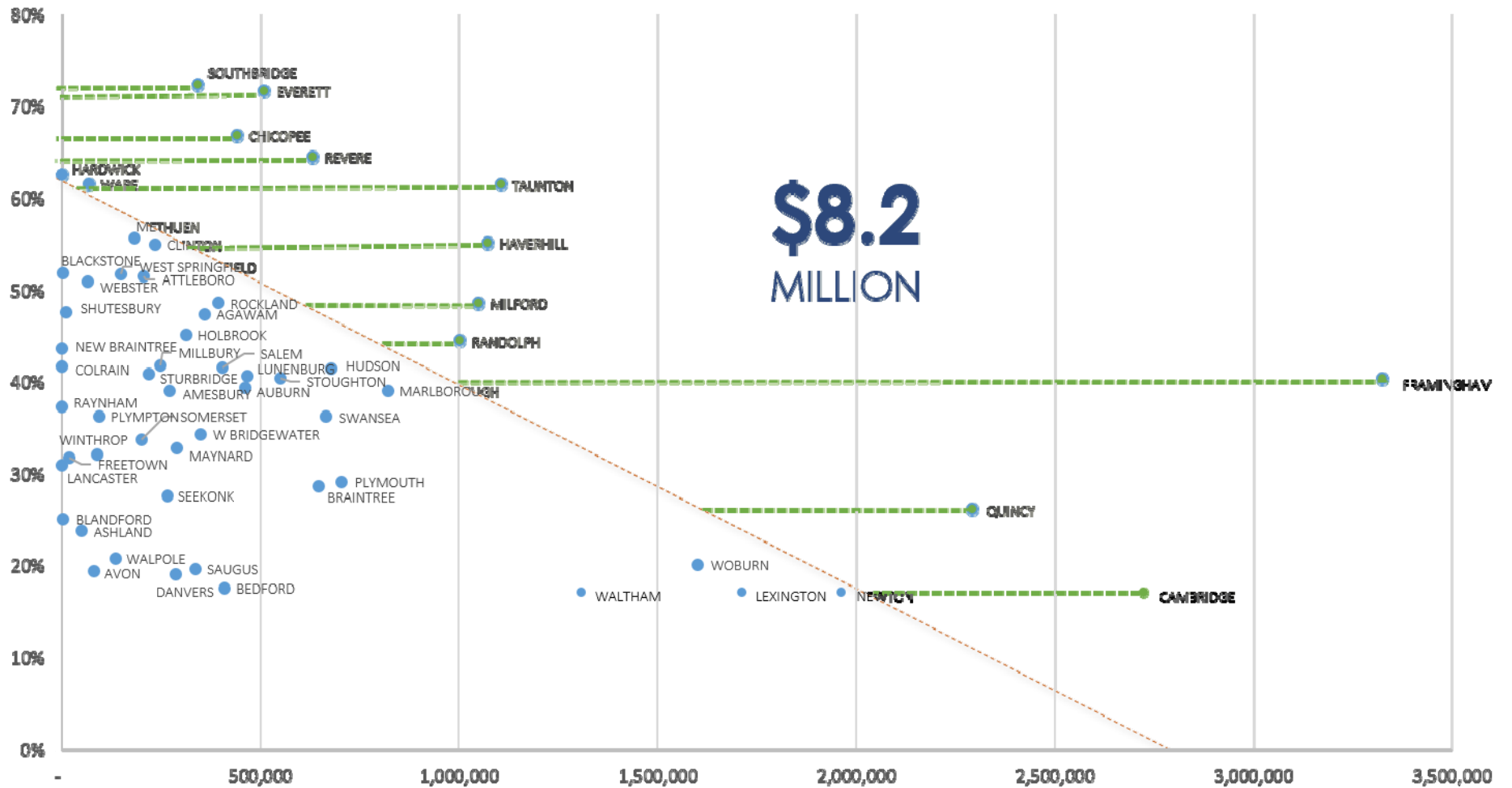
- Chapter 70 Aid estimated revenue is at risk
 - FY15 deficit will have impact on next year's state aid (all categories)
 - This budget is based on a 7% increase in Chapter 70 aid
 - FY15 budget was also based on 7% increase but received 6% increase
 - Shortfall was closed with local fee revenue

Chapter 70 Trends FY93 to FY15

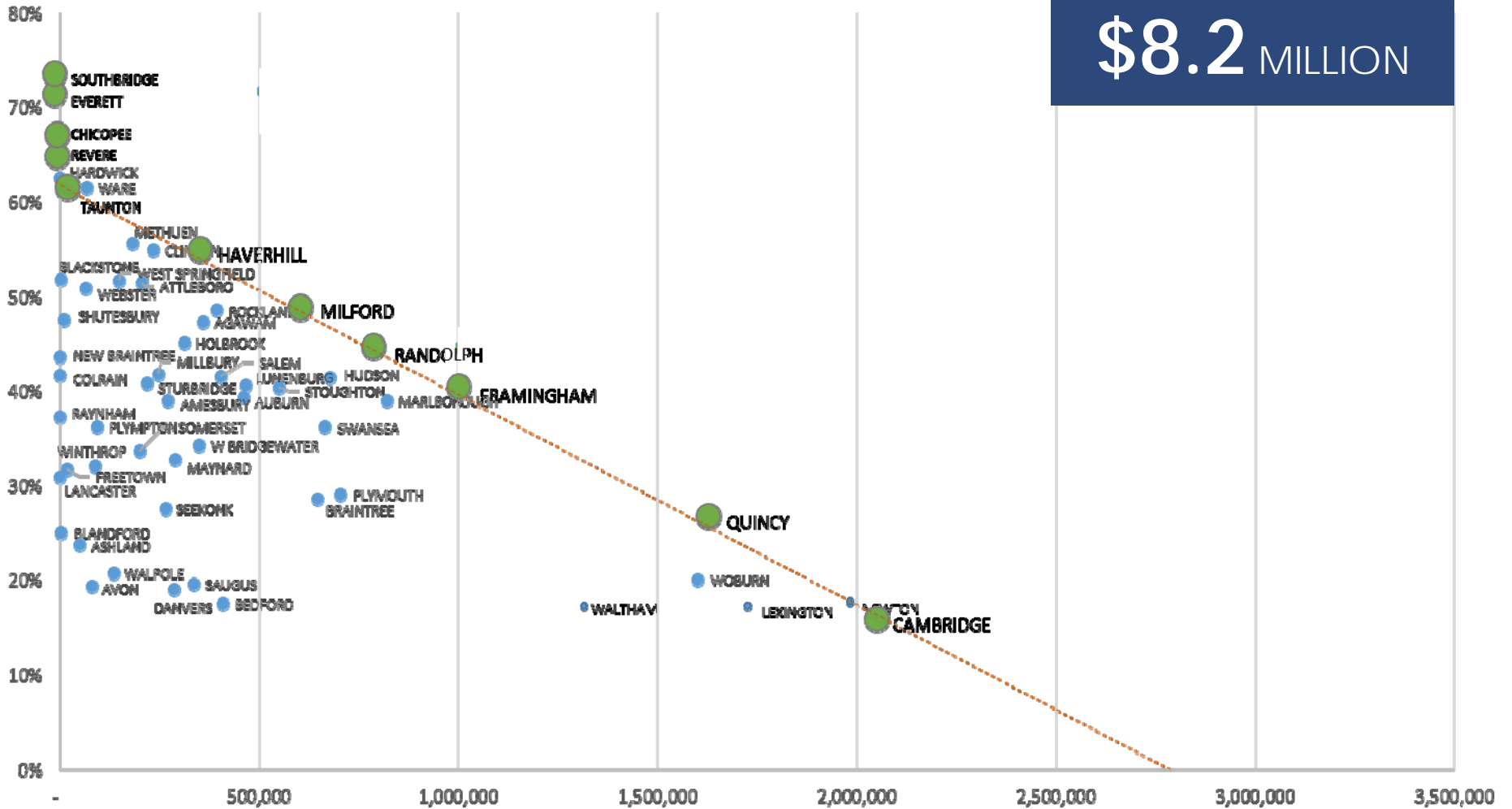


Introduction

- 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

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

Capital Budget Requests

FY2016-2021 General Fund Debt Service Impact

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	\$ 1,274,026	\$ 3,525,508	\$ 3,325,162	\$ 3,227,143	\$ 3,129,130	\$ 3,031,111
Total Debt Service on Existing General Fund Debt	\$ 11,512,080	\$12,793,262	\$11,470,761	\$ 10,011,034	\$ 8,363,592	\$ 7,081,902
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	\$ 9,001,085	\$10,282,267	\$ 9,341,090	\$ 7,881,363	\$ 6,233,921	\$ 4,952,235
Debt Service for FY2016 Capital Plan Projects*	\$ 633,467	\$ 3,832,792	\$ 4,173,128	\$ 4,471,103	\$ 4,346,968	\$ 4,233,942
Debt Service for FY2017 Capital Plan Projects*		\$ 776,365	\$ 4,915,130	\$ 4,659,590	\$ 4,531,817	\$ 4,404,045
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:	\$ 633,467	\$ 4,609,157	\$10,215,855	\$ 15,905,115	\$ 19,112,612	\$ 21,076,918
New (Gross) Debt Service	\$ 12,145,547	\$17,402,419	\$21,686,616	\$ 25,916,219	\$ 27,476,204	\$ 28,158,830
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	\$ 9,634,552	\$14,891,424	\$19,556,945	\$ 23,786,548	\$ 25,346,533	\$ 26,029,163
Percentage of Operating Budget	3.8%	5.7%	7.4%	8.6%	8.9%	8.8%

*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.

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	\$ 1,217,800	\$ 3,160,212	\$ 3,132,850	\$ 3,246,140	\$ 3,141,870	\$ 3,043,960
Total Debt Service on Existing General Fund Debt	\$ 11,455,854	\$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	\$ 8,944,859	\$ 9,916,971	\$ 9,148,778	\$ 7,900,360	\$ 6,246,661	\$ 4,965,084
Debt Service for FY2016 Capital Budget Projects*	\$ 298,676	\$ 2,095,855	\$ 2,222,238	\$ 2,156,558	\$ 2,097,150	\$ 2,037,753
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:	\$ 298,676	\$ 2,871,407	\$ 8,259,060	\$ 13,585,060	\$ 16,857,377	\$ 18,875,484
New (Gross) Debt Service	\$ 11,754,530	\$15,299,373	\$19,537,509	\$ 23,615,091	\$ 25,233,709	\$ 25,970,235
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	\$ 9,243,535	\$12,788,378	\$17,407,838	\$ 21,485,420	\$ 23,104,038	\$ 23,840,568
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.

Updated w/Budget Requests & Capital Recommend

	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	\$48,725,405	\$51,555,661	\$54,664,572	\$57,982,807	\$60,926,835
Local Receipts	\$20,522,980	\$21,028,797	\$20,624,434	\$20,982,669	\$21,381,352
Enterprise Indirect Trnsfr	\$2,975,145	\$3,064,399	\$3,186,975	\$3,314,454	\$3,447,033
Free Cash	\$4,949,739	\$3,972,676	\$2,249,036	\$1,771,409	\$2,173,763
Miscellaneous	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Total Revenue	\$253,405,608	\$259,185,674	\$265,985,425	\$275,222,948	\$285,223,638
<i>Revenue Growth Rate</i>	2.9%	2.3%	2.6%	3.5%	3.6%
Expenditures	FY16 Requests	FY17 Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast
Municipal Departments	\$59,323,774	\$61,281,630	\$63,081,942	\$65,439,573	\$67,254,172
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	\$4,733,374	\$4,950,196	\$5,199,096	\$5,467,758	\$5,757,974
Retirement	\$12,371,471	\$12,989,500	\$13,637,840	\$14,250,921	\$14,399,077
OPEB Trust	\$749,900	\$428,935	\$546,574	\$473,630	\$740,630
Debt Service	\$12,069,530	\$13,835,112	\$14,276,448	\$14,488,995	\$14,551,879
Stabilization/Reserves	\$1,625,454	\$1,470,412	\$1,629,133	\$1,425,559	\$1,760,912
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Non Appropriations	\$9,187,730	\$9,501,448	\$9,127,035	\$9,544,138	\$9,980,073
Total Expenditures	\$253,686,260	\$263,542,811	\$272,749,288	\$282,872,775	\$293,048,880
<i>Expenditure Growth Rate</i>	3.2%	3.9%	3.5%	3.7%	3.6%
Projected Balance	(280,652)	(4,357,137)	(6,763,863)	(7,649,827)	(7,825,242)



Department Requests - Positions

- DPW Admin - Systems Integration Project Manger
 - Funded 1/2 GF in DPW Admin; 1/2 Capital
- Facilities (2 FTEs) - Mechanical Tradesperson & Admin Asst
 - In-house HVAC maintenance and repair
 - Town owned building plan administration
- Building Inspection - ADA Compliance Officer/ADA Coordinator
 - Eliminate position for Housing Quality Inspector
 - Net-no change in FTEs
- HR - Financial Coordinator
- Tech Services - Programmer/Analyst
- Police - Jail Diversion Clinician (.5 FTE)

Department Requests - Small Capital

- DPW Engineering - Computers & One Vehicle Replace #803
- DPW Highway - 2 Dump Bodies, 1 Plow Assembly
- Fire - Vehicle
- Loring Arena - Zamboni battery, Perimeter Piping Anchors
- Parks & Rec - Misc Equip, Snow Pusher Attachment, VersaVac
- Cemeteries - Tomb repair (from Cap budget)
- Library - Computers
- Police - 5 Cruisers (equipped) & 30 Tasers (from Cap budget)
- Technology Services - PC replacement, laptop replacement, VMWare Software Upgrade, core line cards upgrades, replacement projector in training room
- Treasurer - Technology upgrades

Decision-making

- Even though this is a level service budget, which essentially is keeping everything the same, we encourage continued analyzing of services and staff for efficiencies and cost savings and better service.
 - Is there a better way to provide the same service?
 - Are the services you provide even relevant anymore?