

# BALANCED BUDGET PROPOSAL 2016

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A Ten Year Look Back:  
2005 - 2015

Office of the  
Town Manager  
1.28.2015

*Revised 1.29.2015*



# FY16 Balanced Budget Framework - Priorities

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Board of Selectmen Goals



Preservation of Capital Assets



Financial Sustainability



Economic Vitality



Stewardship



Appearance



Efficiency



# Fiscal Discipline

- Work within recurring revenue to fund services
- Control legacy costs
- Refrain from relying on one-time funds to support on-going services
- Increase reserves
- Maintain strong credit rating
- Refrain from over-committing in “good years”





# 10 Year Look Back 2005-2015

- High Rock 6<sup>th</sup> Grade Center
- Newman HVAC
- Town Hall
- PSAB
- Center at the Heights
- Needham High School
- Mitchell Modular Classrooms
- Pollard Roof
- Needham Public Library
- New Salt Shed
- DPW Garage Bays
- Energy Efficient improvements  
Town-wide



# 10 Year Look Back 2005-2015

- Carol-Brewster Property Acquisition
- Greene's Field & Play Structure
- Memorial Park
- DeFazio Park
- Walker Gordon Field and acquisition
- Trails Master Plan
- Newman School, Mills Field, Claxton Field and Riverside Park Playgrounds
- Tennis Courts at Newman, Mills & NHS
- Bike Racks throughout Town
- Community Farm at NIKE
- Off-Leash Dog Area at NIKE



# 10 Year Look Back 2005-2015

- 25% Funded OPEB Liability
- AAA Bond Rating
- Capital Facility Stabilization Fund
- Athletic Facility Stabilization Fund
- Great Plain Avenue Pumping Station
- Route 128 Water & Sewer Line Replacement
- Traffic Signals at Forest and Central, Charles River and Central, High Rock and Chestnut and South and Chestnut

## STANDARD & POOR'S RATINGS SERVICES

Investment Grade  
**AAA** Extremely strong capacity to meet financial commitments.  
Highest rating





# 10 Year Look Back 2005-2015

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- Reservoir B Pump Station
- St. Mary's Pump Station
- Chestnut Street Reconstruction
- Webster Street Reconstruction
- Water Main Replacement
- I/I Removal
- South Street / Willow Street Bridge
- Kendrick Street Bridge over Charles River
- Needham Center Streetscape Design



# 10 Year Look Back 2005-2015

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- Branding Needham Crossing
- Hospital Expansion
- TripAdvisor World HQ
- Parking Lot Expansion
- Up-zoning
- Charles River Landing





# Financial Forecast

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- No Projected Increases in State Aid
- General Government department budgets increased 4.7%
- Strong tax levy growth based on significant level of building activity
- Better Free Cash Level
- Use of one-time funds for one time expenditures



# Revenue Projection Changes

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	<u>Recap FY2015</u>	<u>Estimate FY2016</u>
Tax Levy:	<b>7.9%</b>	<b>4.5%</b>
Cherry Sheet Aid:	<b>3.8%</b>	<b>0.0%</b>
Local Receipts:	<b>1.2%</b>	<b>5.0%</b>
Recurring Revenue:	<b>7.1%</b>	<b>4.2%</b>

# State Aid Estimate

## Unrestricted General Government Aid/Annual Formula Aid

### Chapter 70 School Aid

- FY2012 \$6,991,720 – 6.1%
- FY2013 \$7,633,990 – 9.2%
- FY2014 \$7,901,802 – 3.5%
- FY2015 \$8,239,740 – 4.3%
- FY2016 \$8,239,740 – 0.0%

- FY2012 \$1,369,789 – (7.2%)
- FY2013 \$1,476,550 – 7.8%
- FY2014 \$1,511,453 – 2.4%
- FY2015 \$1,553,368 – 2.8%
- FY2016 \$1,553,368 – 0.0%





# General Fund Revenue Sources

	<b>Actual</b> <b>FY2014</b>	<b>Recap</b> <b>FY2015</b>	<b>Estimate</b> <b>FY2016</b>
Property Taxes	77.2%	82.2%	81.3%
State Aid	7.6%	7.8%	7.4%
Local Receipts	8.2%	5.9%	5.9%
Other Sources	1.0%	0.5%	1.1%
Free Cash	6.0%	3.0%	4.3%

\*Due to rounding may not total 100%



# Budget Factors

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## **School Enrollment**

- 605 students since 2005/2006 - 12%

## **Average Change in Salary Lines Past 5 Years**

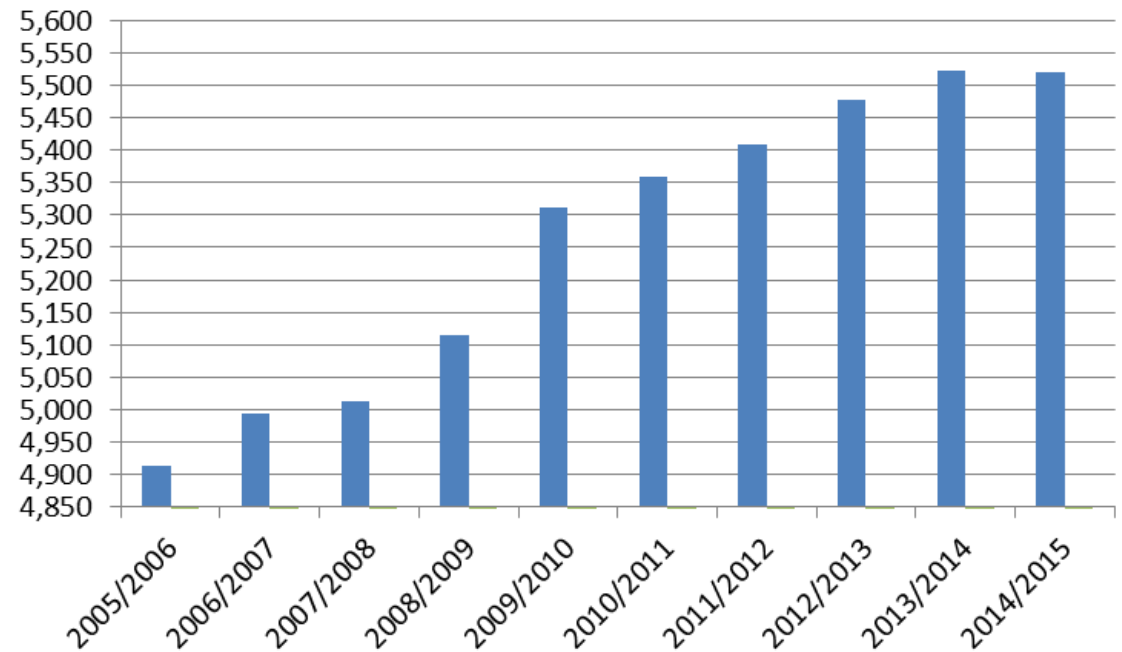
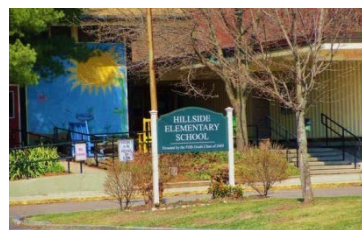
- General Government 3.5%
- Schools 6.2%
- Combined 5.2%

## **Increase in Headcount over Past 5 Years**

- General Government 0.43%
- Schools 10.62%



# School Enrollment





# Budget Proposal: Needham Public Schools

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TM recommendation is 6.1%\* over  
appropriated FY2015 budget

- Cash Capital \$259,520
- Additional Allocation \$165,000

School Committee to vote 1/29/2014

\*5.7% excluding cash capital transfer



# Balanced Budget Highlights

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- Energy Costs
- Allocation of Items from the Capital Plan
  - Operating Capital
  - Public Facility Maintenance Program
- Higher Free Cash Level
  - Financial Warrant Articles
  - Reserves
- Transition to Lower Assumed Rate of Return
  - Retirement
  - OPEB



# Budget Recommendations

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- Health Insurance - \$75,252 - FTEs
- OTM - \$36,016 – Management Fellow
- Personnel Board – \$15,000 Expenses to Salaries
- Planning - \$17,500 – Housing Specialist
- Community Development - \$13,200 – Hours for Conservation Specialist
- Police - \$20,000 – Detail Contingency
- Minuteman – Set at \$700,000 Pending Final Budget Assessment





# Budget Recommendations

- Public Works - \$5,000 – Protective Equipment
- Municipal Parking – Increasing due to parking lot expansion
- Public Facilities \$27,934 Net for FT Custodian (less OT allocation)
- Solar Consulting = expected Energy Credits



# Budget Recommendations

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- HHS - \$42,491 Administrative Assistant
- HHS - \$10,000 to support Traveling Meals
- COD - \$1,500 Stipend (reduced from P&R)
- Library - \$37,688 for Children's Librarian & Circulation Desk



# Enterprise Fund Budgets

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## **RTS –**

- Wheelabrator Contract Savings (\$100,000)

## **Sewer –**

- Testing/Calibrating Flow Meters \$25,000

## **Water**

- Leak Detection \$20,000
- Meter Calibration \$10,000





# Financial Warrant Articles

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- Senior Corps \$15,000
- Property Tax Relief \$27,500
- Planning Consulting \$25,000
- Sidewalk Needs Assessment \$100,000
- Facilities Maintenance \$570,000
- Quiet Zone Feasibility \$35,000
- DPW/PSAB Feasibility \$40,000
- Memorial Park Garden \$20,000
- Roll-off Catch Up Program \$48,000



# Reserves

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- **Athletic Facility Stabilization**
  - Traditional Match \$45,700
  - Unexpended Warrant Article \$20,712
  - Synthetic Turf 5 year plan \$300,000
  - Savings for Building \$500,000
- **OPEB Trust** \$300,000



# FY2016 Budget Recap

(change from FY2015)

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Townwide Expenses	\$36,735,091	4.1%
General Departments	\$28,256,575	4.1%
Public Facilities	\$8,610,363	6.7%
School Department	\$61,497,808	6.1%
Minuteman	\$700,000	(21.6%)
Other Appropriations	<u>\$6,787,101</u>	<u>46.1%</u>
<b>Total GF Expenses</b>	<b>\$142,586,938</b>	<b>6.4%</b>