Fiscal Year 2018 Budget Message

Jodi Ross
Town Manager
November 15, 2016
FY2018 Budget Highlights

- Followed BoS FY18 Budget Direction Policy
- Recommending a balanced budget for FY18
- New growth estimated at $850,000
- Projecting 1.2% increase in State Aid
- Current Cash Reserves are $8,732,749 or 8.7% of operating budget
- 2.5% estimated increase NVTHS
FY2018 Budget Highlights

- “No frills” town budget – 1.57% increase (2.18% with enterprise funds) with no additional personnel – level services
  - (Additional requested FTEs not funded – 2 police officers, 1 conservation/building assistant, 1 highway HEO, additional hour requests permitting and Cameron senior center custodian)
- School department received a 2.38% increase
FY2018 Budget Highlights

- Unclassified (insurances/Medicare/retirement) increasing by 6.18%
  - Budgeting for 8% health insurance increase (+$695,696)
  - Middlesex Retirement Assessment (+$354,360)
  - Increase to OPEB funded through Free Cash (+$257,947)
  - Unfavorable claims/loss ratio for property insurance and worker’s compensation (+$36,300)
  - Medicare appropriation increasing (+$20,000)
- Middlesex Retirement assessment will continue to increase to meet goal of fully funding:
  - FY18 $4,593,239, +8.36%
  - FY19 $4,958,901, +7.96%
  - FY20 $5,251,264, +5.90%
FY2018 Budget Highlights

- Recreation lease of Courier space: $36,000 distributed between Parks, Rec, Cemetery budgets

- Savings to town utility budgets from FY17-18:
  - Electricity aggregate savings - $81,581
  - Fuel savings $38,780
  - Heating fuel $19,500
  - Natural gas $8,900
Use of Reserves

- Free Cash: $4,095,096
- Stabilization Fund: $4,637,653

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$8,732,749</td>
<td>$8,732,749</td>
</tr>
<tr>
<td>Less: Reserve Minimum Balance (5%)</td>
<td>($5,179,856)</td>
<td>$3,552,893</td>
</tr>
<tr>
<td>Less: Capital Appropriation</td>
<td>($1,610,802)</td>
<td>$1,942,091</td>
</tr>
<tr>
<td>Less: Snow &amp; Ice Deficit</td>
<td>($400,000)</td>
<td>$1,542,091</td>
</tr>
<tr>
<td>Less: Perchlorate Appropriation</td>
<td>($150,000)</td>
<td>$1,392,091</td>
</tr>
<tr>
<td>Less: Appropriation to OPEB Stab.</td>
<td>($257,947)</td>
<td>$1,134,144</td>
</tr>
</tbody>
</table>

- Remaining Free Cash to be used for unforeseen expenses or rolled to next fiscal year’s Free Cash balance.
## FY18 Projected Revenues

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Revenue</td>
<td>$75,009,935</td>
</tr>
<tr>
<td>Local Revenue</td>
<td>8,065,016</td>
</tr>
<tr>
<td>State Aid</td>
<td>21,135,407</td>
</tr>
<tr>
<td>Enterprise Revenue</td>
<td>6,584,237</td>
</tr>
<tr>
<td>Reserves Applied</td>
<td>0</td>
</tr>
<tr>
<td>Other Available Funds</td>
<td>921,840</td>
</tr>
<tr>
<td>Free Cash – Capital, perch., snow &amp; ice</td>
<td>2,918,749</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$114,635,184</strong></td>
</tr>
</tbody>
</table>
FY18 Estimated Revenue / Available Funds

- Enterprise: 6,584,237 (5.74%)
- Free Cash Applied: 2,918,749 (2.55%)
- Other Available Funds: 921,840 (0.80%)
- State Aid: 21,135,407 (18.44%)
- Local Revenues: 8,065,016 (7.04%)
- Tax Revenue: 75,009,935 (65.43%)
## FY18 Projected Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westford Public Schools</td>
<td>$55,997,158</td>
</tr>
<tr>
<td>Community Preservation</td>
<td>881,574</td>
</tr>
<tr>
<td>Other Town Departments</td>
<td>22,091,244</td>
</tr>
<tr>
<td>Debt Service</td>
<td>6,787,368</td>
</tr>
<tr>
<td>Enterprise</td>
<td>7,037,746</td>
</tr>
<tr>
<td>Unclassified</td>
<td>16,561,968</td>
</tr>
<tr>
<td>N.V.T.H.S.</td>
<td>712,018</td>
</tr>
<tr>
<td>Other Amounts to be Raised</td>
<td>4,566,108</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$114,635,184</strong></td>
</tr>
</tbody>
</table>
FY18 Budget Expenditures

- **Enterprise** $7,037,746
  - $6,14%
- **Unclassified** $16,561,968
  - 14.45%
- **N.V.T.H.S.** $712,018
  - 0.62%
- **Other Town Departments** $22,091,244
  - 19.27%
- **Debt Service** $6,787,368
  - 5.92%
- **Other Amts to be Raised** $4,566,108
  - 3.98%
- **Community Preservation** $881,574
  - 0.77%
- **Westford Public Schools** $55,997,158
  - 48.85%

Total Budget: $55,997,158
**Budget Impacts from FYs 16 & 17**

- Slowdown in New Growth in FY16 - $901,454 (half of FY15 level) - est. $707,422 in FY17

- At Oct 2016 STM we supplemented:

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Personal Services</td>
<td>$62,853</td>
</tr>
<tr>
<td>Recycling Expenses</td>
<td>46,000</td>
</tr>
<tr>
<td>Public Safety Communications Overtime</td>
<td>60,000</td>
</tr>
<tr>
<td>Fire Dept. Personal Services</td>
<td>47,000</td>
</tr>
<tr>
<td>Ambulance Enterprise Personal Services</td>
<td>8,000</td>
</tr>
<tr>
<td>Tree Warden</td>
<td>18,823</td>
</tr>
<tr>
<td>Water Enterprise Personal Service</td>
<td>23,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>266,176</strong></td>
</tr>
</tbody>
</table>
Budget Impacts from FYs 16 & 17

- Engineering appraisals of easements needed for Oak Hill/Groton Rd $30,000
- Engineering design Complete Streets prioritization projects $50,000
- Recreation move/lease $46,235
- CPA for community garden well $50,000
Health Insurance Overview

- Approximately 56% of eligible employees on town’s plan
- Switch to Fallon, 11/1/16

<table>
<thead>
<tr>
<th>Enrollment as of Oct 1, Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,016</td>
</tr>
<tr>
<td>2014</td>
<td>1,003</td>
</tr>
<tr>
<td>2015</td>
<td>1,032</td>
</tr>
<tr>
<td>2016</td>
<td>1,033</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>FY14 Actual</th>
<th>FY15 Actual</th>
<th>FY16 Actual</th>
<th>FY17 Budget</th>
<th>FY18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>$8.14M</td>
<td>$8.18M</td>
<td>$9.29M</td>
<td>$9.69M</td>
<td>$10.41M</td>
</tr>
<tr>
<td>% Inc.</td>
<td>1.40%</td>
<td>5.10%</td>
<td>7.83%</td>
<td>5.50%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Medicare % Inc.</td>
<td>-36.55%</td>
<td>4.11%</td>
<td>7.88%</td>
<td>10.00%</td>
<td>8.00%</td>
</tr>
</tbody>
</table>
Health Insurance Budget

- In FY17 we budgeted an 8% increase – received a 12% increase for non-Medicare plan, so switched to Fallon for a 5.5% increase.
- Many new options and opportunities for financial incentives.
- FY18 budget reflects $713,696 increase from FY17 totaling $10,411,187. We will continue to track and examine the health insurance projection.
- $520,839 in Health Insurance Stabilization Fund.
The current liability is $56M as of July 1, 2014 - new actuarial study to occur in FY17

OPEB policy – annually fund “normal costs” – accrued liability for employees hired after Jan 1, 2012

Funding OPEB at $852,278 within the operating budget and $257,947 from Free Cash for a total of $1,110,225

OPEB Trust Fund current balance $3,100,281 – after this appropriation = $4,210,506
FY18 Capital Investment

Capital Planning Committee recommendation: $14,502,488

Free Cash $1,610,802
General Fund Bonds $1,301,000
Enterprise Bonds $2,500,000
Enterprise Retained Earnings $199,986
Other available funds $1,890,700
Roudenbush – application to CPC $7,000,000

*Capital Stabilization current balance: $1,143,396
FY15 town-wide facility condition assessment identified $21M in needed repairs

Funded $400,000 in FY16 to begin addressing needs – as of November 2016 $233,500 remaining

Schools and town continuing to analyze logistics/feasibility of consolidating facility maintenance and operations
Public Facilities

- 12 North Main Street – town took ownership Sept 2015 - $378,250 appropriated from CPA for stabilization – RFP to sell property being drafted

- Combined dispatch bid docs being prepared – expected construction completion fall 2017

- Boston Rd fire station design/bid documents underway – estimates are within appropriation

- Roudenbush rehabilitation project being designed – application to CPC
Seven contracts are settled through FY18:

- in negotiations with CWA, WPA and WSO for FYs 17-19
- IAFF, Teachers, Coordinators, Nurses, and Reading & Math Interventionists settled through FY17
- School Office Professionals, Central Office Support, Food Service Workers settled through FY18
- OPEIU, WPWA, Teaching Assistants & School Custodians settled through FY19
Budget Variables

- State aid
- New Growth
- Infrastructure and facility-related capital requests
- Town Farm
- Center Fire Station repurposing
- 12 North Main Street
- Health Insurance
- NVTHS Assessment
Budget Variables

- Collective bargaining agreements
- Litigation
- Ongoing perchlorate remediation expenses
- Energy costs
- Storm response and cleanup expenses
- Snow and ice operations
- Stormwater regulations
Conclusion

Thank you to our board members, department heads, employees, and volunteers for your creativity, collaboration, countless contributions, and most of all, for your unwavering dedication and commitment to our community.