

TOWN OF WESTFORD

State of the Town Fiscal Year 2013

**Jodi Ross
Town Manager
March 24, 2012**

Highlights

- WSO, WPA, OPEIU, WPWA, and School Custodians signed 2 year contracts
 - 0% COLA in FY12 & FY13
 - No step increases in FY12
- Switched to Tufts Health Insurance on Nov. 1
 - Estimated \$551,072 town cost avoidance
- Local Options Excise exceeding estimate of \$350,000
- New Growth along 110 – Red Hat, Cornerstone, Princeton Properties, Abbot Mill
- Mitigation funding new call fire station in Parker Village
- Mutual Aid Agreements with Public Works & Public Safety

Highlights

- New field completed at WA and two fields under construction on Nutting Road
- FEMA reimbursement for Irene and October snowstorm
- Conducted Annual Strategic Planning Retreat
- Sign bylaw revisions under way – public input sought
- Wireless bylaw adopted at Oct 17, 2011 STM
- Unaccepted Roads Com. prepared final recommendations
- Bond rating remains Aa2 for Moody's and AA+ for S&P
- Budget Solutions Task Force meeting regularly

Board of Selectmen/Town Manager

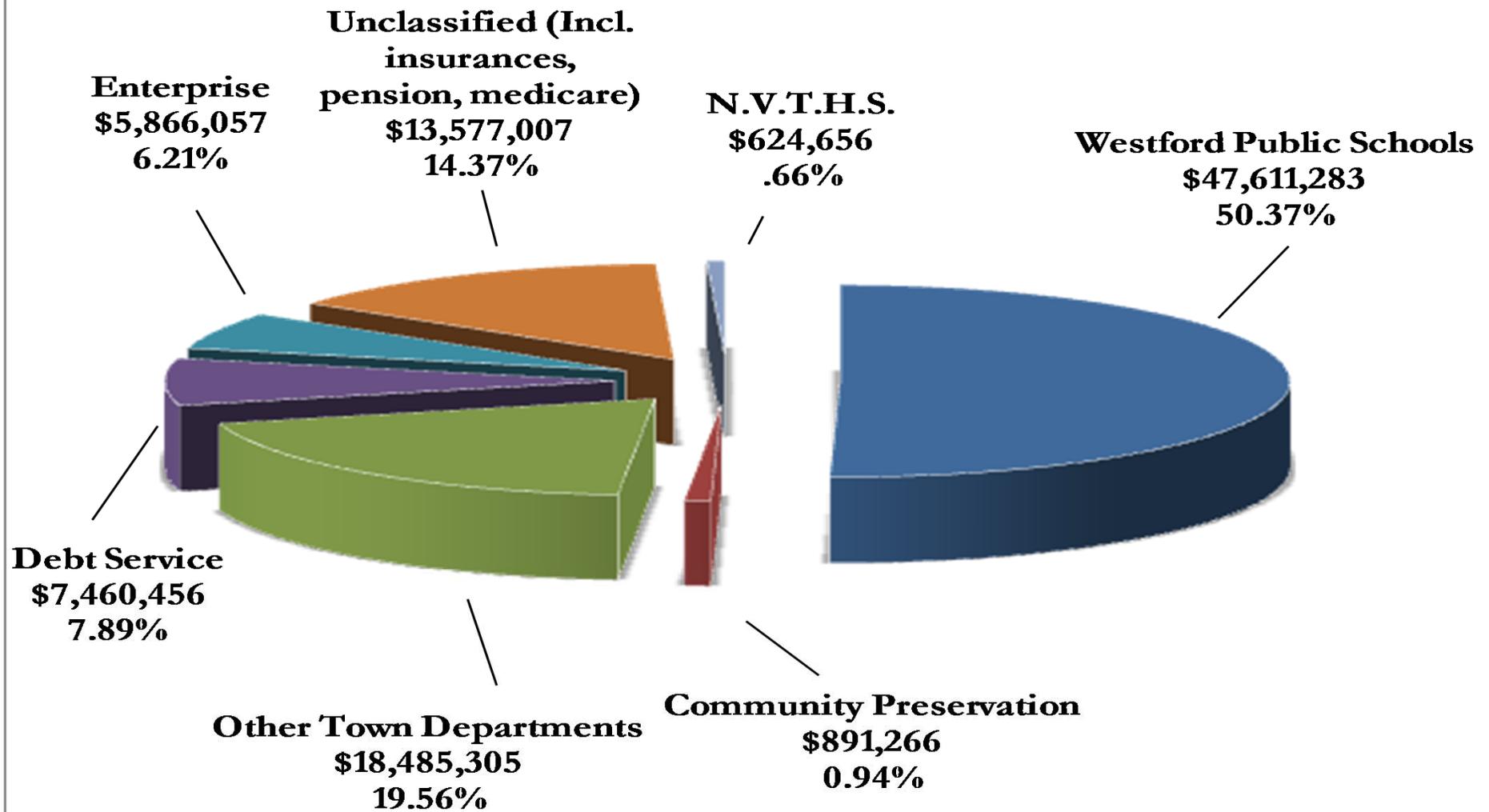
2012 Goals - Financial

- Develop FY14 budget with two requests
 - Level services budget
 - Budget to remain above minimum recommended reserves
- Develop a bundled capital plan that includes a debt exclusion for Town Meeting/ballot vote
- Negotiate health plan design changes

FY13 Projected Expenditures

Category	FY13 Budget	% inc/(dec)
Westford Public Schools	\$47,611,283	2.89%
Community Preservation	891,266	0.03%
Other Town Departments	18,485,305	1.10%
Debt Service	7,460,456	0.01%
Enterprise	5,866,057	3.33%
Unclassified	13,577,007	3.60%
N.V.T.H.S.	624,656	(10.35%)
FY12 Supplemental	272,000	N/A
Other Amounts to be Raised	3,901,043	(20.59%)
Total	98,689,073	1.54%

FY13 Operating Budget



FY2013 Budget Summary

- Total cash reserves \$4,671,517 (5.22% of budget)
- School budget increased by 2.89%
- Town budgets increased by 0.67%
 - Increase of 1.93% with Enterprise Subsidies - \$157,066 for Recreation and \$346,214 for Ambulance
- 5 union contracts with 0% COLA and step in FY13
- \$1,313,500 in capital with \$315,000 to be bonded
- Chapter 90 funding expected level at \$886,045
- \$50,000 to OPEB Stabilization Fund
- Nashoba Tech H.S. assessment lower due to decreased enrollment

FY2013 Budget Summary

- Decreases in Assessor's, Treasurer/Collector's, and Technology budgets due to efficiencies
- Shared personnel in Town Clerk & Town Mgr's
- Cont'd savings from re-org of Finance Dept
- Received over \$100k in insurance proceeds
- Last payment for SAFER grant in June 2012
- No offset for Animal Control
- Reduction of \$114,660 in excluded debt
- Overall tax impact of 2.10%

FY 2013 Budget Summary

- Increased funding for public safety staff & equipment
 - Funded fire fighters originally hired under federal SAFER grant
 - \$50,000 additional funding for Fire OT
 - Protective clothing and radios budgeted in Fire budget
 - 1 police officer to be hired mid-year
 - Bullet-proof vests budgeted in police budget
- Proposed \$250,000 reserve fund for Water Enterprise under custody of Finance Committee
- Perchlorate expenses to be funded through Perchlorate Stabilization

Capital Appropriations

Capital Planning Committee reviewed, prioritized and recommended town-wide capital budget

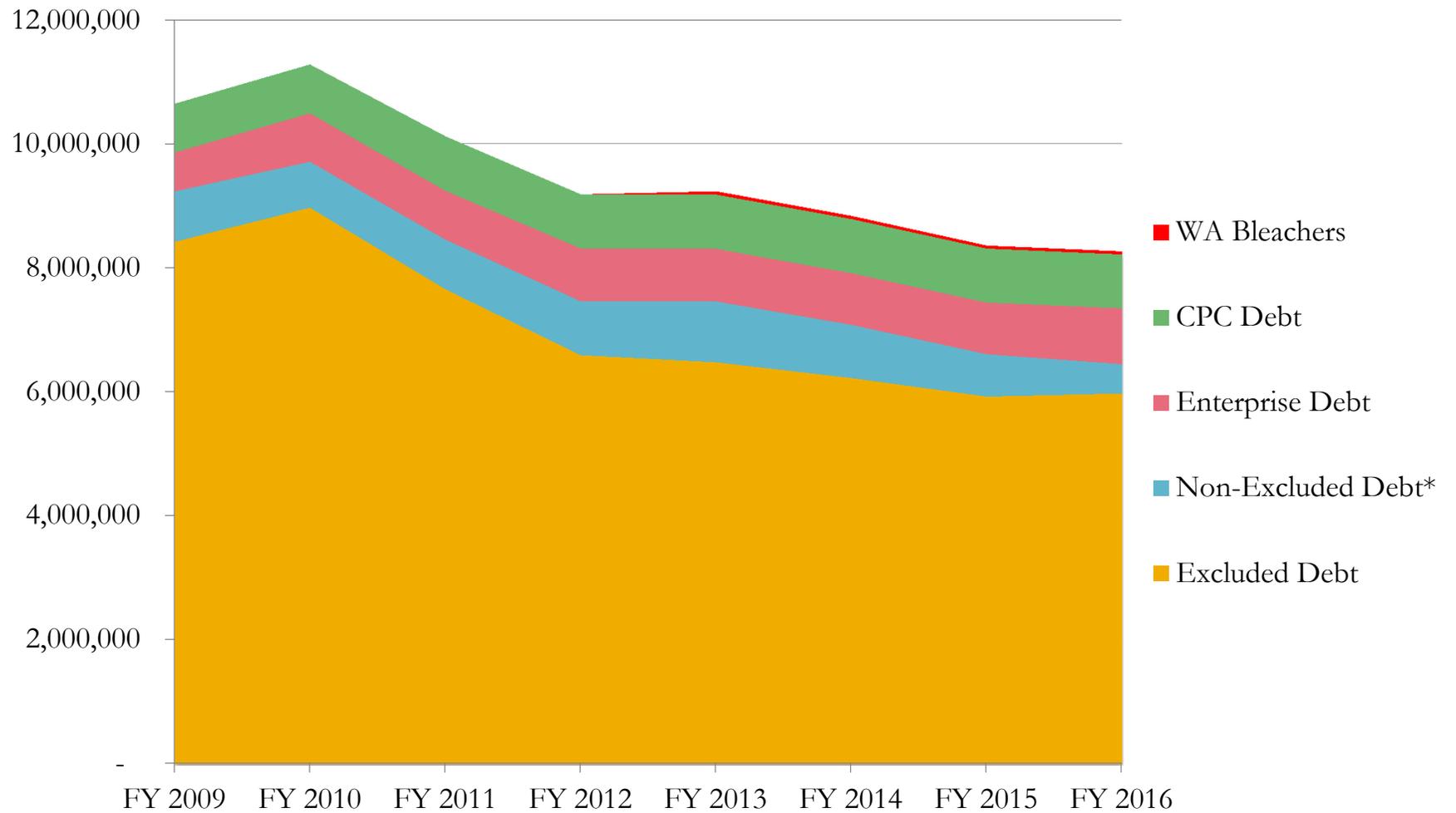
Raise & Appropriate	\$	826,972.00
Bonding		315,000.00
Approp. to Capital Stab.		171,528.00
Water Enterprise Free Cash		145,364.00
Water Completed Projects		180,990.56
Water Ent. Bonding		1,300,000.00
Total	\$	<u>2,939,854.56</u>

Debt Service

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Excluded Debt	8,418,851	8,972,048	7,655,384	6,589,850	6,475,190	6,221,314	5,921,358	5,973,133
Non-Excluded Debt*	815,923	741,006	800,620	869,753	983,266	858,107	682,819	472,004
Enterprise Debt	626,759	781,060	788,327	852,253	847,727	833,235	834,440	900,745
CPC Debt	788,269	789,369	880,035	875,970	876,266	874,861	872,022	870,610
WA Bleachers*					52,813	51,500	50,188	48,875
Total	10,649,802	11,283,483	10,124,366	9,187,826	9,235,261	8,839,017	8,360,827	8,265,367

***Short Term Debt is Estimated**

Debt Service



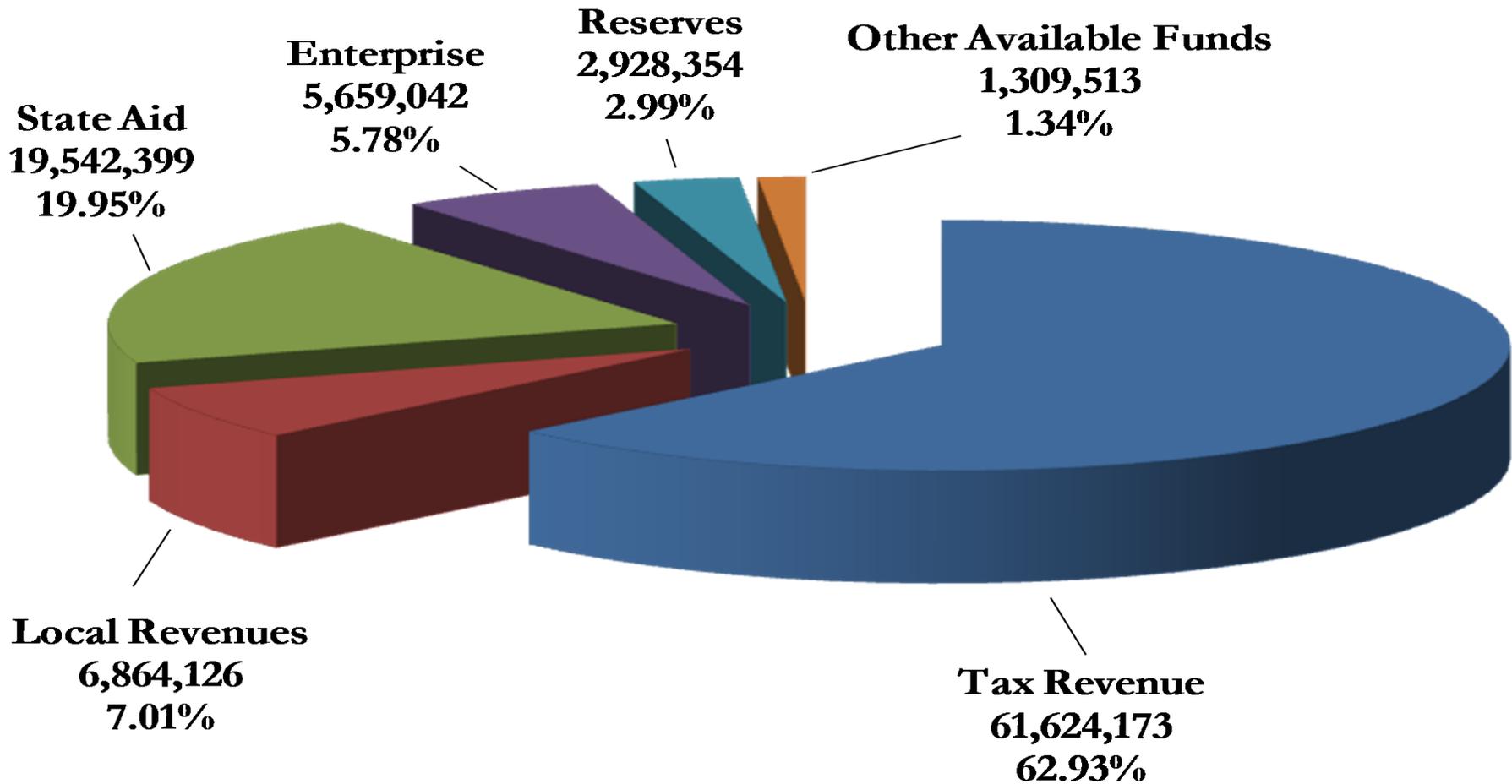
FY13 Projected Revenue

Tax Revenue	\$61,624,357
Local Revenue	6,966,626
State Aid	19,537,069
Enterprise Revenue	5,362,777
Reserves Applied	2,795,731
Other Available Funds	2,402,513
Total	98,689,073

FY 2013 Projected Revenue

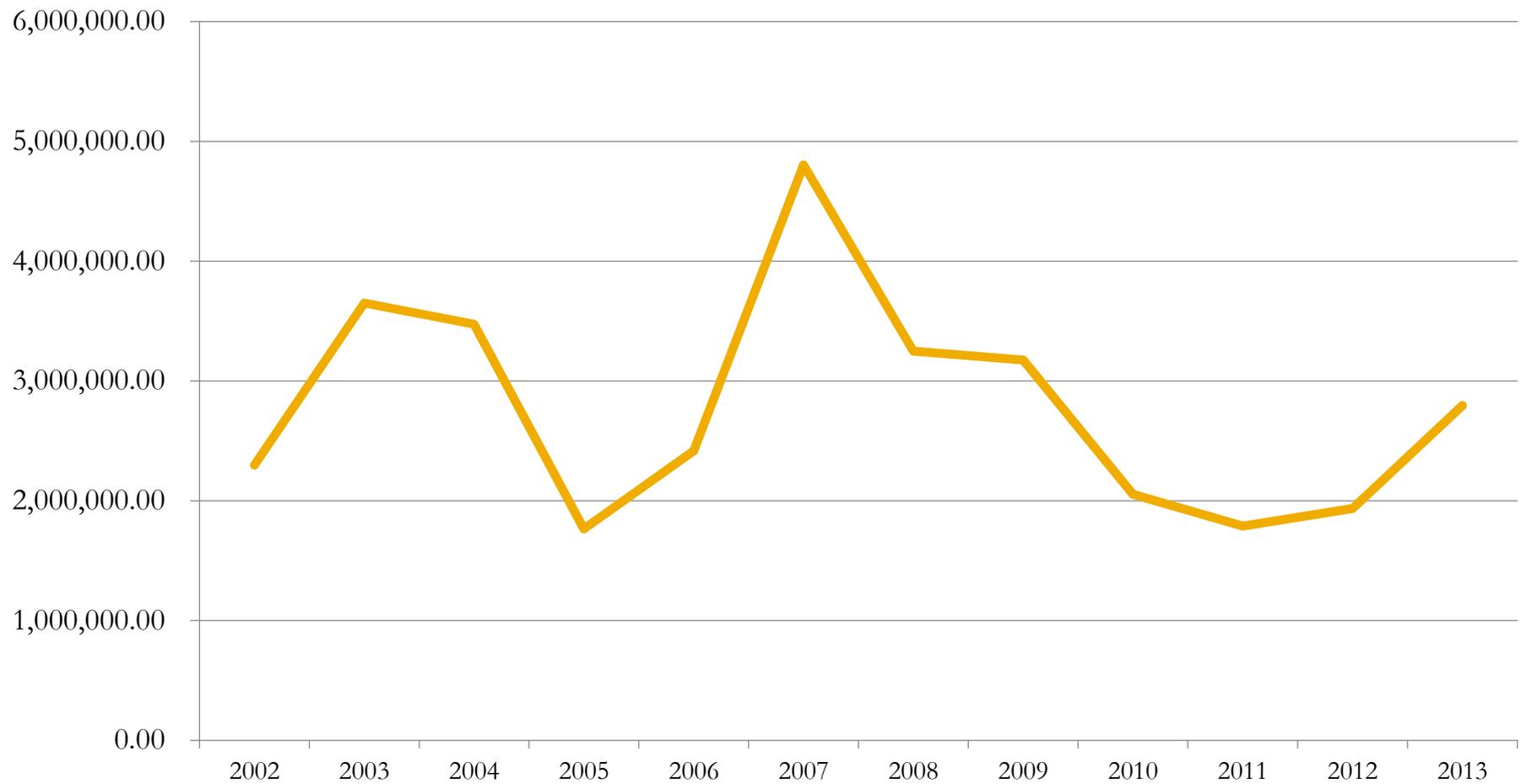
- Reserves of \$4.67 million
- New Growth projection of \$900,000
- Lease revenue from East Boston Camps & Roudenbush
- Local options revenue tracking higher than expected after two payments
- Decrease in State Aid
- Local Revenue estimated 2.5% increase in FY13
- Expecting FEMA reimbursements

FY13 Estimated Revenue



Free Cash Applied to Balance the Budget

Free Cash Applied



Rising Costs & Declining Revenues

- Health Insurance average 15% annual increase over past 5 years, including 0% in Nov. 2011
- Middlesex Retirement Assessment increased 7.4% each year from FY08 to FY13
- Gasoline - \$266,705 in FY09 to \$304,085 in FY13
- State Aid essentially level since FY10
- Investment earnings 8% of total from FY07
- Motor Vehicle Excise down \$150,000 from FY06

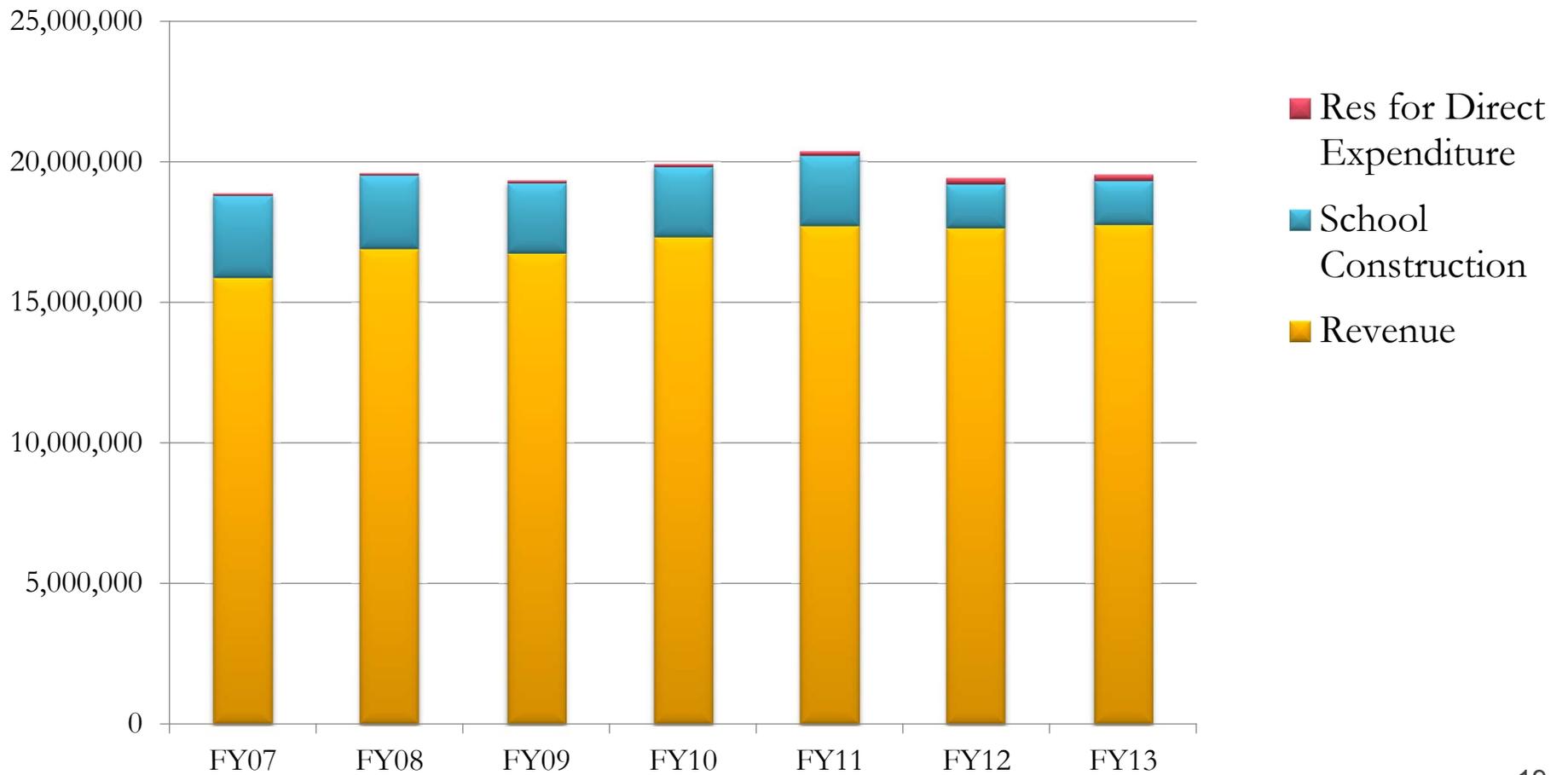
Health Insurance Overview

- FY13 Budget (17.3% increase) \$9,438,000
- FY12 Projected Expense (8.9% increase) \$8,040,000
- FY11 Actual (14.3% increase) \$7,378,422
- FY10 Actual Expense \$6,455,172

- Only 67% of eligible employees are enrolled in town's plan
- Town contributes 65% for HMO and 60% for PPO
- Average 15% budget increase over past five years
- Health plan design changes being bargained this spring

- Enrollment as of Mar 1, 2012 985
- Enrollment as of Oct 1, 2010 961
- Enrollment as of July 1, 2009 892

State Aid

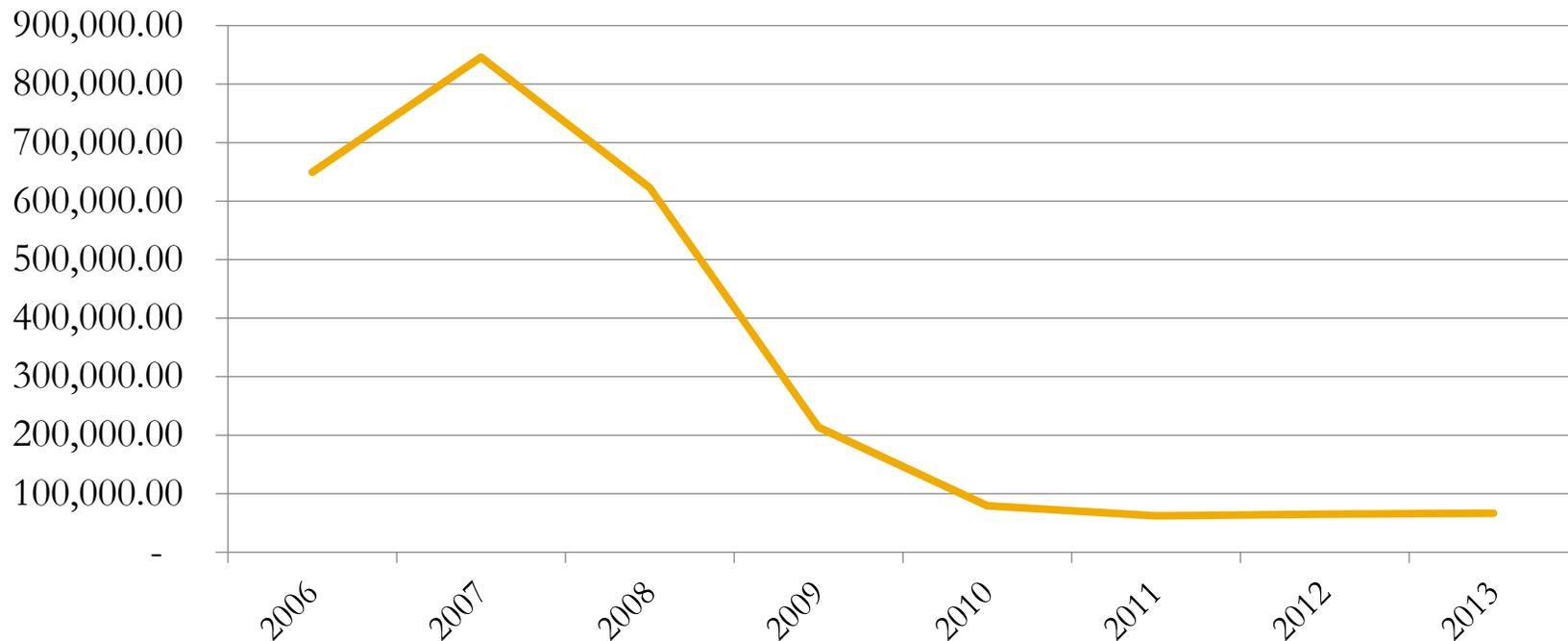


State of the Town Presentation to Annual Town Meeting 3/24/2012

Investment Income

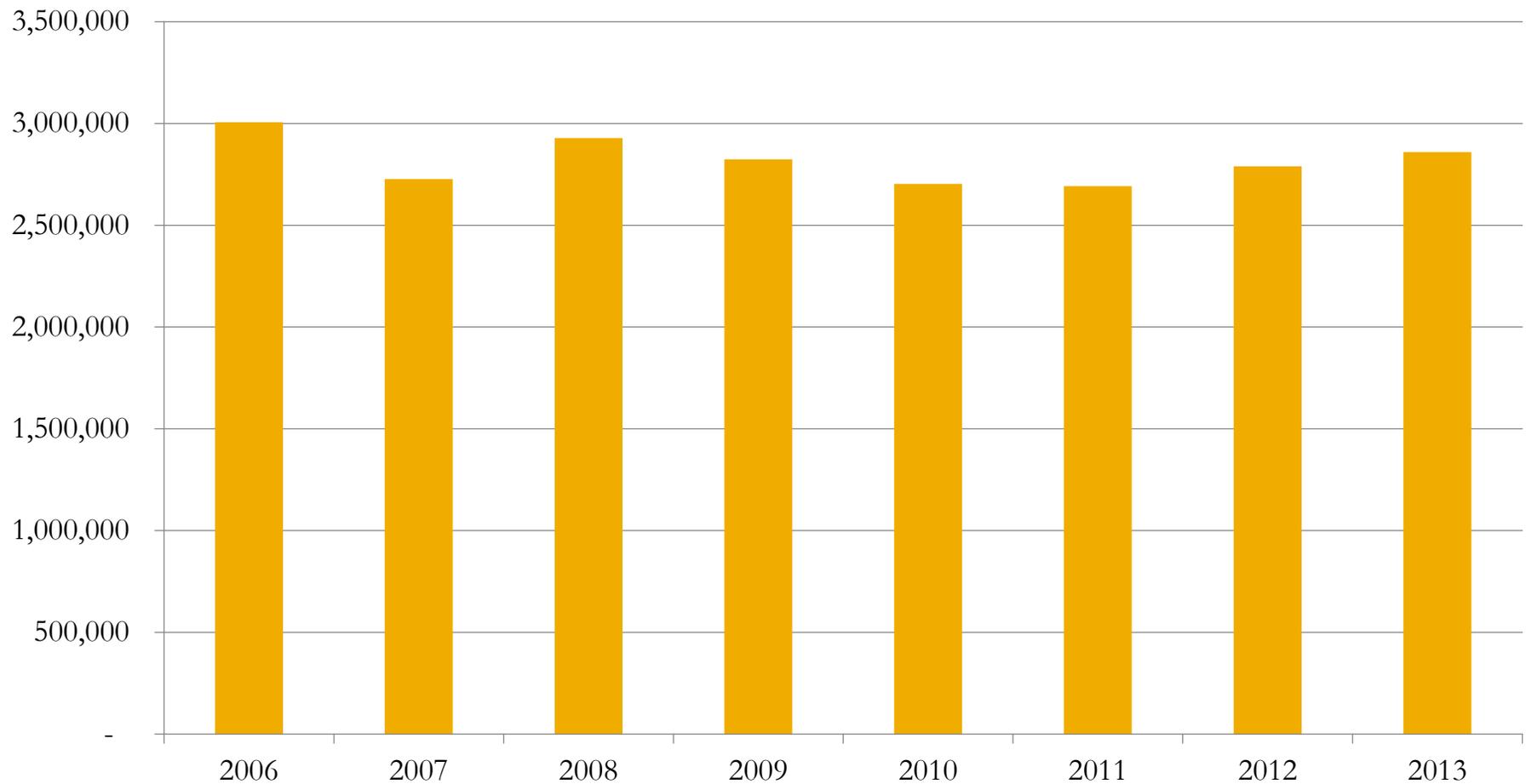
- 5.25% in Sept 2007 down to .25% in Dec 2008
- The projected income for FY13 is \$66,625
 - Down from \$846,064 in FY07

General Fund Investment Income



Motor Vehicle Excise

Motor Vehicle Excise Tax - FY06 to FY13



Sample of Efficiencies

- Bid gasoline, utilities, town counsel, insurance, health insurance, town maintenance contracts, all highway contracts
- Reduced staffing through attrition
- Restricted the use of town vehicles
- Finance, facilities, GIS, animal control, and other department reorganizations and efficiencies
- Streamlined procurement
- Negotiated lower tipping fees with trash collectors

Initiatives to Generate New Revenue

- Sold Tax Possession Sale Committee properties
- Entered leases with Roudenbush & GuardUP
- Sold surplus vehicles & equipment
- Sold permitting software program to other communities
- Re-established fees for Sealer of Weights & Measures inspections
- Increased fees for bulk item disposal

FY13 Budget Challenges

- Uncertainties
 - Labor contracts (5 of 12 settled thru FY13)
 - FY13 Health insurance enrollment and premiums
 - Litigation
 - Perchlorate expenditures
 - Waste water treatment plant operations
 - Snow and ice deficit
 - Severe storms, town's response and recovery costs

FY13 Budget Challenges

- Increased debt inside the levy limit due to bonding for capital (est. \$99,734)
- Federal Education Jobs Bill Funds unavailable (funded 25 school staff)
- Special Education mandates
- SAFER grant program ended (funded 8 FFs)
- Retirement assessment
- Rising gasoline costs
- Maintaining buildings

Future Challenges – FY14 and Beyond

- \$3.4M projected deficit for FY14
- Assumptions:
 - 2.5% increase for schools
 - 1.0% increase for town
 - 1.75% for Nashoba Tech H.S assessment
 - 20% increase for health insurance
 - 10% increase for Middlesex Retirement
 - \$1.5M in operational budget for capital
 - Level state aid
 - 2.5% increase for local revenue
 - New growth estimated at \$900,000
 - \$1M free cash generated

Future Challenges – FY14 and Beyond

- Capital Planning Committee looking at long-term capital needs and recommendation to “bundle” and bond
- No union contracts are settled for FY14
- Health insurance
- Facility-related capital requests and building maintenance needs
- Fluctuations in fuel prices
- Projected revenues are not expected to increase at the same rate as expenditures
- Budget Solutions Task Force looking at all opportunities

Conclusion

We are committed to working with our entire community to make this work.

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