

# Town Manager Recommended Budget Fiscal 2015

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December 10, 2013

Melissa Arrighi, Town Manager  
Lynne Barrett, Director of Finance

# Review of Department Requests

	<u>Budget 2014</u>	<u>2015 Dept Request</u>	<u>Increase over Prior Year</u>	<u>% Increase</u>
<b><u>Operating Budgets</u></b>				
Administrative Services	1,634,370	1,989,644	355,274	21.74%
Department of Finance	2,617,799	2,747,068	129,269	4.94%
Department of Community Resources	2,827,248	2,964,187	136,939	4.84%
Department of Inspectional Services	803,837	836,764	32,927	4.10%
Department of Planning & Development	636,825	680,892	44,067	6.92%
Department of Public Safety	18,103,017	18,316,529	213,512	1.18%
Department of Marine & Environmental Affairs	790,959	811,763	20,804	2.63%
Department of Public Works	5,464,729	6,067,244	602,515	11.03%
<b>Sub-Total Town</b>	<b>32,878,784</b>	<b>34,414,091</b>	<b>1,535,307</b>	<b>4.67%</b>
School	79,346,088	81,678,250	2,332,162	2.94%
<b>Sub-Total Operating Budgets</b>	<b>112,224,872</b>	<b>116,092,341</b>	<b>3,867,469</b>	<b>3.45%</b>
Fixed Costs	44,307,224	50,575,413	6,268,189	14.15%
Debt Service	11,220,824	11,345,732	124,908	1.11%
<b>Grand Total</b>	<b>\$167,752,920</b>	<b>\$178,013,486</b>	<b>\$10,260,566</b>	<b>6.12%</b>

# Administrative Services

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- Total Increase of \$355,274 . Major expense items other than contractual wage increases total \$308,171 (87%) below:
  - Town Manager - 1000 Acres Title Research \$200,000 & CH61 Real Estate Appraisals \$50,000
  - Human Resources . Part Time Position \$10,500 & Medical Services Increase of \$5,000
  - Town Clerk . 2 Election Increase of \$37,671 & Postage Increase of \$5,000

# Department of Finance

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- Total Increase of \$129,269 . Major expense items other than contractual wage increases total \$54,455 (42%) below:
  - Moderator . Electronic Voting \$5,000
  - Finance & Accounting . Audit increase of \$3,005
  - Assessing . Revaluation Services includes Appraisals for Entergy & Solar / Wind for \$25,000
  - Treasurer / Collector . Banking Services of \$5,000
  - Information Technology . Software Support Agreements and Network Service Contracts increase of \$16,450

# Department of Community Resources

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- Total Increase of \$136,939 . Major expense items other than contractual wage increases total \$80,962 (59%) below:
  - Council on Aging . Grounds & Building Maintenance Service Contracts of \$44,582
  - Library . Electronic Books \$30,000 and Building Maintenance Service Contracts \$6,380

# Department of Inspectional Services

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- Total Increase of \$32,927 . Major expense items other than contractual wage increases total \$7,000 (21%) below:
  - Building Department . Part time inspectional hours increase

# Department of Planning & Development

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- Total Increase of \$44,067 . Major expense items other than contractual wage increases total \$30,000 (68%) below:
  - Planning - Energy Initiatives Technical Services

# Department of Public Safety

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- Total Increase of \$213,512 . Major expense items other than contractual wage increases total \$172,568 (81%) below:
  - Police . 2 New Positions (Patrolman & Superior Officer) of \$98,451, Overtime of \$35,053 for 2 Elections & \$9,064 in Equipment Maintenance
  - Fire - \$30,000 Increase in Overtime

# Department of Marine & Environmental Affairs

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- Total Increase of \$20,804
  - Animal Control . Increase for a part time staff of \$17,485
  - Environmental Management . Allocation of Director's salary increased for the general fund by 13%
  - Decreased EM by moving \$50,000 for Landfill Monitoring to the DPW general fund solid waste budget.

# Department of Public Works

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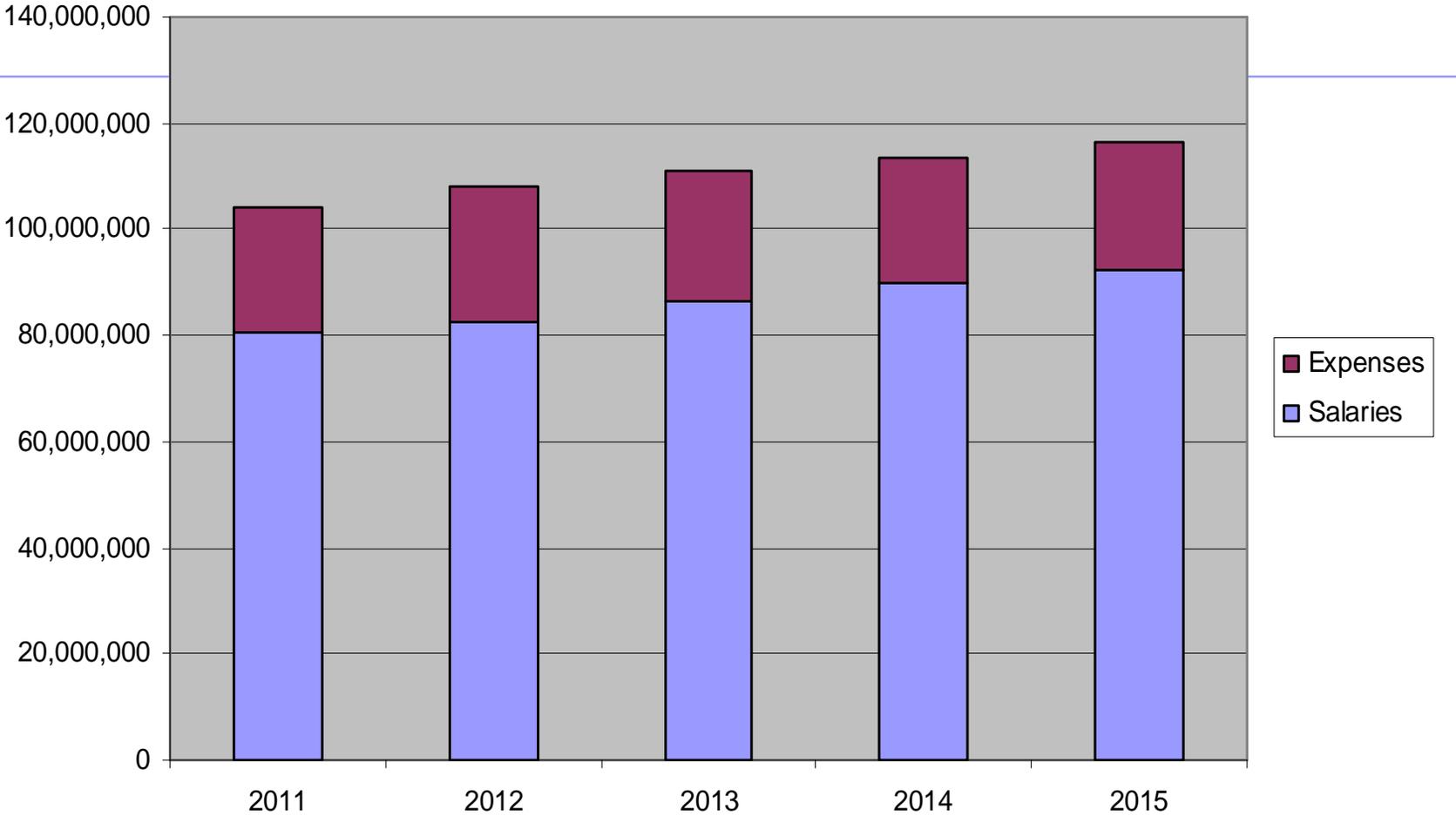
- Total Increase of \$602,515 . Major expense items other than contractual wage increases total \$590,027 (98%) below:
  - Highway - \$50,000 Crushing Services
  - Fleet Maintenance - \$84,000 Painting & Tires for police cruisers, town vehicles, and heavy equipment
  - Solid Waste GF - \$146,883 for Town & School building disposal & recycling services and landfill well monitoring
  - Crematory - \$3,100 for retort inspection services
  - Cemetery - \$295,032 for outsourcing maintenance for 7 cemeteries
  - Parks & Forestry - \$11,012 for Forges Filed Maintenance Contract

# School Department Budget Request

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- Increase of \$2,332,162 over prior year
  - December 16, 2013 present to School Committee
  - January 6, 2014 public hearing and vote on School Committee budget

### Town & School Operating Budgets



# Fixed Costs

	2014	2015	Increase / Decrease	%
Salary Reserve	388,764	1,775,000	1,386,236	356.58%
Utilities	2,040,200	1,973,904	-66,296	-3.25%
Fin Com Reserve Fund	130,000	150,000	20,000	15.38%
Tax Title & Foreclosure	306,025	365,202	59,177	19.34%
School Medicaid Program	201,189	217,499	16,310	8.11%
Out of District Transportation	62,977	64,552	1,575	2.50%
School Disposal	17,000	0	-17,000	-100.00%
Snow & Ice Budget	460,000	485,000	25,000	5.43%
Member Benefits	4,392,758	5,030,573	637,815	14.52%
Pension Appropriation	9,086,570	9,813,496	726,926	8.00%
Unemployment Compensation Trust Transfer	100,000	100,000	0	0.00%
Member Insurance - Self Insured Programs	26,154,367	29,266,625	3,112,258	11.90%
OPEB Trust Transfer	146,564	175,000	28,436	19.40%
Compensated Absences Trust Transfer	0	150,000	150,000	
All Town Insurance Programs	820,810	1,008,562	187,752	22.87%
<b>Grand Total</b>	<b>44,307,224.00</b>	<b>50,575,413.00</b>	<b>6,268,189.00</b>	<b>14.15%</b>

# Utilities

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- Overall Decrease of \$66,296
  - 3% increase to fuel, electricity & gas of \$56,550
  - Estimated net credit of \$122,846 for our partnership with the schools on solar farm contracts in Freetown & Wareham

# Member Benefits ó Employer Medicare

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- Employer Medicare Match . Increase of \$162,600
  - Employees who are hired (or rehired) after March 31, 1986 are subject to mandatory Medicare
  - 1.45% of wages for both employee and employer
  - Currently no one subject to the additional Medicare Tax of .9% ACA (not an employer match)
  - Appears that we have 75 active employees who are not subject to Medicare both Town & School.
  - Medicare tax is applied to all wages including overtime, longevity, uniform allowances, holiday pay, stipend, etc.

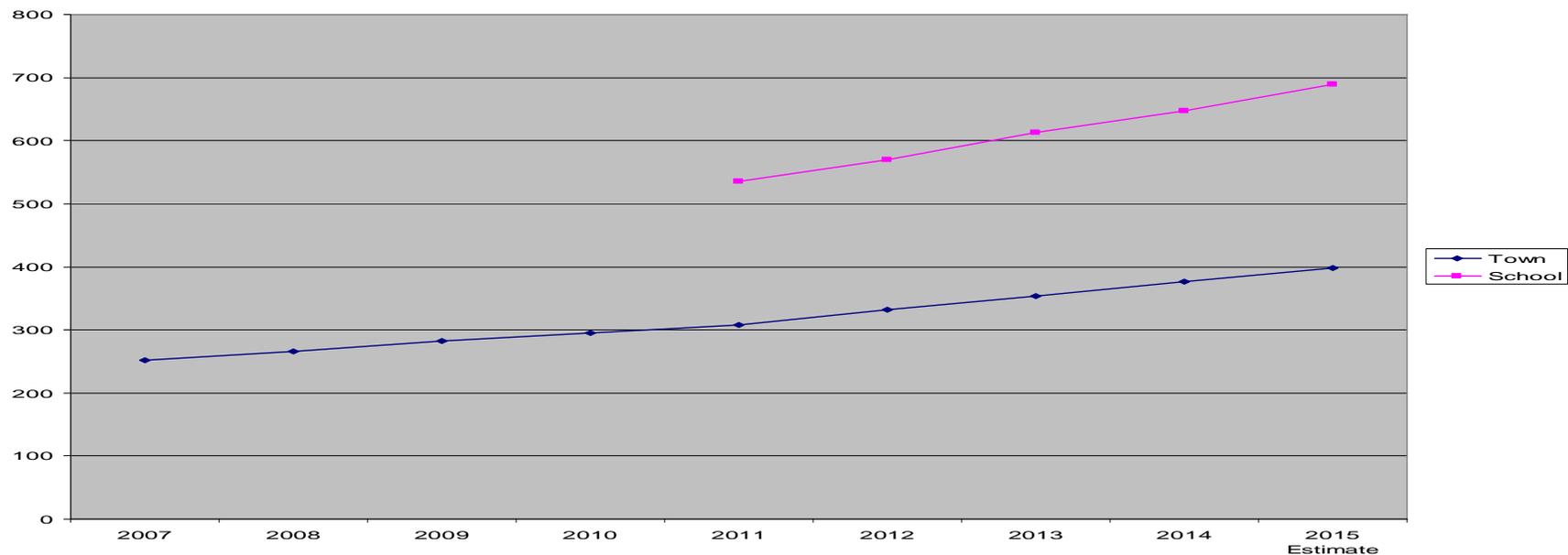
# Member Benefits ó Managed Blue

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- Managed Blue . increase of \$136,297
  - Premium supplement plan to Medicare A & B (other option for supplement is MEDEX which is part of our self-insured insurance plans)
  - Preventative care product, lower co-pays, fitness reimbursements and network plans
  - Increase based on rates to increase by 6% and based on current enrollment.
  - Migration to this product has increased over the years especially on the school side.

# Member Benefits ó Medicare Part B Premium Reimbursement

Medicare Part B Premium #'s



Increase of \$202,022 is based on the numbers eligible increasing and an average rate increase of 6.13% (derived from the last 15 years).

# Pension Appropriation

- ❑ Increase of 8% based on 1/1/2013 valuation
- ❑ As of 1/1/2012 our system had recognized the entire 2008 loss
- ❑ Increase in liability due to more conservative assumptions
- ❑ Amortization schedule goes out to 2032 . State maximum is 2040
- ❑ October 2013 FIA Flash Report:
  - ❑ Current market value \$137.4M
  - ❑ YTD up 15.3% and 1 year up 18.8% (October 2013)

	1/1/2010 Valuation	1/1/2013 Valuation
Actuarial Value of Assets	\$111,588,652	\$119,488,051
Unfunded Actuarial Liability	\$94,281,388	\$127,698,455
Funded Ratio	54.2%	48.3%
# of Members at date of valuation	1519	1520
Assumptions:		
Investment Return	8.00%	7.75%
Salary	4.00%	4.25% to 4.75%
COLA Base	\$12,000	\$14,000
Amortization Schedule Date	2028	2032
Updated Mortality Tables		

# Member Insurance ó Self Insured Plans

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## ■ Health Trust

### ■ Decreases to Trust:

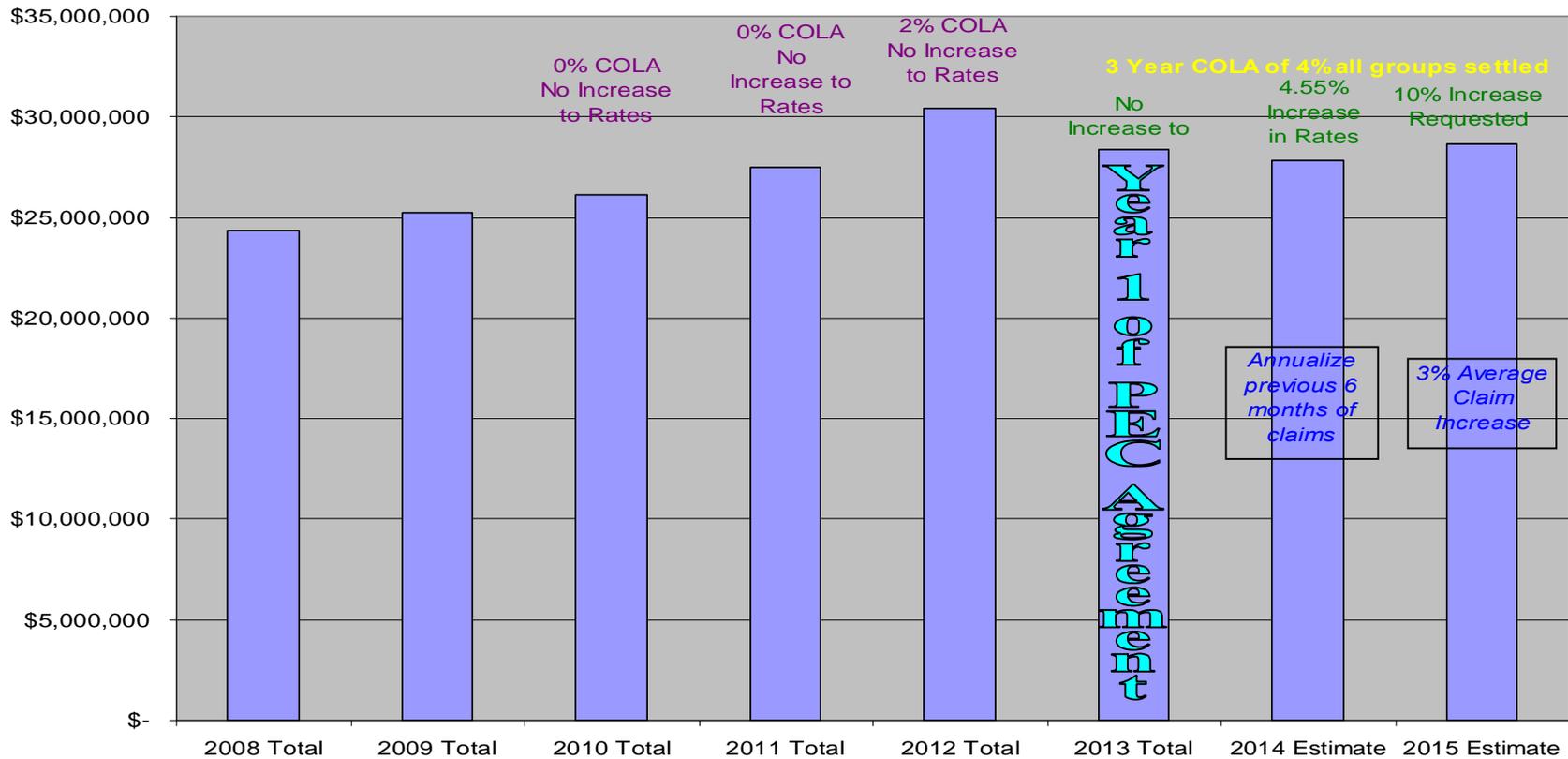
- Level weekly payment for claims & administration with a quarterly reconciliation
  - Claims Increase 3% & Administration Increase 2%
- Stop Loss Insurance Premium - \$175,000 per member and \$400,00 aggregating corridor . Estimated Premium for FY2015 \$520,000
- IBNR 7% of Annual Claims . Year End Adjustment . \$2 Million
- Affordable Care Act Fees . Starting in FY2015 approximately \$300,000

### ■ Increases to Trust:

- Premium Charged to Employee / Retiree and Town deposited into the Trust:
  - Weekly / Bi-weekly for active employees thru payroll
  - Monthly for retirees based on Plymouth Retirement and Mass Teachers Retirement reports
  - Annually for direct payers
- Trust earns its own interest
- School grants, school lunch and Plymouth / Carver reimbursement to the Trust
- Recoveries on Stop Loss Insurance

# Health Trust Claims & Administration - Projected

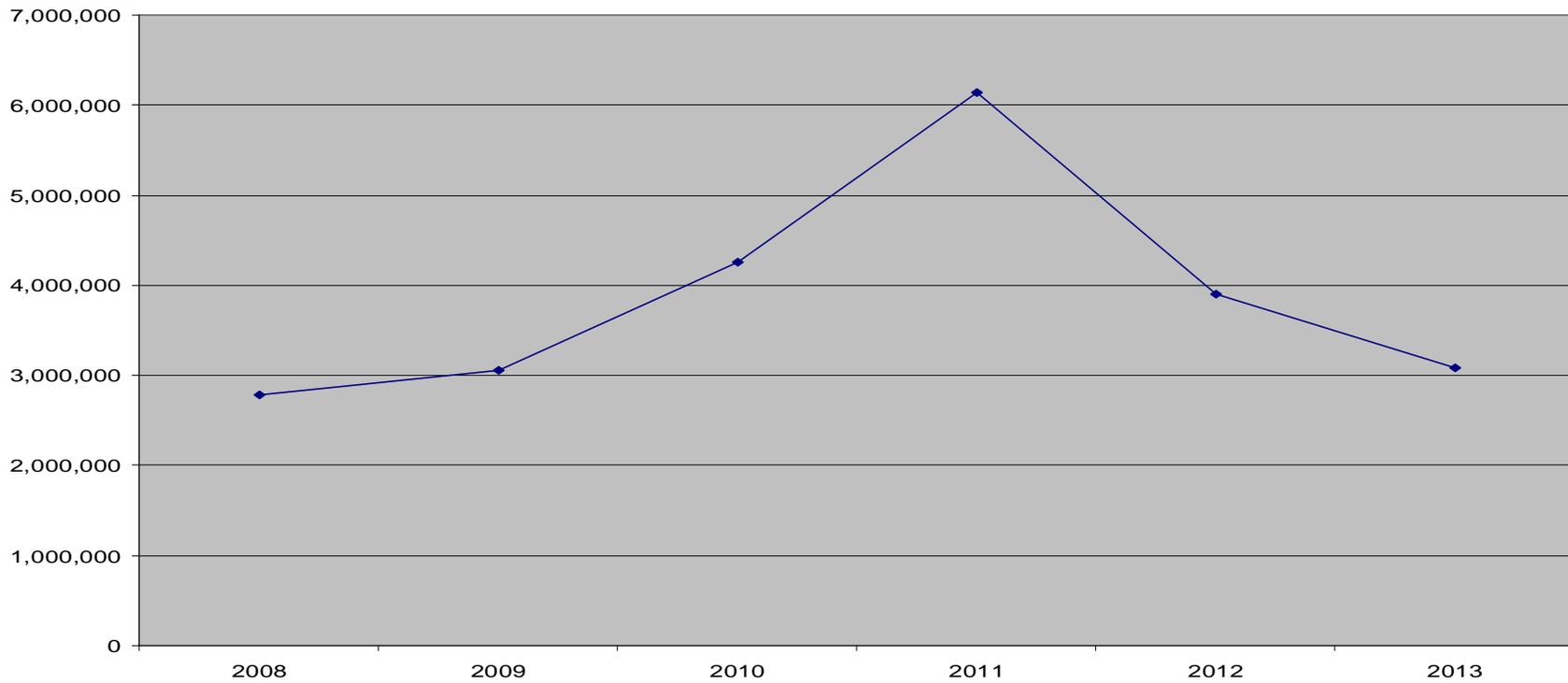
Health Claim Trends



# Health Trust Fund Balances

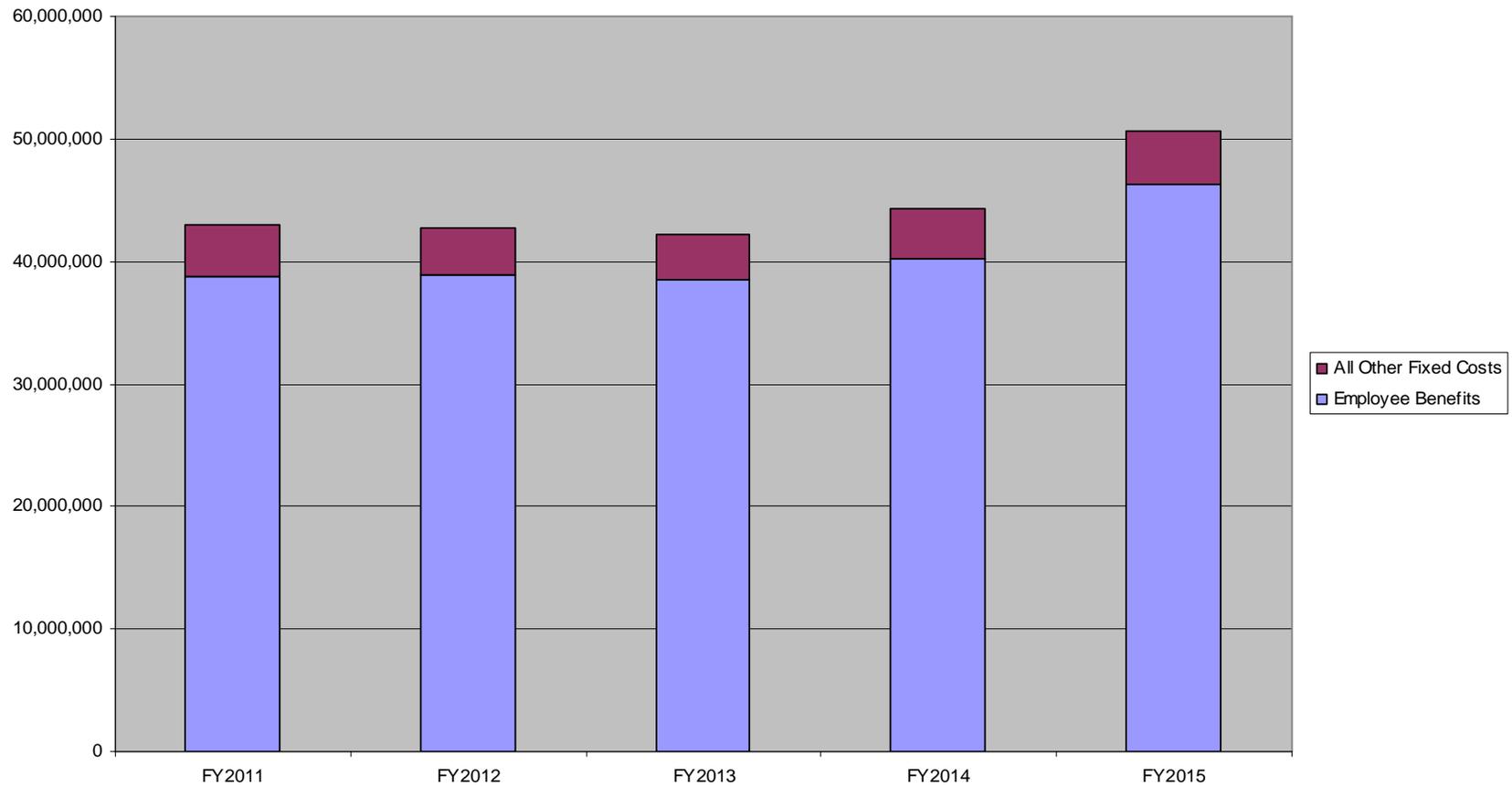
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Health Trust Fund Balance at June 30th



# Fixed Costs Breakdown

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# Town Manager's Recommendations

	<u>Town Manager Recommendation</u>	<u>Cut From Requested</u>	<u>Increase over Prior Year</u>	<u>% Increase</u>
<b>Operating Budgets</b>				
Administrative Services	1,685,144	(304,500)	50,774	3.11%
Department of Finance	2,713,968	(33,100)	96,169	3.67%
Department of Community Resources	2,934,187	(30,000)	106,939	3.78%
Department of Inspectional Services	823,766	(12,998)	19,929	2.48%
Department of Planning & Development	481,583	(199,309)	(155,242)	-24.38%
Department of Public Safety	18,166,078	(150,451)	63,061	0.35%
Department of Marine & Environmental Affairs	794,278	(17,485)	3,319	0.42%
Department of Public Works	5,737,212	(330,032)	272,483	4.99%
<b>Sub-Total Town</b>	<b>33,336,216</b>	<b>(1,077,875)</b>	<b>457,432</b>	<b>1.39%</b>
School	80,598,250	(1,080,000)	1,252,162	1.58%
<b>Sub-Total Operating Budgets</b>	<b>113,934,466</b>	<b>(2,157,875)</b>	<b>1,709,594</b>	<b>1.52%</b>
Fixed Costs	47,819,449	(2,755,964)	3,512,225	7.93%
Debt Service	11,345,732	0	124,908	1.11%
<b>Grand Total</b>	<b>\$173,099,647</b>	<b>(\$4,913,839)</b>	<b>\$5,346,727</b>	<b>3.19%</b>

# Reductions Summarized:

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- Administrative Services

- 1000 Acre Title Research \$200,000
- CH61 Property Appraisals \$50,000
- Legal Costs & Town Celebrations \$10,000
- Human Resources \$13,500
- Town Clerk . Postage - \$31,000

# Reductions Summarized:

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- Department of Finance
  - Various Divisions \$33,100
- Department of Community Resources
  - Library . Electronic Books \$30,000
- Inspectional Services
  - Building Department . Inspectional Services \$12,998

# Reductions Summarized:

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- Department of Planning & Development
  - Energy Initiatives \$30,000
  - Economic Development \$89,309
  - 2020 Celebration \$80,000
- Department of Public Safety
  - Police . New Positions & Other Expenses \$125,451
  - Fire . Overtime \$25,000
- Department of Marine & Environmental Affairs
  - Animal Control - \$17,485

# Reductions Summarized:

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- Department of Public Works
  - Highway . Crushing Services \$25,000
  - Fleet Maintenance - \$10,000
  - Cemetery Outsourcing - \$295,032
- School Department
  - Reduce by \$1,080,000
- Fixed Costs
  - Total Reduction of \$2,755,964

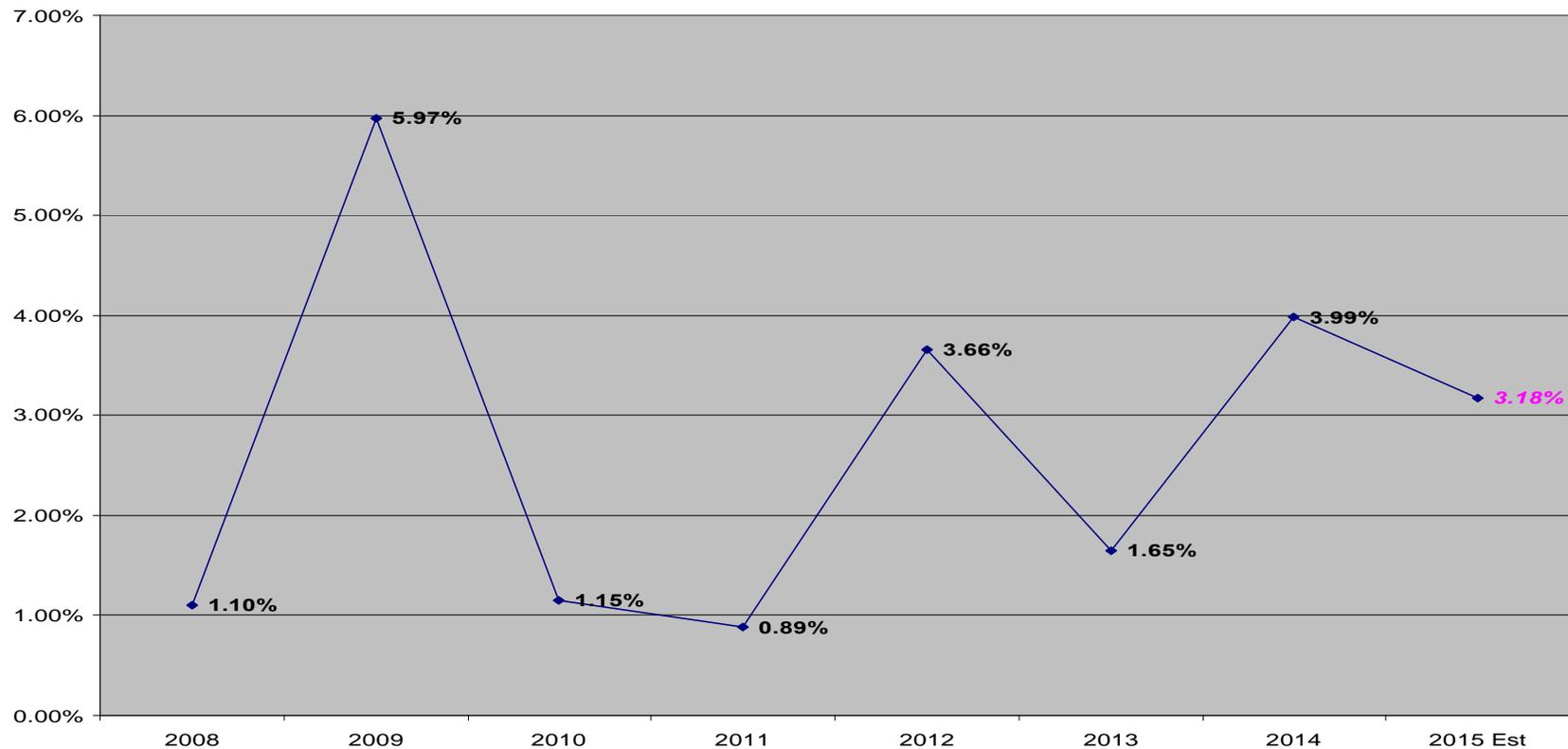
# Fixed Cost Reductions

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- Salary Reserve \$1,675,000
- Fin Com Reserve Fund \$20,000
- Member Benefits . Managed Blue - \$41,948
- Member Insurance . Self Insured Health Plans - \$752,828
- Compensated Absences Trust - \$50,000
- OPEB Trust - \$28,436
- All Town Insurance - \$187,752

# Town Manager Budget Recommendation

Budget Increase Trends



# Impact of Budget

<i>Projections based on 2013 home values and average home of \$300K</i>	Amount	% Increase (Decrease) over Prior Year	Impact on Average Homeowner
Department Requested Budgets	\$178,013,486	6.12%	\$330
Property Tax Levy Increase	\$139,779,498	7.39%	
Excess Levy Capacity	\$3,516,437	-58.81%	
<b>Town Manager Recommended Budget</b>	<b>\$173,083,830</b>	<b>3.18%</b>	<b>\$158</b>
<b>Property Tax Levy Increase</b>	<b>\$134,849,841</b>	<b>3.60%</b>	
<b>Excess Levy Capacity</b>	<b>\$8,446,093</b>	<b>-1.05%</b>	