BALANCED BUDGET
PROPOSAL 2016

A Ten Year Look Back:
2005 - 2015

Office of the
Town Manager
1.28.2015
Revised 1.29.2015
FY16 Balanced Budget Framework - Priorities

- 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 6th 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

- 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

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

- 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

<table>
<thead>
<tr>
<th>Component</th>
<th>Recap FY2015</th>
<th>Estimate FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Levy:</td>
<td>7.9%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Cherry Sheet Aid:</td>
<td>3.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Local Receipts:</td>
<td>1.2%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Recurring Revenue:</td>
<td>7.1%</td>
<td>4.2%</td>
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</tbody>
</table>
### State Aid Estimate

<table>
<thead>
<tr>
<th>Chapter 70 School Aid</th>
<th>Unrestricted General Government Aid/Annual Formula Aid</th>
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</thead>
<tbody>
<tr>
<td>FY2012  $6,991,720 – 6.1%</td>
<td>FY2012 $1,369,789 – (7.2%)</td>
</tr>
<tr>
<td>FY2013  $7,633,990 – 9.2%</td>
<td>FY2013 $1,476,550 – 7.8%</td>
</tr>
<tr>
<td>FY2014  $7,901,802 – 3.5%</td>
<td>FY2014 $1,511,453 – 2.4%</td>
</tr>
<tr>
<td>FY2015  $8,239,740 – 4.3%</td>
<td>FY2015 $1,553,368 – 2.8%</td>
</tr>
<tr>
<td>FY2016  $8,239,740 – 0.0%</td>
<td>FY2016 $1,553,368 – 0.0%</td>
</tr>
</tbody>
</table>
### General Fund Revenue Sources

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>77.2%</td>
<td>82.2%</td>
<td>81.3%</td>
</tr>
<tr>
<td>State Aid</td>
<td>7.6%</td>
<td>7.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Local Receipts</td>
<td>8.2%</td>
<td>5.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>1.0%</td>
<td>0.5%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Free Cash</td>
<td>6.0%</td>
<td>3.0%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

*Due to rounding may not total 100%*
Budget Factors

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

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

- 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

- 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

- 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

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

- 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

- 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)*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Townwide Expenses</td>
<td>$36,735,091</td>
<td>4.1%</td>
</tr>
<tr>
<td>General Departments</td>
<td>$28,256,575</td>
<td>4.1%</td>
</tr>
<tr>
<td>Public Facilities</td>
<td>$8,610,363</td>
<td>6.7%</td>
</tr>
<tr>
<td>School Department</td>
<td>$61,497,808</td>
<td>6.1%</td>
</tr>
<tr>
<td>Minuteman</td>
<td>$700,000</td>
<td>(21.6%)</td>
</tr>
<tr>
<td>Other Appropriations</td>
<td>$6,787,101</td>
<td>46.1%</td>
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<tr>
<td><strong>Total GF Expenses</strong></td>
<td><strong>$142,586,938</strong></td>
<td><strong>6.4%</strong></td>
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</tbody>
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