



Photo Credit: Joe Rossetti

# Town of Eastham, Massachusetts

Fiscal Year 2024 – Preliminary Budget Recommendations

January 9, 2023

Jacqueline Beebe, Town Administrator & Rich Bienvenue, Asst. Town Administrator/Finance Director

*A Budget is more than a series of numbers on a page, it is an embodiment of a community's values.*

BARACK OBAMA

# Budget Development

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- Strategic Plan, Goals, Objectives
- Community Expectations
- Programs & Services
- Quality of Service & Service Delivery
- Areas of Improvement and Need
- Stewardship & Fiscal Sustainability

# FY 2024 Budget Proposal

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Level Service Operating Budget – while providing opportunity for improvement

- Operating Budget Paradox
- Misnomer of the "Iron Triangle"

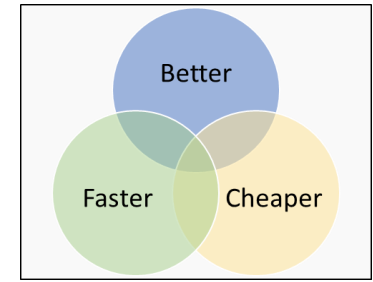
Continued refinement of Capital Plan addressing deferred needs

Targeted assistance to expressed goals

Continues progress on current initiatives

Continued implementation of Strategic Plan, Community & Select Board goals

Introduction of significant infrastructure investments for consideration



# TOWN OF EASTHAM, MASSACHUSETTS – GENERAL FUND (GF) BUDGET SUMMARY

	Operating Budget	Capital Budget	Other Budget Items	Total GF FY 24	Total GF FY 23
<b>APPROPRIATIONS</b>					
General Govt. Services	3,672,381		260,000	3,932,381	3,301,463
Community Services	2,509,761			2,509,761	2,603,185
Public Safety	5,591,293			5,591,293	5,479,214
Public Works	2,473,714			2,473,714	2,296,974
Unallocated Expenditures	6,701,454		1,172,900	7,874,354	7,681,165
Debt Service	6,532,931			6,532,931	6,122,748
Education	9,883,143			9,883,143	9,848,606
Capital Plan		2,539,250		8,239,250	1,934,374
Subtotal Local Appropriations	37,364,677	2,539,250	1,432,900	41,336,827	38,266,080
State Assessments	787,330			787,330	768,127
<b>Total Appropriations</b>	<b>38,152,007</b>	<b>2,539,250</b>	<b>1,432,900</b>	<b>42,124,157</b>	<b>39,034,207</b>
<b>FUNDING</b>					
Property Taxes	32,270,478	400,000		32,670,478	30,692,167
Less: Provision for A&E	(215,000)			(215,000)	(250,668)
Local Receipts	4,410,100			4,410,099	4,064,100
State Aid	715,343			715,343	697,896
Other Available Funds	971,086	808,000		1,779,086	1,000,586
Free Cash		1,331,250	1,432,900	2,764,150	3,335,624
<b>Total Funding</b>	<b>38,152,007</b>	<b>2,539,250</b>	<b>1,432,900</b>	<b>42,124,157</b>	<b>39,949,140</b>

- **Balanced & structurally sound**  
Recurring revenues fund recurring expenditures
- Utilizes conservative budgeting principles.
- Contributes to building of financial reserves.
- Maintains operational flexibility.
- Adequate funding of Capital Improvement Plan.
- Addresses Select Board goals and Strategic Plan.
- In compliance with Financial Management Policies & best practices.
- Continuation of multi-year financial approach to building capacity, achieving goals, & setting up the community for a sustainable fiscal future.
- Employment costs to be finalized with settlement of 5 collective bargaining agreements – will need to be funded or costs reduced.

Presented Capital budget amounts exclude borrowing authorizations or amounts dependent on outside funding (i.e. grants)

A scenic photograph of a lake with a boat in the foreground, surrounded by trees and reeds. The water is calm, reflecting the sky and the surrounding landscape. The sky is overcast with soft, grey clouds. The trees in the background are mostly green, with some showing early autumn colors. The reeds in the foreground are tall and green, partially obscuring the boat.

# Funding

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TOWN OF EASTHAM, MASSACHUSETTS  
FY 2024 PRELIMINARY BUDGET RECOMMENDATIONS  
JANUARY 9, 2023

# Funding – Property Taxes

Provides funding for 85% of Operating Budget, and 78% of total budget. (Prior Year 85% and 78%, respectively)

Historically, in the lowest third of average tax burden in the Commonwealth. Expect to maintain approx. position.

Projected \$292 average increase vs. \$296 prior FY, a 6.45% increase.

Capital and Supplemental Budget Items fully funded. Collective Bargaining Agreements (CBA's) will require funding, or reductions.

Following multi-year financial plan where we are considering smaller, but more frequent overrides at the time CBA's are settled (up front vs. retroactive funding)

Any changes made to the levy in the final budget proposal will increase/decrease tax burden approximately 2 cents per \$100k. Which is \$13.26 for a median valued home. (Assumes estimated values presented).

	FY 2021	FY 2022	FY 2023	FY 2024 Projected
<b>Property Tax Levy Calculation</b>				
Prior Levy	21,761,860	23,383,474	24,107,268	25,517,079
2.5% Incr.	544,047	584,587	602,683	637,927
New Growth	187,001	139,274	307,129	165,000
Override	890,500		500,000	TBD
Subtotal	23,383,408	24,107,335	25,517,079	26,320,006
Exclusions	4,986,821	5,094,319	5,214,762	6,350,552
Max. Levy	28,370,229	29,201,654	30,731,841	32,670,669
Actual Levy	28,366,748	29,174,589	30,692,167	32,670,479
Excess Levy	3,481	27,064	39,674	79
<b>Estimated Property Taxpayer Impact (requires estimating value change)</b>				
Valuation	3,090,059,650	3,400,301,770	4,239,249,580	4,493,604,555
Tax Rate	9.18	9.03	7.24	7.27
Avg. SF Value / Median	521,408 / 449,800	573,468 / 493,400	717,214 / 625,600	767,419 / 663,136
Avg/Md SF Tax (Rank out of 351)	4,787 / 4,129 136	4,920 / 4,233 122	5,193 / 4,529 TBD	5,579 / 4,821
Per Capita Income	35,959	38,633	37,872	TBD
% Tax burden to Inc.	11.48%	12.74%	11.96%	

# Comparative Property Tax Data

(See Town of Eastham FY 2022 Year-End Financial Review for Cape-wide Data)



## FY2022 Average Single-Family Tax Bill

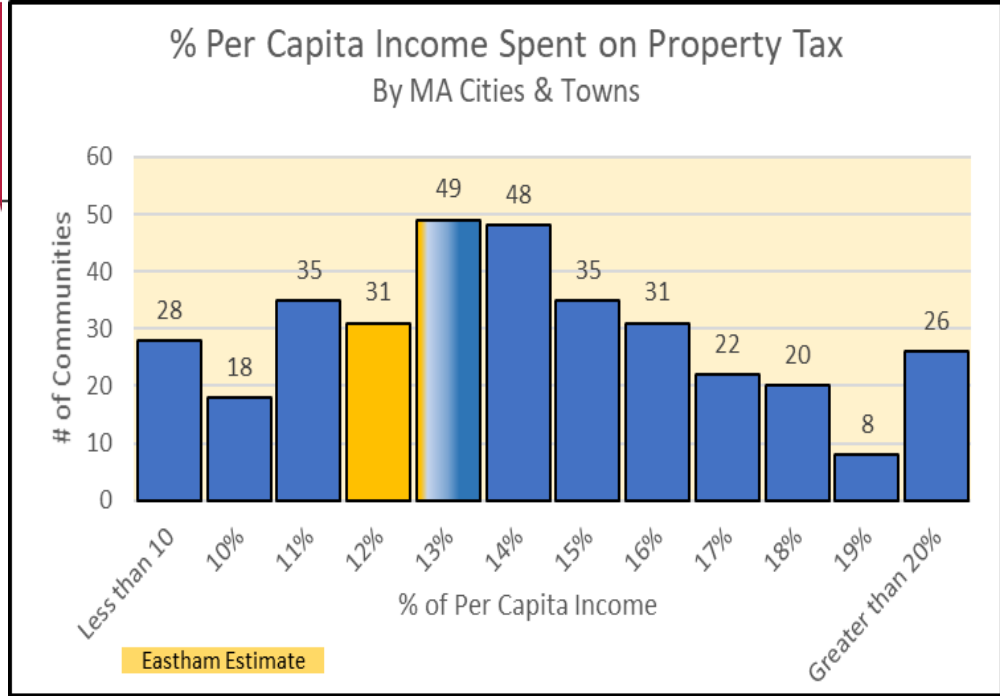
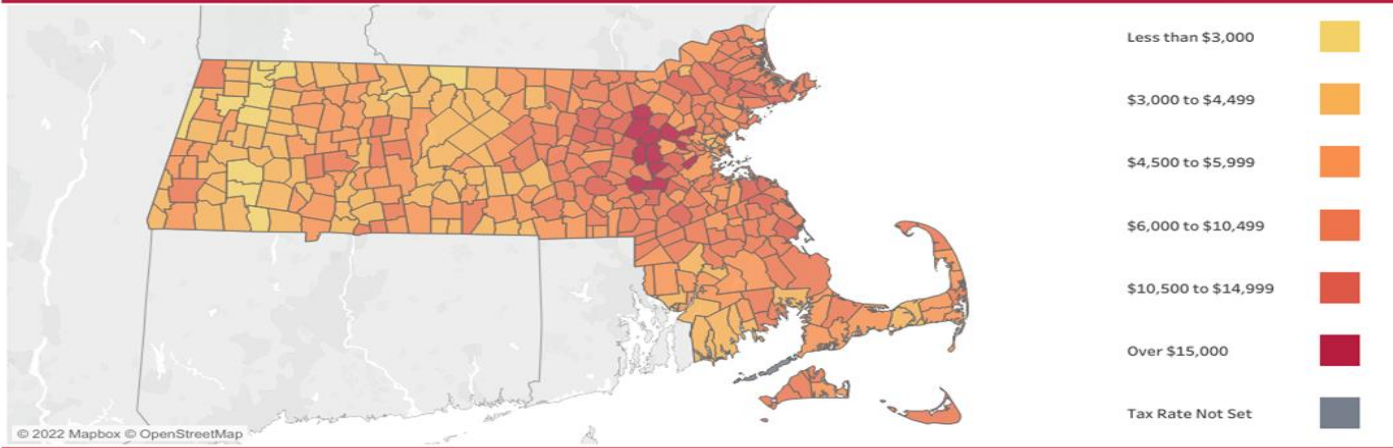
Average Single-Family Tax Bill

State Average Single-Family Tax Bill	State Average Single-Family Value	State Number of Single-Family Parcels	Number of Cities & Towns Included
\$6,724	\$525,781	1,431,717	350

Select City/Town  
All

Reset City/Town

Average Single Family Tax Bill Data



### Cities/Towns with the Highest and Lowest Average Single-Family Tax Bill

**the top 10 highest**

Weston	\$22,766
Brookline	\$20,492
Lincoln	\$18,617
Wellesley	\$16,889
Sherborn	\$16,760
Lexington	\$16,613
Concord	\$16,611
Winchester	\$15,813
Dover	\$15,715
Belmont	\$15,568

**the top 10 lowest**

Cheshire	\$2,994
Tolland	\$2,901
Windsor	\$2,873
Otis	\$2,838
Savoy	\$2,585
Erving	\$1,736
Monroe	\$1,557
Florida	\$1,501
Rowe	\$1,397
Hancock	\$807

### Number of Cities/Towns

Less than \$3,000	12
\$3,000 to \$4,499	81
\$4,500 to \$5,999	97
\$6,000 to \$10,499	124
\$10,500 to \$14,999	24
Over \$15,000	12
Tax Rate Not Set	1

Source: DLS Gateway application extracted 02/10/22. The population estimate was obtained from the U.S. Census Bureau, 2020 Census Redistricting Data. Dashboard published March 2022. The average single-family tax bill cannot be calculated for comm..

# Funding – Estimated Receipts

Provides funding for about 13.43% of operating and 12.17% of total budget. (Prior year 13% of operating 12% of total).

Local receipts budgeted for FY 24 % of FY 22 actual receipts:

**80.75% of local receipts, exclusive of STR receipts / use – 85.4% if also excluding Cannabis Host Fee.**

71.61% of total local receipts

87.21% of local receipts, less STR's

93.04% of local receipts, exclusive of STR, Cannabis Host Fee and Solid Waste Fee receipts and use.

STR receipts budgeted to the extent Select Board funded items, including: TCP debt svc; Housing Coord; Rental Inspector.

Cannabis Host Fees total \$276k and are not budgeted as the future collection is uncertain.

These unbudgeted amounts will be reflected in future Free Cash generation and apportioned in accordance w/ Select Board goals/direction.

Do not reflect any fee increases – currently evaluating fee increase proposals from Department Heads.

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2024 Budget
Motor Vehicle Excise	854,624	950,415	978,663	845,000	961,000
Meals Excise	127,986	111,874	142,430	120,000	125,000
Rooms Excise	227,325	141,239	399,152	205,000	350,000
Short-term Rental Excise	387,068	937,726	1,101,617	327,100	327,100
Cannabis Excise/Host Fees			499,579	200,000	200,000
Solid Waste Fees	894,223	964,875	981,589	700,000	725,000
Recreation Fees	497,111	627,523	616,661	500,000	525,000
Licenses/Permits	524,262	652,767	637,418	550,000	550,000
Departmental Fees	580,244	473,872	471,013	400,000	410,000
Interest	102,492	22,774	6,598	5,000	5,000
Penalties & Charges	132,734	110,857	126,550	90,000	90,000
Misc. and other	181,718	204,761	196,888	122,000	142,000
<b>Subtotal Local Receipts</b>	<b>4,509,787</b>	<b>5,198,683</b>	<b>6,158,158</b>	<b>4,064,100</b>	<b>4,410,100</b>
State Aid	564,861	567,309	662,668	697,896	715,343
<b>Total Estimated Receipts</b>	<b>5,074,648</b>	<b>5,765,992</b>	<b>6,820,826</b>	<b>4,761,996</b>	<b>5,125,443</b>

# Funding – Other Avail. Funds

Provides funding for about 2.55% of operating and 10.79% of total budget. (Prior year 2% of operating and 10% of total).

Amounts funding operating budgets are recurring revenues.

Amounts funding capital budgets are available – projections completed to ensure ongoing capital funds in future years.

Anticipated Free Cash of \$3.8 million. Amount appropriated maintains a General Fund reserve of approximately \$750k.

See FY 22 Year-End Financial Review presentation regarding Free Cash generation.

Generated by conservative revenue budgeting and savings on appropriations.

Necessary for adequate funding of Capital Plan.

Necessary to maintain top-tier bond rating.

Free Cash generated from select receipts not budgeted by Select Board directive are identified and allocated in accordance with Select Board goals/objectives.

	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget	FY 2023 Budget	FY 2024 Budget
<b>Operating Budget</b>					
PEG Access Fund	115,000	105,000	115,000	120,000	125,000
Ambulance Fund - Salaries	450,000	520,000	535,000	535,000	550,000
Ambulance Fund – Lease pymts.			233,186	233,186	233,186
Septic Betterment Fund	20,400	20,400	20,400	20,400	20,400
Waterways Fund	2,000	2,000	2,000	2,000	2,500
Library Trustees / CPA	24,400	30,000			40,000
Free Cash	xx	65,000			
Subtotal OAF		742,400	905,586	910,586	971,086
<b>Capital &amp; Other</b>					
PEG Access Fund – capital		8,500	20,000	10,000	10,000
Ambulance Fund – capital	50,000	105,000	15,000	15,000	143,000
Community Pres. Act – capital					650,000
Re-appropriated articles – capital			200,000		5,000
Subtotal OAF	50,000	113,500	235,000	25,000	808,000
Free Cash - Reserves			1,050,000	810,000	400,000
Free Cash – Capital & other	xx	608,400	899,000	2,484,374	2,364,150
Subtotal Free Cash		608,400	1,949,000	3,294,374	2,764,150
Grand Total OAF & Free Cash		1,464,300	3,089,586	4,229,960	4,543,236

A scenic view of a beach at low tide. The foreground shows wet sand with gentle waves lapping at the shore. In the middle ground, a small red sailboat with a white mast is on the water. The background features a wide expanse of blue ocean meeting a clear sky at the horizon.

# Appropriations

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TOWN OF EASTHAM, MASSACHUSETTS

FY 2024 PRELIMINARY BUDGET RECOMMENDATIONS

JANUARY 9, 2023

# Appropriations – Operating Budget

- Provides for anticipated step increases on current CBA's, but not COLA's
- Two positions added
  - Facilities and Maintenance Foreman (50% funded by Rental Revolving Account).
  - Part-Time CPC Administrative Support (funded by CPA funds)
  - Some necessary reclassification of positions or incr. In hours.
- Addl. Investment in IT Operations to outsource expertise, provide for network monitoring and improve sustainability and disaster recovery concerns. About 55% of increases funded by savings identified in current operation no longer needed.
- Additions to Overtime accounts to reflect current experience and increasing rates. DPW OT additions are strategic – less expensive to use in-house staff for work details in lieu of hiring increasingly expensive outside vendors.
- Provides for vendor contractual or rate increases.
- Department expense budgets increased marginally for inflationary environment
- Debt Service increases largely due to ongoing water project.
  - Expected to reach its peak in FY 2025, then decline.
- Several Appropriations listed are funded from non-levy sources
- Educational Assessments are placeholders until known.

\*Assessment will include provision for Nauset Debt, which is expected to increase, but is exempt.

Budget Element	FY 23 Final	FY 24 Preliminary	\$ Change	% Change
Elected & General	213,000	213,000		
Town Administration	647,085	677,199	30,114	4.65%
Municipal Finance	1,709,107	1,823,418	114,311	6.69%
Town Clerk & Elections	191,079	197,550	6,471	3.39%
Community Development	688,587	761,215	72,628	10.55%
Public Safety	5,588,714	5,591,293	2,579	.05%
Education	9,566,326	9,883,143	316,817	3.31%
Public Works	2,298,674	2,473,714	175,040	7.61%
Community Services	2,430,291	2,509,761	79,470	3.27%
Unallocated	6,199,559	6,701,454	501,896	8.10%
Debt Service	5,691,161	6,532,931	841,770	14.79%
<b>Total Operating Budget</b>	<b>35,223,583</b>	<b>37,364,678</b>	<b>2,141,095</b>	<b>6.08%</b>
Town Salaries	10,418,240	10,685,494	267,254	2.57%
Town Expense	9,547,856	10,263,110	715,254	7.49%
Educational Services	9,566,326	9,883,143	316,817	3.31%
Debt Service	5,691,161	6,532,931	841,770	14.79%
<b>Total Operating Budget</b>	<b>35,223,583</b>	<b>37,364,678</b>	<b>2,141,095</b>	<b>6.08% / 4.4% excl. debt</b>

# Appropriations – Capital Budget (Non-Borrowing)

- Based upon continued improvement in developing 5-Year Capital Plan.
- More comprehensive - includes anticipated non-levy items.
- Deliberative process, including justification of need, prioritization of requests, and review with Finance Committee of draft plan/budget requests.
- Utilizes \$400,000 of tax levy funded via prior override for recurring fleet and dept. equipment replacement.
- Being impacted by current supply chain issues, inflationary pressures, and bid environment.
- Recommended plan requests:
  - Funding of routing requests in a capital budget article
  - Authorize Borrowing required for needed capital projects – 2 recommended projects and 3 current projects will be bundled into next year bond issue to save significant issuance costs.
  - Debt Service costs expected to impact FY 25 Operating Budget
  - No capital exclusions

Funding Source	Amount
Tax Levy	400,000
Free Cash	1,331,250
Available Funds (\$650k from CPA)	808,000
<b>Subtotal Town Meeting Appropriation</b>	<b>2,539,250</b>
Chapter 90 Grant	450,000
Other Grants	600,000
<b>Total Capital Budget</b>	<b>3,589,250</b>

Summary of Requests	Amount	Source
Building/Facility Maintenance	1,276,000	526,000 Free Cash 100,000 Ch. 90 Grt 650,000 CPA Funds
Local Road Improvements:		
Planning & Design (Town Roads)	50,000	Free Cash
Intersection Improvement	150,000	Ch. 90
Construction – Complete Streets Program	500,000	Grant
Landings, Culverts, Drainage	75,000	Free Cash
T-Time/TCP/COA site planning/development	100,000	Free Cash
DPW Recurring maintenance programs	125,000	Free Cash/Levy
Fleet Replacement requests	733,250	Various
Equipment Replacement requests	455,000	Various
Community Internet	100,000	Grant
Energy Efficiency Improvements	25,000	Free Cash

# Appropriations – Capital Budget (Borrowing)

- Based upon 5-Year Capital Plan.
- Consideration of re-appropriation of some of current Rock Harbor Funds to offset costs of dredging.
- Update on Wastewater Planning, Design & Implementation planned.
- Worth noting - current staffing capacity is greatly increased from prior years. Although wastewater costs are anticipated to be substantial, we hope to be able to reduce administrative costs of these projects by handling some work in house, and by obtaining grant or other funding to offset costs.

Item	Amount
<b>Current Projects</b>	
Rock Harbor Dredging	1,650,000
Application of current Rock Harbor Funds (750,000)	0
Wastewater Planning & Design	6,000,000
Subtotal Town Meeting Authorization	7,650,000
<b>Potential Future Projects (Near-Term)</b>	
Town Landing reconstruction	4,500,000
Anticipated 50% funding from Seaport Grant	(2,250,000)
Roadway Construction	2,500,000 – 5,000,000
Wastewater Plan Implementation	TBD

# Appropriations – Other Budget Items

- Continued funding of reserves
  - Stabilization Fund will be in our target range.
  - Increased funding to OPEB since not so much going to Stabilization.
  - Will need to weigh the importance of funding OPEB with current resources given Town's short-term needs.
  - IOD Fund continue to contribute to build up for an appropriate use.
  - Consideration of establishing a compensated absence fund.
- Other Budget Items
  - Funding necessary to achieve Town goals, but neither operating nor capital in nature.
  - Use of unallocated STR receipts of \$772,900 still open for discussion on use.
    - Housing Production Plan
    - Wastewater Funding
    - Other?

APPROPRIATIONS		
<u>Element</u>	<u>Amount</u>	<u>Source</u>
<b>Financial Reserves:</b>		
Stabilization Fund	200,000	Free Cash
OPEB Fund	100,000	Free Cash
Injured on Duty / Compensated Abs. Funds	100,000	Free Cash
<b>Other Budget Requests:</b>		
Grant Matching Funds	35,000	Free Cash
IT/Applications Development	50,000	Free Cash
Private Road Electric Fund	50,000	Free Cash
Business Improvement Program	75,000	Free Cash
Community Service Programs (Clerk, COA, Rec)	50,000	Free Cash
<b>Unallocated TBD w/ Select Board</b>	<b>772,900</b>	<b>Free Cash (STR)</b>
<b>Total Other Budget Items</b>	<b>1,432,900</b>	

PROJECTED BALANCES OF RESERVES			
<u>Reserve Fund</u>	<u>Current Balance</u>	<u>Contribution</u>	<u>Expected Balance</u>
Stabilization Fund	2,221,690	200,000	2,421,690 (6.5% of Op. Budget)
OPEB Fund	576,288	100,000	676,288
Injured on Duty Fund	82,100	100,000	182,100
Unspent Free Cash		(estimate)	1,000,000

A large, soft-focus sunset over a beach. The sun is a large, glowing orange and red orb in the upper center. The sky is a pale, hazy blue. The beach is visible in the foreground, with silhouettes of two people walking and a seagull on the right. The water is calm and reflects the light of the sunset.

# Other Budget Considerations

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TOWN OF EASTHAM, MASSACHUSETTS  
FY 2024 PRELIMINARY BUDGET RECOMMENDATIONS  
JANUARY 9, 2023

# Budget Challenges & Recommendations

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## SHORT-TERM

- Placeholders on Education Budgets – will not be known likely till March.
- Results of and debt service needs resulting from NRHS Project.
- General & Health Insurance placeholders – has been stable.
  
- Ability to fill open positions
- Ability to retain vendors and contractors for current needs.
- Completion of local public works projects in capital budget.
  
- Managing local receipts to minimize potential of revenue deficits.

## LONG-TERM

- Education costs and assessment calculations.
  
- Long-term trends are near double digit increases.
  
- Availability and affordability of workforce.
- Availability and affordability of workforce and local vendors.
- Ongoing funding for desired roadwork and required stormwater/wastewater infrastructure and managing requirements.
- Creation of funding streams and maintenance of adequate fee levels and aggressively pursuing new growth opportunities.

## RESPONSE

- Work with District administrators to develop assessment projections and improve budgetary communication issues.
  
- Pursue plan design & wellness opportunities with HI provider to minimize costs.
- Introducing HSA plans which are lower cost.
- Pursue OPEB funding opportunities, POB bonds.
- Review coverages & deductibles.
  
- Review employment and workplace practices.
- Maintain competitive wage scale in CBA's
- Shared service models where available.
- Managing of debt load and drop-off, pursuing grant opportunities and alternative funding.
- Complete financial modeling for TWMP.
  
- Review of local fee structure.
- Review of assessment procedures.
- Pursue economic development opportunities.