

TOWN OF EASTHAM, MASSACHUSETTS

FISCAL YEAR 2022 BUDGET PROPOSAL

Jacqui Beebe
Town Administrator
January 4, 2021

FY 2022 Budget Proposal

- Level service budget in accordance with Select Boards Budget Message
 - Maintains current service levels
 - Continues progress on current initiatives
 - Furthers Select Board goals & Strategic Plan Implementation
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- Balanced & structurally sound
 - Funded within constraints of Proposition 2 ½
 - Conservative budgeting of revenue sources
 - Provides adequate funding for our CIP
 - Contributes to building of financial reserves
 - Flexible to address ongoing needs related to COVID



**TOWN OF EASTHAM, MASSACHUSETTS
FISCAL YEAR 2022 BUDGET SUMMARY**

	GENERAL FUND				Total Prior Year
	Operating Budget	Capital Budget	Other Budget Items (Reserve Funding)	Total Budget	
APPROPRIATIONS					
General Govt. Services	2,795,604			2,795,604	2,946,689
Community Services	1,583,646			1,583,646	1,591,629
Public Safety	5,230,893			5,230,893	5,077,258
Public Works	2,152,382			2,152,382	2,079,401
Unallocated Expenditures	6,317,045		1,050,000	7,367,045	5,738,493
Debt Service	4,873,299			4,873,299	4,867,815
Education	9,754,240			9,754,240	9,122,658
Capital Plan		1,934,686		1,934,686	1,121,900
Subtotal Local Appropriations	32,707,109	1,934,686	1,050,000	35,691,795	32,545,843
State & County Assessments	672,916			672,916	663,065
Total Appropriations	33,380,025	1,934,686	1,050,000	36,364,711	33,208,908
FUNDING					
Property Taxes	28,806,564	567,500		29,374,064	28,366,749
Less: Provision for Abatements/Exemptions	(215,000)			(215,000)	(196,987)
Local Receipts	3,505,100			3,505,100	2,979,963
State Aid	580,961			580,961	594,883
Other Available Funds	702,400	468,186		1,170,586	790,900
Free Cash		899,000	1,050,000	1,949,000	673,400
Total Funding	33,380,025	1,934,686	1,050,000	36,364,711	33,208,908
Budget Variance	-	-	-	-	-

Pg. 14 of 12/15/2020 Draft Operating Budget Book
See Pg. 2 for Town Administrator Budget Letter for narrative description.



APPROPRIATIONS

TOWN OF EASTHAM, MASSACHUSETTS

FY 2022 BUDGET PROPOSAL

Appropriations – Operating Budget

KEY POINTS

- Provides for contractual wage increases
- Full-Year funding for positions approved in FY 2021. No new positions added.
- Provides for vendor contractual increases
- Funds prior year shortfalls
- FD salaries no longer supported by SAFER Grant
- Sanitation budget increases due to increased volume and disposal rates
- Addl. Public Works increases for R&M costs for vehicles and roadways
- Addl. COA increase for expanded meals program
- Education budget & assessments are placeholders pending School Committee votes
- Family Support Package program costs carried in Human Services Budget in “Unallocated”

Element	2021	2022 Req.	Chg.	%
Elected & General	93,000	96,000	3,000	3.2
Town Administration	553,386	599,699	46,313	8.4
Municipal Finance	1,243,153	1,340,833	97,680	7.9
Town Clerk & Elections	170,201	181,418	11,217	6.6
Community Development	563,310	577,654	14,344	2.6
Public Safety	5,058,178	5,230,893	172,715	3.4
Education	9,352,496	9,754,240	401,744	4.3
Public Works	2,175,208	2,152,382	(22,826)	(1.0)
Community Services	1,494,044	1,583,646	89,602	6.0
Unallocated	6,050,490	6,317,045	266,555	4.4
Debt Service	4,644,219	4,873,299	229,080	4.9
Total Budget	31,397,685	32,707,109	1,309,424	4.2

See 12/15/2020 Draft Operating Budget Book:
 Pg. 19 provides Annual Town Meeting (Article 2) table
 Pg. 23-26 provides requests vs. proposed
 Pg. 36 begins departmental budget details

Appropriations – Capital Budget

KEY POINTS

- Capital Budget and 5-Year CIP provide comprehensive look at capital needs.
- Process includes deliberation, justification of need, and prioritization of requests.
- Utilizes \$400,000 of tax levy provided from 2020 override to fund recurring fleet replacement and departmental equipment replacement programs.
- Non tax-levy sources evaluated for funding opportunities (Grants, State Funding, OAF's).
- Debt issuance considered for individually significant items, pending debt service projection and debt service planning based upon 5-year plan.
- Recommended plan requests:
 - Funding of routine requests (Article 3)
 - Two capital lease approvals (Ambulance/Quint)
 - Voting a capital exclusion (Rock Harbor Boat)

Item	Amount	Source
Seashore Land Exchange	125,000	Free Cash
Public Works Facility Upgrades	75,000	Free Cash
Harbor Mgmt. Plan Implementation	75,000	Free Cash
Facilities Maintenance	179,000	Free Cash
Wastewater Planning	100,000	Free Cash
Stormwater, roadways, lots	45,000	Free Cash
Dept. Recurring Vehicle Replacement	275,250	Tax Levy
Dept. Recurring Equipment Replacement	177,250	Tax Levy /OAF
Sanitation Compactors/Containers	120,000	Free Cash
DNR Marine Response Boat	150,000	Capital Exclusion
Replace Two Ambulances (Lease \$570,000)	118,420	Amb. Fund
Replace FD tanker w/ Quint ladder (Lease 1,018,000)	114,766	Amb. Fund
All other requests	<u>380,000</u>	Various/Grant
Total	1,934,686	

See 11/15/2020 Draft Capital Budget Book
 Pg. 2 for FY 22 Capital Budget Requests Worksheet
 Pg. 4 for Five-Year Capital Plan
 Pg. 37 begins departmental specific requests and departmental Capital Request Forms

Appropriations – Other Budget Items

KEY POINTS

- Budget provides for contributing to Town financial reserves
 - Part of overall plan to achieve greater budget sustainability
 - Necessary in order to achieve AAA Bond Rating
- Continued progress on funding Stabilization Fund
 - \$780,000 contribution from Free Cash
 - Nearing 15% of total General Fund Reserve
 - Minimum target is 16.67%
- New Fund Proposed: Injured on Duty Fund
 - Proposed to help stabilize public safety operating budgets
 - IOD potential large driver of one-time Overtime costs
 - Fund provides “self-funded” mechanism to smooth out costs related to IOD.
 - \$70,000 from Free Cash to begin fund.
- Continued Progress in Funding OPEB Fund
 - \$200,000 to continue effort
 - Longer-term funding solution to be discussed ongoing
- Total of \$1,050,000 of Reserve Funding
 - Part of Free Cash allocated (approx. \$350,000) generated from new ST Rental Taxes in FY 2020.
 - Funding levels fulfill Select Boards stated objective of using these funds for reserves and capital.

Fund	2019	2020	Projected
Undesignated Fund Balance	2,030,468	3,143,775	3,143,775 TBD
Unrestricted Stabilization Fd	<u>548,694</u>	<u>689,416</u>	<u>1,469,416</u>
Subtotal General Reserves	<u>2,579,162</u>	<u>3,833,191</u>	<u>4,613,191</u>
% of Budget	8.38%	12.47%	13.82*
Proposed New Fund Injured on Duty Fund			<u>70,000</u>
OPEB Fund	<u>209,709</u>	<u>316,913</u>	<u>516,913</u>
OPEB Liability	30,904,475	39,221,789	TBD
% Funded	.67%	.80%	TBD
Annual “ADC”	1,724,502	1,780,548	TBD

See FY 2020 Year End Financial Review (Pg. 185 of Operating Budget Book):
 * Targeted General Reserves Balance is minimum of 16.67%, of Operating Budget or \$5,564,450
 See Pg. 175 of 12/15/20 Operating Budget Book for Finance Director Memo/Recommendations



FUNDING

TOWN OF EASTHAM,
MASSACHUSETTS
FY 2022 BUDGET PROPOSAL

Funding – Property Taxes

	2019	2020	2021	2022 Projected
Levy Calculation				
Prior Levy	20,101,081	21,114,727	21,761,860	23,383,343
2.5% Incr.	502,527	527,868	544,047	584,584
New Growth	145,119	119,330	187,001	145,000
Override	366,000		890,500	
Subtotal	21,114,727	21,761,925	23,383,408	24,112,926
Exclusions	3,604,777	4,753,465	4,986,821	5,261,802
Max. Levy	24,719,504	26,515,390	28,370,229	29,374,729
Actual Levy	24,309,988	26,500,139	28,366,748	29,374,064
Excess Levy	409,516	15,251	3,481	664
Taxpayer Impact				
Valuation	2,946,665,160	3,039,006,800	3,090,059,650	3,165,059,650
Tax Rate	8.25	8.72	9.18	9.28
Avg. SF value	495,268	511,743	521,408	534,097
Avg. SF tax /rank out of 351	4,086/114	4,462/130	4,787/tbd	4,956/tbd
% of Per Capita Income/rank	12.56%/81st	13.18%/93rd	13.31%/tbd	tbd/tbd

FY 2022 Taxpayer Impacts are estimated/projected – actual result will differ.

KEY POINTS

- Provides 80% of funding for proposed appropriations. (86% of operating budget)
- Historically, in the lowest third of avg. tax burden in the Commonwealth (by actual level and % income)
- Must consider services rendered/received in comparisons (as well as level of service)
- Projected \$169 average increase (3.5%)
- Does not require an override
- \$215,000 Provision for Abatements & Exemptions
 - Funds abatements/exemption program
 - Provides small cushion for amounts uncollected in a particular year.
 - Typically provides a way to build up General Fund, Fund Balance
- Common policy discussion: how much of a service s/b covered by taxes vs. fees
 - Programmatic review completed over time

See Pg. 31 of 12/15/20 Draft Operating Budget Book.

Funding – Estimated Receipts

	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Motor Vehicle Ex.	894,619	854,624	742,195	774,000
Meals Excise	100,514	127,986	50,257	100,000
Hotel/Motel Ex.	293,672	227,325	121,911	160,000
STR Excise		387,068	0	0
Solid Waste Fees	791,370	894,223	622,000	780,000
Recreation Fees	481,567	497,111	265,595	400,000
Licenses/Permits	670,597	524,262	520,000	520,000
Dept. Fees	573,157	580,244	490,000	510,000
Interest Inc.	97,907	102,492	22,000	25,000
Penalties & interest	106,949	132,734	90,000	90,000
Dept & other	188,281	181,718	81,600	121,100
Total Local Receipts	4,198,633	4,509,787	3,005,558	3,480,100
State Aid	563,835	564,861	580,961	580,961
Total Estimated Rec	4,762,468	5,074,648	3,586,519	4,061,061

KEY POINTS

- 11% of total funding
- 12% of operating budget funding
- Local receipts at 85% of prior year actual (excluding STR)
- Local receipts does not allocate any of the following:
 - STR receipts
 - Cannabis Impact Fees
 - Results in Free Cash generation
 - Select Board decision to utilize these receipts otherwise.
- Potential revenue sources for future consideration
 - Solar Development receipts
 - Community Impact Fee
 - Water Infrastructure Investment Fund Surcharge
 - Solid Waste Fee increase
 - Community Development Fees
 - Meals Tax increase 4% o 6% max
- State Aid – level funded, potential for decrease

See Pg. 32 & 34 of 12/15/20 Draft Operating Budget Book

Funding – Other Available Funds

	2019 Budget	2020 Budget	2021 Budget	2022 Budget
Operating Budget				
Govt. Media Fund	90,000	115,000	105,000	115,000
Ambulance Fund	270,000	450,000	520,000	535,000
Septic Betterment Fund	20,400	20,400	20,400	20,400
Waterways Impr. Fund	6,000	2,000	2,000	2,000
Library Trustees Fund		24,000	30,000	30,000
Free Cash	xx	xx	65,000	0
Subtotal	xx	xx	742,400	702,400
Capital & Reserves				
Govt. Media Fund			8,500	20,000
Ambulance Fund	205,000	50,000	105,000	248,186
Reappropriated articles				200,000
Free Cash – Reserves				1,050,000
Free Cash – Capital	xx	xx	608,400	899,000
Subtotal	xx	xx	721,900	2,417,186
Total OAF's	<u>xx</u>	<u>xx</u>	<u>1,464,300</u>	<u>3,119,586</u>

FY 2019 & 2020 Fee Cash amounts not presented

KEY POINTS

- 9% of total funding
- 2% of operating budget funding
- OAF's for Operating Budget are recurring
 - Library Trustee funding tbd
- Ambulance Fund & Media Fund for capital are considered recurring and sustainable for at least near term.
- Reappropriated articles and Free Cash are non-recurring and utilized for one-time/discretionary items.

See Pg. 33 of 12/15/2020 Draft Operating Budget Book

OTHER BUDGET CONSIDERATIONS

TOWN OF EASTHAM,
MASSACHUSETTS

FY 2022 BUDGET PROPOSAL



Other Budget Requests & Considerations

Element	\$ Request	\$ Provided	Comment
Reserve Fund	45,000	3,000	Desire to increase – cannot accommodate
Salary Reserve	25,000	0	Needed, will utilize unspent accounts
Full-Year Funding of Conservation Agent @ 35 hours	23,081	3,175	Funded @ 25 hours
New Affordable Housing position	35,855	0	Cannot accommodate, Add 30 – 40% for benefits
Increase in PD Overtime due to higher wages	12,280	0	Cannot accommodate, offset by IOD Fund proposed
DPW Seasonal Salaries	40,860	20,000	Cannot accommodate full request
Funding for building maintenance tradesman services	20,500	9,500	Cannot accommodate full request
Health Dept. Request for new part-time, Housing Inspection staff	19,703	0	Cannot accommodate
COA request for new Services Coordinator	40,787	0	Cannot accommodate, Add 30 – 40% for benefits
Employee Health Insurance	205,982	116,857	Should be sufficient for Short-term, could contribute to Long-term pressure
Discussed/considered but not requested in accordance with Budget Instructions			
Increase Rec Dept. Program Coord to full-time			Approx. \$30k, plus addl. benefit costs
Add: Admin. HR Position – better coordinate HR, provide volunteer & communications support			
Add: IT/Media position – better support communications resources (website/social media) and provide needed application development & support town-wide.			

Budget Challenges

Short-Term

- FY 22 Preliminary Budget – several unknowns
 - Nauset & Tech District Assessments (6% & 2.5% placeholder)
 - Increased participation percentage
 - Eastham Elementary School budget request to come (2.5% placeholder)
 - General Insurance premium increase (early spring)
 - Health Insurance & pension rates (January)
 - Energy pricing & consumption
 - State Aid
 - New Growth

Budget Challenges Long-Term

- Pace of wage inflation
- Employment market & affordability
- Health Insurance (OPEB) & Pension Costs
- Energy Costs
- School District Assessments
- Capital Funding of Roadways and Stormwater
- Capital Funding of potential wastewater implementation
- Property Tax New Growth
- Maintenance of appropriate fee levels