

# Town of Eastham, Massachusetts

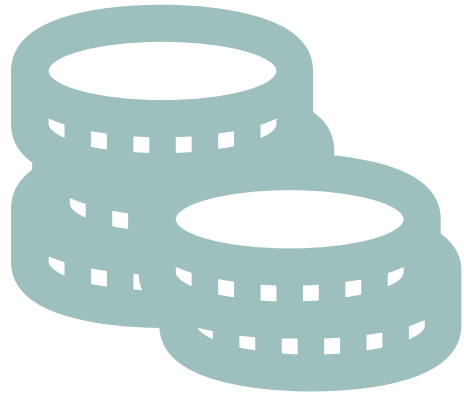
## Fiscal Year 2025 - Preliminary Budget Recommendations

*January 8, 2024*

Jacqueline Beebe,  
Town Manager

Rich Bienvenue,  
Asst. Town Manager/Finance Director





*"You can't grow long-term if you can't eat short-term. Anybody can manage short-term ... or long-term. Balancing those two things is what management is"* Jack Welch

*"Leave nothing for tomorrow that can be done today"* Abraham Lincoln

*"The only limit to the realization of tomorrow will be our doubts of today"* Franklin D. Roosevelt

---

# Budget Development

---



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

# FY 2025 Budget Proposal

Considered a transition year in preparing Eastham for the Future!

A virtuous cycle of continuing to provide value and benefit to our community.

## Challenged by:

Inflationary pressures

Availability of vendors & staff

Lack of available housing and increased cost of living

Financial constraints of our residents

While ensuring we continue progress offering "core services" and on implementing projects of community need and interest.

Level Service Operating Budget – while providing opportunity for improvement

- Community Services
- Police staffing requests

Continued refinement of Capital Plan addressing deferred needs

- Use of recurring funding programs for facilities, fleet assets & equipment
- Facility assessment underway to inform future facility plans.

Continues progress on current initiatives

Continued funding (albeit reduced) of Reserves

Continued implementation of Strategic Plan, Community & Select Board goals – including use of STR receipts.

Final stages of planning for wastewater infrastructure

- Contemplation on next steps for moving forward w/ implementation.

–

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

	Operating Budget	Capital Budget	Other Budget Items	Total GF FY 25	Total GF FY 24
<b>APPROPRIATIONS</b>					
General Govt. Services	4,239,212		150,000	4,389,212	4,291,185
Community Services	2,330,991			2,330,991	2,200,795
Public Safety	6,098,899			6,098,899	5,886,955
Public Works	2,594,676			2,594,676	2,498,214
Unallocated Expenditures	7,054,708		1,610,000	8,664,708	7,851,454
Debt Service	8,873,323			8,873,323	6,507,248
Education	11,704,764			11,704,764	10,809,471
Capital Plan		3,047,686		3,047,686	1,859,250
Subtotal Local Appropriations	42,896,573	3,047,686	1,760,000	47,704,259	41,904,572
State Assessments	921,807			921,807	845,493
<b>Total Appropriations</b>	<b>43,818,380</b>	<b>3,047,686</b>	<b>1,760,000</b>	<b>48,626,066</b>	<b>42,750,065</b>
<b>FUNDING</b>					
Property Taxes	36,804,786	400,000		37,204,786	33,586,423
Less: Provision for A&E	(225,000)			(225,000)	(234,944)
Local Receipts	5,726,100			5,726,100	4,847,183
State Aid	759,594			759,594	741,067
Other Available Funds	752,900	568,186		1,321,086	1,133,200
Free Cash		2,079,500	1,760,000	3,839,500	2,677,136
<b>Total Funding</b>	<b>43,818,380</b>	<b>3,047,686</b>	<b>1,760,000</b>	<b>48,626,066</b>	<b>42,750,065</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.**
- **Relies on anticipated fee increases being considered by Select Board.**
- **Educational Service costs to be finalized. Enrollment shifts and Op. Budget inflation expected, which will impact this budget**

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



# Funding

**TOWN OF EASTHAM, MASSACHUSETTS  
FY 2025 PRELIMINARY BUDGET RECOMMENDATIONS  
JANUARY 8, 2024**

# Funding – Property Taxes

Provides funding for 84% of Operating Budget, and 76.5% 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 \$532 median increase vs. \$412 prior FY, a 10.8% increase.

3.18% increase in operating property tax levy capacity.

Significant increase in exempt debt service due to new water, wastewater and high school debt service requirements driving temporary increase in tax levy.

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)

No override anticipated for Town operating costs however, school costs and assessments will likely alter our budget picture and require reductions or revenue additions.

Any changes made to the levy in the final budget proposal will increase/decrease tax burden approximately 2 cents per \$100k. Which is approximately \$15 for a median valued home. (Assumes estimated values presented).

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 Projected
<b>Property Tax Levy Calculation</b>					
Prior Levy	21,761,860	23,383,474	24,107,268	25,176,909	27,176,909
2.5% Incr.	544,047	584,587	602,683	638,097	679,423
New Growth	187,001	139,274	307,129	311,666	185,000
Override	890,500		500,000	710,000	-0 -
Subtotal	23,383,408	24,107,335	25,517,079	27,176,909	28,041,332
Exclusions	4,986,821	5,094,319	5,214,762	6,654,320	9,163,481
Max. Levy	28,370,229	29,201,654	30,731,841	33,831,229	37,204,813
Actual Levy	28,366,748	29,174,589	30,692,167	33,586,423	37,204,787
Excess Levy	3,481	27,064	39,674	244,806	26
<b>Valuation</b>					
Valuation	3,090,059,650	3,400,301,770	4,239,249,580	4,791,215,880	5,078,688,833
Tax Rate	9.18	9.03	7.24	7.01	7.33
Avg. SF Value / Median	521,408 / 449,800	573,468 / 493,400	717,214 / 625,600	809,842 / 704,800	866,531 / 747,088
Avg/Md SF Tax (Rank out of 351)	4,787 / 4,129 136	4,920 / 4,233 122	5,193 / 4,529 124	5,677 / 4,941 TBD	6,348 / 5,473 TBD
Per Capita Income % Tax burden to Inc.	35,959 11.48%	38,633 12.74%	37,872 11.96%	39,014 13.71%	TBD

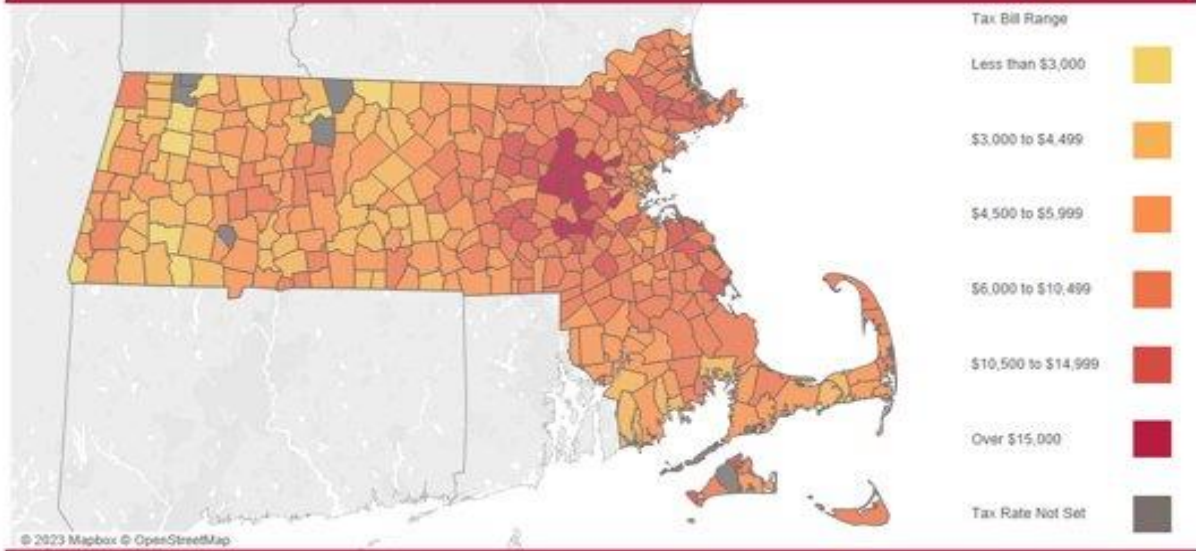
# FY2023 Average Single-Family Tax Bill



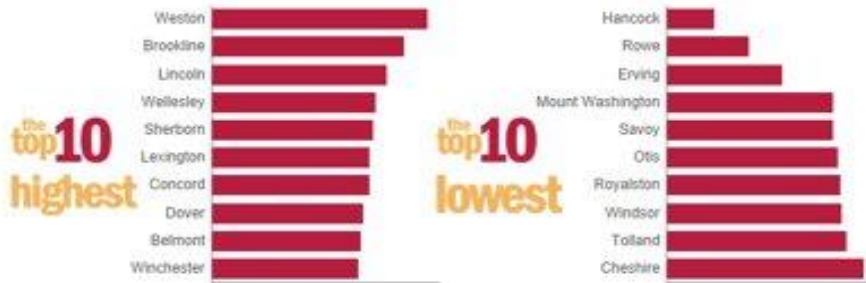
State Average Single-Family Tax Bill	State Average Single-Family Value	State Number of Single-Family Parcels	Number of Cities & Towns Included
\$7,059	600,011	1,434,311	344

Municipality All

Average Single Family Tax Bill Data



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



## Number of Cities/Towns

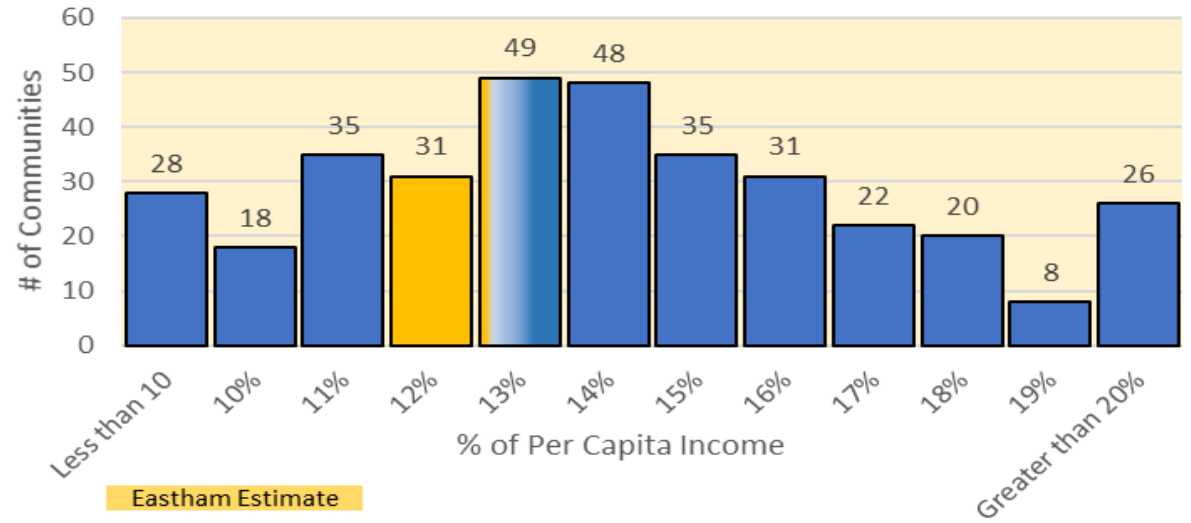


DLS calculates a community's average single-family property tax bill by dividing the single-family (property type class 101) assessed values by the number of single-family parcels to determine an average assessed value for the class then multiplying that average assessed value by the community's residential tax rate as certified by the Bureau of Accounts for that fiscal year. Source: DLS Gateway application extracted 01/27/23. The average single-family tax bill cannot be calculated for communities that did not set their tax rate at the time of this report. For more information or assistance, please contact the Data Analytics and Resources Bureau, Division of Local Services: databank@dor.state.ma.us

# Comparative Property Tax Data

(See Town of Eastham FY 2023 Year-End Financial Review for Cape-wide Data)

## % Per Capita Income Spent on Property Tax By MA Cities & Towns



# Funding – Estimated Receipts

- Provides funding for about 14.8% of operating and 13.34% of total budget. (Prior year 14.1% of operating 13.1% of total).
- Excluding STR, budgeted local receipts increased \$481,000, or 11.78% from the prior year.
- This includes the effect of anticipated fee increases:
  - Rental Registration Fee
  - Transfer Station fees
  - Inspectional service fees
  - Community Service/Beach fees
- Local receipts budgeted for FY 25 % of FY 23 actual receipts:
  - **82.76% of local receipts, exclusive of STR receipts.**
  - 81.24% of total local receipts
  - 86.78% of local receipts, exclusive of STR, Cannabis and Solid Waste Fee revenues.
- STR receipts budget removes previously funded non-debt service costs i.e. Housing Coord; Rental Inspector. Now funded by anticipated increase in rental registration fee. STR Budget includes: \$815,000 of WW debt service; \$345,000 TCP debt service.
- Cannabis Host Fees will no longer be received but will continue to receive local excise of 3%.
- Local receipt savings or surplus to budgeted amounts will be reflected in future Free Cash generation and apportioned in accordance w/ Select Board goals/direction.
- This revenue allocation reflects anticipated fee increases for Solid Waste and Rental Registration in order to maintain our conservative budget approach.
- Additional fee increases for inspectional services and beaches will help support this allocation, generate Free Cash, and can be utilized in future budget cycles when realized.

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Budget	FY 2025 Budget
Motor Vehicle Excise	854,624	950,415	978,663	1,017,489	964,000	965,000
Meals Excise	127,986	111,874	142,430	149,221	125,000	125,000
Rooms Excise	227,325	141,239	399,152	596,741	350,000	425,000
Short-term Rental Excise	387,068	937,726	1,101,617	1,534,015	327,100	1,160,000
Cannabis Excise/Host Fees			499,579	369,798	200,000	200,000
Solid Waste Fees	894,223	964,875	981,589	1,083,699	725,000	840,000
Recreation Fees	497,111	627,523	616,661	664,550	525,000	545,000
Licenses/Permits	524,262	652,767	637,418	629,211	550,000	560,000
Departmental Fees	580,244	473,872	471,013	491,683	410,000	425,000
Interest	102,492	22,774	6,598	245,269	5,000	50,000
Penalties & Charges	132,734	110,857	126,550	87,347	87,000	87,000
Misc. and other	181,718	204,761	196,888	179,454	142,000	344,100
<b>Subtotal Local Receipts</b>	<b>4,509,787</b>	<b>5,198,683</b>	<b>6,158,158</b>	<b>7,048,477</b>	<b>4,410,100</b>	<b>5,726,100</b>
State Aid	564,861	567,309	662,668	697,896	741,067	773,210
<b>Total Estimated Receipts</b>	<b>5,074,648</b>	<b>5,765,992</b>	<b>6,820,826</b>	<b>7,746,373</b>	<b>5,151,167</b>	<b>6,499,310</b>

# Funding – Other Avail. Funds

Provides funding for about 1.70% of operating and 7.24% of total op/cap. budget. (Prior year 2.46% of operating and 5.87% of total op/cap budget).

Amounts funding operating budgets are recurring revenues.

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

Ambulance fund contribution increased to accommodate lease-purchase of a third-ambulance.

Ambulance fund projection indicates it is becoming maxed out, will need to monitor over next couple years.

Media Fund slightly overdrawn in FY 24 resulting in reduction in use until receipts from new Comcast contract are realized.

Certified Free Cash of \$5.8 million. After a provision of a 3% reserve (\$1.25m) approximately \$740,000 remains unallocated.

See FY 23 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	FY 2025 Budget
<b>Operating Budget</b>						
PEG Access Fund	115,000	105,000	115,000	120,000	125,000	115,000
Ambulance Fund - Salaries	450,000	520,000	535,000	535,000	550,000	575,000
Ambulance Fund – Lease			233,186	233,186	233,186	353,186
Septic Betterment Fund	20,400	20,400	20,400	20,400	20,400	20,400
Waterways Fund	2,000	2,000	2,000	2,000	2,500	2,500
Library Trustees / CPA	24,400	30,000			40,000	40,000
Free Cash	xx	65,000				
Subtotal OAF		742,400	905,586	910,586	971,086	1,106,086
<b>Capital &amp; Other</b>						
PEG Access Fund		8,500	20,000	10,000	10,000	
Ambulance Fund	50,000	105,000	15,000	15,000	143,000	215,000
Community Pres. Act						
Re-appropriated articles			200,000		9,114	
Subtotal OAF	50,000	113,500	235,000	25,000	162,114	215,000
Free Cash - Reserves			1,050,000	810,000	1,150,000	1,610,000
Free Cash – Capital & other	xx	608,400	899,000	2,484,374	1,527,136	2,229,500
Subtotal Free Cash		608,400	1,949,000	3,294,374	2,677,136	3,839,500
Grand Total OAF & Free Cash		1,464,300	3,089,586	4,229,960	3,810,336	5,160,586



# Appropriations

**TOWN OF EASTHAM, MASSACHUSETTS**

**FY 2025 PRELIMINARY BUDGET RECOMMENDATIONS**

**JANUARY 8, 2024**

# Appropriations – Oper. Budget

- Provides for full funding of CBA's – negotiated reduction in step increases was helpful in maintaining budget within levy limit.
- No new positions currently proposed in Level-service budget.
- Investment in IT Operations has stabilized, but licensing and software subscription model costs increase at higher rate. Does result in long-term savings with the capital budget. Software costs are also reflective in some departmental budgets (Assessing, Comm Dev, Public Safety)
- New hire training costs and additional uniform costs (negotiated) largely driving Public Safety expense increases.
- Solid Waste disposal and transportation costs expected to increase over 10% - budgeting for a specific tonnage.
- Natural Resources absorbing Animal Control, so expenses are increased, but reduced in Police Dept.
- Community Service Departments: Senior Services & Library, requesting additional funding to improve services and replace funding from outside groups. Amounts are currently accommodated within our levy limit but may need to be re-evaluated.
- Energy Budget increasing due to nearly 50% increase in electric supply rates (approx. Half of a monthly bill) - rate is held steady for 2 years.
- Debt Service increases largely due to ongoing water project and addition of WW planning bond.
  - Expected to reach its peak in FY 2025, then decline.
- Educational Assessments are placeholders until known.
  - Provided for 3% increase, but likely to be higher due to District budget pressures, collective bargaining, and enrollment shift to Eastham.
  - Need updated amount for NRSD HS debt service.

Budget Element	FY 23 Final	FY 24 Final	FY 25 Preliminary	\$ Change	% Change
Elected & General	213,000	213,000	213,000		
Town Administration	647,085	678,229	693,340	15,111	2.23%
Municipal Finance	1,709,107	1,867,668	1,990,175	122,507	6.56%
Town Clerk & Elections	191,079	197,550	203,218	5,668	2.87%
Community Development	688,587	603,991	620,996	17,005	2.82%
Health & Environment		500,747	518,483	17,736	3.54%
Public Safety	5,588,714	5,886,955	6,098,899	211,944	3.60%
Education	9,566,326	10,809,471	11,704,764	895,293	8.28%
Public Works	2,298,674	2,498,214	2,594,676	96,462	3.86%
Community Services	2,430,291	2,200,795	2,330,991	130,196	5.92%
Unallocated	6,199,559	6,507,248	7,054,708	353,254	5.27%
Debt Service	5,691,161	6,507,248	8,873,323	2,366,075	36.36
<b>Total Operating Budget</b>	<b>35,223,583</b>	<b>38,665,322</b>	<b>42,896,573</b>	<b>4,231,251</b>	<b>10.94%</b>
<b>Summary</b>					
Town Salaries	10,418,240	11,085,493	11,498,033	412,540	3.72%
Town Expense	9,547,856	10,263,110	10,820,452	557,342	5.43%
Educational Services, Less Debt service	9,566,326	9,758,676	10,062,288	303,612	3.11%
Education Debt Service		1,050,795	1,642,476	591,681	56.31%
Debt Service	5,691,161	6,507,248	8,873,323	2,366,075	36.36%
<b>Total Operating Budget</b>	<b>35,223,583</b>	<b>38,665,322</b>	<b>42,896,573</b>	<b>4,231,251</b>	<b>10.94% / 4.09% 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. Significant outside funding to address stormwater and environmental concerns with potentially impactful projects.
- 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.
  - Been trying to increase this funding within our existing levy but has not been feasible – will need future supplement.
- Being impacted by current supply chain issues, inflationary pressures, and bid environment.
  - May need to consider facility bonds in the future to consolidate and timely complete maintenance needs
- Recommended plan requests:
  - Funding of routing requests in a capital budget article
  - No borrowing authorizations anticipated.
  - Separate article for Ambulance Capital Lease.
  - No capital exclusions anticipated.

Funding Source	Amount
Tax Levy	400,000
Free Cash	2,079,500
Available Funds (\$50k from CPA)	265,000
<b>Subtotal Town Meeting Appropriation</b>	<b>2,744,500</b>
Chapter 90 Grant	450,000
Other Grants	1,861,500
<b>Total Capital Budget</b>	<b>5,056,000</b>

Summary of Requests	Amount	Source
Building/Facility Maintenance	650,000	Free Cash
Local Road Improvements:		
Planning & Design (Town Roads)	150,000	Free Cash
Intersection Improvement	325,000	Free Cash
Landings, Culverts, Drainage	1,936,000	\$317 k Free Cash \$1,619 m Grants
Community Development Projects:		
T-Time/TCP/COA sites	100,000	Free Cash
Abelino's Creek Study	142,500	Grant
DPW Recurring maintenance programs	70,000	Free Cash
Fleet Replacement requests	1,105,250	Various
Equipment Replacement requests	452,250	Various
Community Internet	100,000	Grant
Energy Efficiency Improvements	25,000	Free Cash

# Appropriations – Capital Budget (Borrowing)

- Based upon 5-Year Capital Plan.
- Developing plan for funding of future Wastewater debt service.
  - Began funding of WW debt from STR, which will increase as available.
  - Planning to preserve exempt debt drop-off through stewarding of STR receipts.
- As implementation options near, need to consider best approach to project management.
  - In-house vs. Outsource
  - Dual roles and potential for better overall supervision.

Item	Amount
<b>Current Projects</b>	
Third Ambulance purchase (Lease)	\$480,000
Police Motorcycle (Lease)	\$25,000
	505,000
<b>Potential Future Projects (Near-Term)</b>	
Town Landing reconstruction & Stormwater Projects	5,338,000
Anticipated funding from Seaport Grant	(2,000,000)
Wastewater Plan Implementation	\$130,000,000

# Appropriations – Other Budget Items

- Continued funding of reserves
  - Stabilization Fund will be in our target range.
  - Continued funding of OPEB.
  - 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.
  - Continue funding of compensated absence fund to an appropriate level.
  - Private Road Fund funding to operate betterment program and address area of community need.
- Other Budget Items
  - Funding necessary to achieve Town goals, but neither operating nor capital in nature.
  - Use of unallocated STR receipts of \$1,200,000 still open for discussion on use.
    - Wastewater Stabilization Funding
    - Other?

APPROPRIATIONS		
<u>Element</u>	<u>Amount</u>	<u>Source</u>
<b>Financial Reserves:</b>		
Injured on Duty Fund	75,000	Free Cash
OPEB Fund	100,000	Free Cash
Compensated Absence Fund	75,000	Free Cash
<b>Other Budget Requests:</b>		
IT/Applications Development	75,000	Free Cash
Private Road Electric Fund	160,000	Free Cash
Various Departmental Programs	75,000	Free Cash
<b>Unallocated TBD w/ Select Board</b> (WW Stabilization)	1,200,000	Free Cash (STR)
<b>Total Other Budget Items</b>	<b>1,760,000</b>	

PROJECTED BALANCES OF RESERVES			
<u>Reserve Fund</u>	<u>Current Balance</u>	<u>Contribution</u>	<u>Expected Balance</u>
Stabilization Fund	2,473,501		2,500,000 (5.7% of Op. Budget)
Wastewater Stabilization Fund	760,307	1,200,000	2,000,000
OPEB Fund	744,855	100,000	850,000
Injured on Duty Fund	177,759	75,000	255,000
Compensated Absence Fund	50,000	75,000	125,000
Unspent Free Cash	(3% of Op. Budget = \$1.3m)		1,941,523

FISCAL Y



# Other Budget Considerations

TOWN OF EASTHAM, MASSACHUSETTS

FY 2025 PRELIMINARY BUDGET RECOMMENDATIONS

January 8, 2024

# Budget Challenges & Recommendations

## SHORT-TERM

- Placeholders on Education Budgets – will not be known likely till March.
- Update needed on NRHS Project debt service.
- General & Health Insurance placeholders – has been stable.
- Ability to fill open positions
- Ability to retain vendors and contractors for current needs at affordable rates.
- Completion of local public works projects in capital budget.
- Managing local receipts to minimize potential of revenue deficits.
- Demands for service requiring additional investment in our core services.

## 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.
- Evaluation of departmental "core services" needed by the community vs. Additional and specialized services desired by a department.

## RESPONSE

- Work with District administrators to develop assessment projections and improve budgetary communication issues.
- Re-visiting of District agreement
- Consideration of a local Education Stabilization Fund
- Pursue plan design & wellness opportunities with HI provider to minimize costs.
- Continue offering of 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.
- Continuous review of local fee structure.
- Review of assessment procedures.
- Pursue economic development opportunities.
- Evaluate needs as presented, consider tactical overrides for core services, or new shared service arrangements where feasible.