

February 6, 2013

Town Wide Financial Plan Advisory Committee

Key topics

- Pension
- OPEB
- Health insurance
- Collective bargaining
- Five Year Capital Budget Program
- Facilities
- FY14 budget
- Free Cash

Pension

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
Current funding schedule				
Tax impact	\$ 3,209,844	\$ 5,008,205	\$ 5,197,398	\$ 5,518,546
Enterprise funds	603,889	932,649	967,961	1,027,772
Anticipated increase	-	-	1,000,000	1,000,000
	<u>3,813,733</u>	<u>5,940,854</u>	<u>7,165,359</u>	<u>7,546,318</u>

- On-track to fully fund by 2030
- 1/1/13 actuarial valuation to reflect:
 - Reassessment of all actuarial assumptions (7.75% interest rate, mortality, wage increases, etc.)
 - COLA base increase (ATM Article 6)
 - Favorable 2012 investment return – 13.88%
- Anticipating net annual increase of \$1M

OPEB

- Over-funding ARC per GASB requirements
- But not yet funding enough to cover normal cost and interest on unfunded liability
 - “Funding” is in addition to rising pay-as-you-go cost
 - Liability projected to grow through FY19
 - Will likely need to reduce interest rate (7.5% currently)
- Exclusion expires in 2017

Pending State legislation would significantly reduce liability

Health insurance

- Cost growth trajectory significantly reduced
 - Yielding favorable gains against OPEB assumptions
- Have chosen not to leverage State legislation to transition from Rate Saver to Benchmark plans
 - Savings insufficient to warrant disruption
- WSHG expected to discontinue Legacy plans 6/30/14
 - Will require remaining Legacy plan participants to transition to Rate Saver plans
 - Continuing to assess merits of an earlier transition

Collective bargaining

- Negotiations ongoing between now and Town Meeting
 - Teachers
 - School Secretaries
 - Custodians
 - Patrolmen
 - Superior Officers
 - Library Association (contract open since 7/1/11)

Five Year Capital Budget Program

	FY13	FY14	FY15	FY16	FY17	FY18
Cash Capital	\$ 3,526,073	\$ 3,899,342	\$ 3,784,057	\$ 3,869,016	\$ 4,168,839	\$ 3,324,994
Free Cash	75,000	130,000	-	-	-	-
CPC Funding	-	-	3,600,000	-	-	-
Chapter 90	1,274,000	907,300	392,000	601,000	720,000	720,000
Debt Capital Inside Levy	1,305,000	1,400,000	825,000	1,400,000	3,070,000	4,367,000
Debt Capital Exclusion	540,000	4,262,000	2,400,000	-	-	-
Grand Total	\$ 6,720,073	\$10,598,642	\$11,001,057	\$ 5,870,016	\$ 7,958,839	\$ 8,411,994

Cash Capital

Department	FY13	FY14	FY15	FY16	FY17	FY18
Cash Capital:						
Fire	\$ 149,500	\$ 50,000	\$ 123,000	\$ 125,000	\$ 115,000	\$ 110,000
Network Information Systems	27,000	20,000	68,000	45,000	20,000	-
Police	55,436	126,457	85,647	93,547	66,976	50,050
Council on Aging	-	10,000				
Library	40,500	40,000	40,000	133,000	40,000	40,000
Morses Pond	-	-	35,000	95,200	124,200	45,200
Natural Resources Commission	75,000	105,000	80,000	105,000	320,000	80,000
Town Clerk	-	79,550	7,000	7,000	6,000	-
Department of Public Works (DPW)	1,322,500	1,524,000	1,761,000	1,924,000	2,338,900	2,033,000
Schools	962,554	803,135	803,135	803,135	803,135	803,135
Facilities Maintenance	893,583	1,141,200	781,275	538,134	334,628	163,609
Total Cash Capital	\$3,526,073	\$3,899,342	\$3,784,057	\$3,869,016	\$4,168,839	\$3,324,994

Debt Capital

Department	FY13	FY14	FY15	FY16	FY17	FY18
Debt Capital Inside Levy:						
Fire Apparatus	605,000	-	500,000	-	-	625,000
DPW- Facility Renovations	220,000	1,000,000	175,000	-	900,000	1,000,000
DPW- Street Rehabilitations	480,000	400,000	150,000	1,400,000	1,750,000	-
Hunnewell Field Master Plan	-	-	-	-	420,000	2,742,000
Total Borrowed Inside Levy	\$ 1,305,000	\$ 1,400,000	\$ 825,000	\$ 1,400,000	\$ 3,070,000	\$ 4,367,000
Debt Capital Exclusion:						
Senior Center	-	4,262,000	-	-	-	-
Morses Pond Dredging	540,000	-	-	-	-	-
Saint James	-	TBD	-	-	-	-
School Building Assessment	-	TBD	-	-	-	-
NRC - Fuller Brook	-	-	2,400,000	-	-	-
Town-Wide Facilities Bundle						
Total Capital Exclusion	\$ 540,000	\$ 4,262,000	\$ 2,400,000	\$ -	\$ -	\$ -

Facilities

- Initiatives
 - Successfully executed summer 2012 capital projects
 - Organization fully staffed
 - Negotiated collective bargaining agreement for FY13
- SFMP currently working with PBC on appropriation request for Town Meeting
 - Largely derived from SMMA assessment of Schools

Proposed scope of School work

- Schofield & Fiske renovation - \$8.95M
- Middle School -
 - Donizetti entrance repair - \$260K
 - Science Lab waste treatment - \$250K
 - Auditorium seating & flooring - \$300K
- Sprague School
 - Slate roof replacement - \$440K
 - Oak Street entrance repairs - \$175K
- Hunnewell roof repairs - \$134K
- Hazmat abatement - \$670K
- District IP phones - \$409K
- Security upgrades – \$700K

Total cost = \$14.1M with 15% construction contingency

Proposed scope of Town work

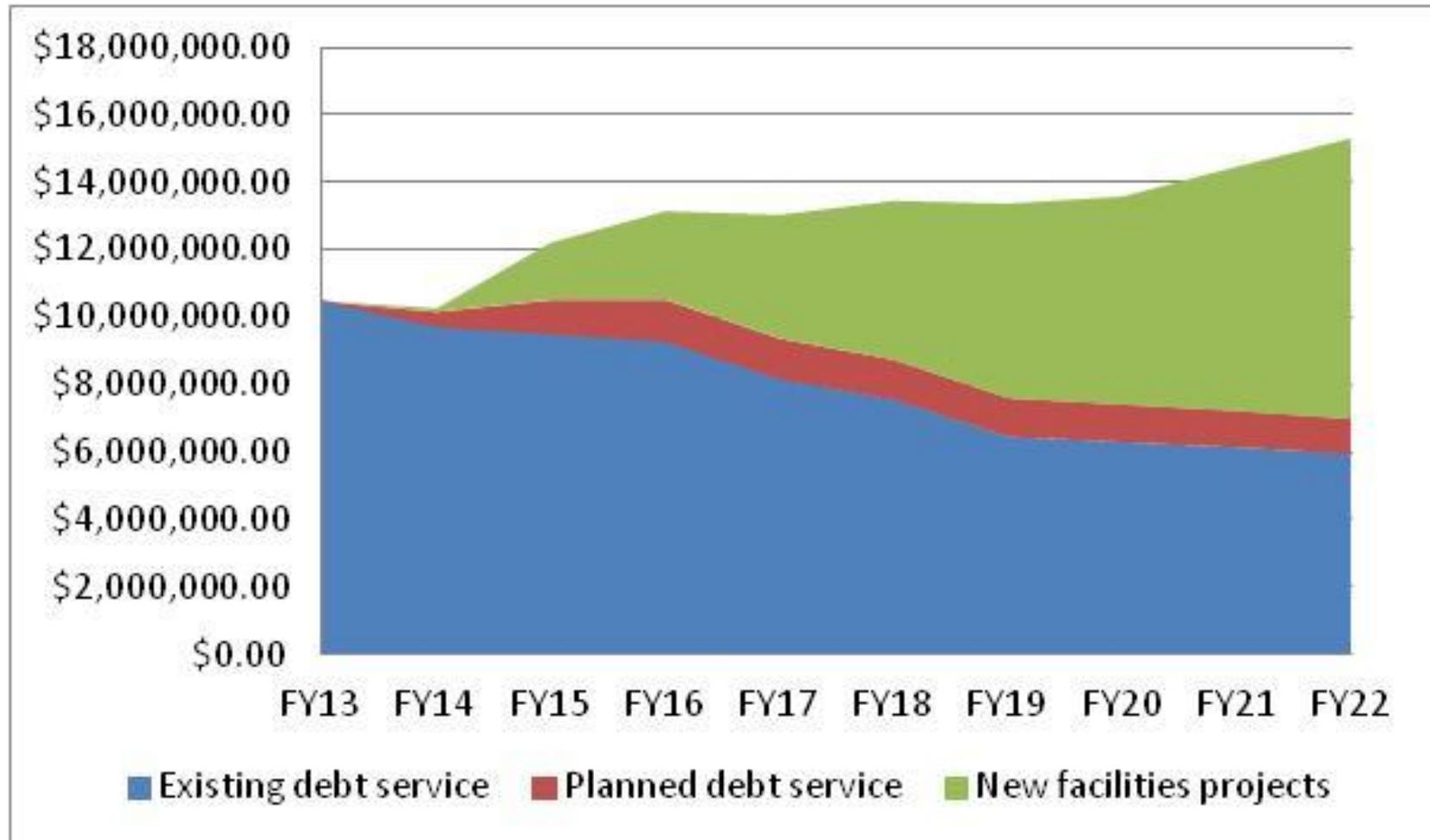
- MLP Substation renovation - \$1,309K
- Fire Station #2 floor repair - \$263K
- Police Station HVAC replacement - \$820K
- Fire Station #2 HVAC replacement - \$820K
- Town Hall renovations - \$1,150K
- Warren Building repairs - \$442K

Total cost = \$5.5M with 15% construction contingency

Potential cost of facilities work

	<u>Cost in current dollars</u>	<u>Assumed timing</u>
School facility work identified by SMMA Assessment	\$ 85,552,346	
Less: cost of Schofield & Fiske work	(18,706,600)	
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	66,845,746	Work performed FY16-22
Plus: cost of projects currently proposed	23,300,000	Work performed FY14,15
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Total cost of work currently identified	<u><u>\$ 90,145,746</u></u>	

Exempt debt service impact of facilities work @ 4% / 15 years



Median tax bill*

- Total impact of excluded debt service
 - FY13 - \$947
 - FY22 - \$1,381

Difference = \$434

* Based on assessed value of \$844,000

Items not yet included in TWFP

- High School Stadium
 - \$5.8M - \$6.2M estimate per Stadium Task Force
- 900 Worcester Street - costs beyond those appropriated at Special Town Meeting

FY14 Budget status

- Current deficit - \$1.56M
- Year over year increases
 - Schools \$2.4M 4.2%
 - Facilities 0.2 2.9% (*Phased hiring in FY13*)
 - Public Safety 0.1 0.8% (*No provision for contract*)
 - Shared Svcs. 0.1 10.4% (*Insurance & Legal*)
 - COA 0.04 12.9%
 - Other Selectmen 0.03 1.2%
 - DPW 0.1 1.4%
 - Employee Benefits 2.1 9.6%
 - Cash Capital 0.4 10.6% (*Largely DPW, FMD per plan*)

FY14 budget

- Selectmen reaffirmed no override for FY14
- Viewing increased State aid as unlikely
- Developing proposal to balance budget
 - *Will assume further School Committee action to bring budget in line with guideline*
- Collective bargaining remains a significant variable
 - *Contractual wage increases preclude new investments*

Cost of wage increases for existing employees and employee benefits remain the largest budget drivers

Projected Sources & Uses

	<u>FY14</u>	<u>Assumed Growth</u>	<u>FY15</u>	<u>FY16</u>
Sources				
Property Taxes	\$101,147,707		\$105,076,400	\$109,103,310
Override			3,000,000	3,075,000
State Aid	8,872,646	2.0%	9,050,099	9,231,101
Local Revenue	10,335,000	2.0%	10,541,700	10,752,534
Free Cash	2,500,000		-	-
Other	126,457		85,647	93,547
	<u>122,981,810</u>		<u>127,753,846</u>	<u>132,255,492</u>
Uses				
Schools	60,583,157	4.0%	63,006,483	65,526,743
Facilities	6,369,388	2.0%	6,496,776	6,626,711
Other Town Depts.	25,996,888	2.0%	26,516,826	27,047,162
	<u>92,949,433</u>		<u>96,020,085</u>	<u>99,200,616</u>
Cash Capital	3,899,341	**	4,502,782	5,330,882
Debt Service (Inside)	3,167,465		3,329,050	2,918,256
Pension	5,008,205		6,040,398	6,361,546
Health Insurance	13,847,744	5.0%	14,540,131	15,267,138
OPEB	1,200,000		1,200,000	1,200,000
Other Employee Benefits	2,658,729	2.5%	2,725,197	2,793,327
State & County Assessments	1,211,018	2.5%	1,241,293	1,272,326
Property Tax Abatements	600,000	2.5%	615,000	630,375
Other				
	<u>124,541,935</u>		<u>130,213,936</u>	<u>134,974,466</u>
Surplus/(Deficit)	<u>\$ (1,560,125)</u>		<u>\$ (2,460,091)</u>	<u>\$ (2,718,974)</u>

Debt exclusions

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
High School	\$ 5,473,598	5,393,938	5,285,694	5,185,093	5,089,902
Other Existing Debt	3,632,791	3,491,380	3,378,629	2,978,909	2,472,491
Authorized Borrowings					
- Stormwater Drainage	49,000	111,440	108,216	104,992	101,768
- Morses Pond Dredging	75,000	73,440	71,280	69,120	66,960
- DPW Office Building	332,131	323,828	315,525	307,222	298,918
Projected Borrowings					
- Senior Center		383,580	375,056	366,532	358,008
- Fuller Brook Park			336,000	326,400	316,800
- Facilities - Phase 1	98,667	1,690,486	2,611,570	2,545,160	2,478,751
- Facilities - Later Phases				1,113,054	2,231,672
OPEB	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Total Exclusions	<u>\$ 11,461,187</u>	<u>\$ 13,268,092</u>	<u>\$ 14,281,970</u>	<u>\$ 14,796,482</u>	<u>\$ 15,215,270</u>
Median Tax Bill Impact of Exclusions*	\$ 1,034	\$ 1,197	\$ 1,288	\$ 1,335	\$ 1,373

Questions ?

