

10/5/09
9

BoS Budget Priorities for FY11

DRAFT – Oct 5th

NOTE to BoS: the FinCom has asked the BoS and the schools to present their FY11 budget strategy. I have drafted the following summary as a 'strawman' for the consideration of the Board at our Oct 5th meeting. It is intended to be a starting point for our discussion and is based on the budget conversations that the board has had over the last six months.

FY09

At the beginning of FY09, the town manager froze many items in the budget in anticipation of revenue shortfalls during that year. This foresight proved extremely valuable when the governor made Chapter C cuts in January of 2009. In addition to being able to cover the FY09 revenue shortfalls, the town is returning approximately \$1 million to Free Cash. The funds come from a combination of municipal FY09 budget savings, local school budget savings and unexpended funds from old warrant articles. This money will help to replenish the reserves and will be useful as we plan for FY11 and FY12.

FY10

Both town revenue and state aid are down substantially from what was anticipated as recently as April 2009 when the budget was approved by town meeting. The town and the schools have been working through the ALG process on a plan that addresses the FY10 budget shortfall without requiring the need for a special town meeting this fall. At this point, it looks like we have succeeded at doing that. However, we anticipate further 9 C cuts in FY10 which may still force the need for a STM this fall depending on the timing of the cuts.

The town is continuing the FY09 budget freeze into FY10. The town has frozen 6 positions and is delaying capital expenses for a savings of approximately \$900,000.

FY11

Meanwhile, we are in the process of building a budget for FY11. We plan to continue to support budget priorities through non-tax revenue sources such as Enterprise Funds and fees, where appropriate. We will continue to pursue grants and state or national funding sources for town programs.

However, it is clear that we will not be able to provide a level service budget for FY11. The Board of Selectmen has established the following budget priorities for the town:

- 1) Continue labor contract negotiations that reflect the realities of the current economic climate.
- 2) Avoid layoffs. It takes a long time for an employee to reach peak efficiency and the loss when we need to do layoffs is substantial.

- 3) Protect health and safety. Unfortunately, crime goes up in an economic down turn and emergency health and safety needs occur in all economic climates. Issues include:
 - a. H1N1. There is a high likelihood of significant outbreak of the H1N1 flu throughout the country. The town has been working to structure an effective way to deliver flu vaccines and to plan for handling an outbreak.
 - b. Restorative Justice Program. The state has cut its share of funding for this program. If we want to maintain the program we will need to increase local funding.
 - c. Civil Service administration. The state has traditionally administered civil service exams, etc. This year they have indicated that the towns need to do this themselves. We are currently investigating exactly what this will entail.
- 4) Protect (or increase) services for the most vulnerable. The demand for social services grows in an economic downturn. Issues include:
 - a. Domestic Violence response team. The state has cut its share of funding for this program. If we want to maintain the program, we will need to increase local funding.
 - b. The new part time social worker position has been very well received by the town and we would like to increase the funding to make this a full time position but finding the funds to do so will be difficult.
 - c. The state is in the process of increasing the cap on the senior work program (from \$750 per year to \$1000 per year). We plan to adopt this higher limit for the coming fiscal year.
- 5) Postpone capital expenditures where possible. However, we have been holding back on approved capital expenditures for several years now. At some point, we must replace worn vehicles to avoid failure.
- 6) Postpone filling open reqs where possible.
- 7) Postpone routine maintenance where it makes sense.
- 8) Invest in strategic initiatives (such as energy initiatives) that have long term positive impact on expenses.