

Town of Bourne

Finance Committee Report

for the

Special Town Meeting

October 17, 2016

7:00 P.M. at the Bourne High School

Finance Committee Members

Mary Jane Mastrangelo, Chair

Michele W. Ford, Co-Vice Chair

John Redman, Co-Vice Chair

Judy Conron

Renee Gratis

Rich Lavoie

Kathleen Legacy

Brian Lemée

Karen Meehan

William Towne

October 3, 2016

Introduction

It is the Finance Committee's primary responsibility to advise Town Meeting on warrant articles and to give a report stating an opinion of agreement or concern regarding the proposed budgets, which include operating budgets and capital outlay. In addition, the Finance Committee often comments on general issues surrounding the budget, and this year is no exception.

This report is intended to give voters a summary of the overall financial condition of the Town with comments on three major articles proposed at the Special Town Meeting.

Article 1 – Pebbles School Project and Article 5 – Police Facility Project

What will the new Police Station and Pebbles School cost?

	Police Station	Pebbles School	Total for Both
Estimated Project Cost	\$17.6 Million	\$39.91 Million	\$57.51 Million
MSBA State Reimbursement		(\$15.15 Million)	(\$15.15 Million)
Net Cost to the Town	\$17.6 Million	\$24.76 Million	\$42.36 Million
Average Annual Tax Impact *	\$0.30	\$0.40	\$0.70
Yearly Cost to the Avg. Taxpayer**	\$120	\$163	\$283
Cost per Day to the Average Taxpayer**	33 cents	45 cents	78 cents
*Average Annual Tax Impact per thousand of property value based on 20 year borrowing at a 3.75% interest rate and FY16 assessed valuations.			
** Average Taxpayer in a \$398,944 home.			

The tax impact of the two projects combined is estimated at about 70 cents per thousand of property value. To the average taxpayer in a \$398,944 home this cost is \$283 per year which is 78 cents per day. The cost is based on 20 year borrowing at a 3.75% interest rate. If we can get going on these projects now, get a lower interest rate, keep at current construction costs, coordinate the bonding to reduce interim interest costs, the yearly impact on the taxpayer may be less. When the Town started working on these projects in 2009 the cost to the Town for both (after MSBA reimbursement for the school) was \$24 million. It is now \$42 million. What will it be if we delay?

How did we let these buildings get in such disrepair?

In March of 2008 the Capital Outlay Committee toured Town Facilities. An assessment of Town Facilities was then done in 2009 by the Cecil Group. In addition to recommending replacement of four buildings and substantial repair of a fifth, the report recommended that the Town hire a Facilities Manager. The COC advocated for the position for several years before the position was put in the town budget.

After the Facilities Manager was hired by the Town, Facility Maintenance was added as a new category in the Capital Plan. Before that each Dept. head would put in the building maintenance requests. This meant that, for example, the Police Chief would decide between staff and building repairs. After the override failed in the 1990's staff were laid off and for years staffing was the choice made by department heads. We now have a Facilities Maintenance budget in the Capital Improvement Plan of about \$500,000 per year. However, if either of these projects fails the Capital Plan will end up putting money into the Police Station and/or Peebles and the other buildings will get bad as well. It takes a long time to change the way a municipality works. If we pass these two projects as debt exclusions we can put our capital plan focus on maintaining the other Town buildings.

What about the Fire Stations?

The plan for the Pocasset Fire Station is to combine the Monument Beach Station and the Pocasset Station into one Southside Fire Station. The May Town Meeting this year approved an Operations/Feasibility study for the Southside Fire needs. The new ambulances will not fit in the Pocasset bays and the floor needs significant structural work. The estimated cost for a new Southside Fire Station is about \$3 - \$5 Million. If the debt exclusions for the Police Station and Peebles School pass, the Southside Fire Station replacement can be done in the next few years with general debt borrowing and NO debt exclusion. If the Police and the Peebles projects don't pass the debt exclusion vote then the capital facilities maintenance budget will be used up with the repairs needed for those buildings and the replacement of the Pocasset Fire Station will be further delayed.

The Buzzards Bay Fire Station also needs repair. There is no current plan to replace that station as repair was deemed by the Cecil Report in 2009 to be more cost effective. This year the administrative headquarters will be moved to the Sagamore Station. Recent capital plan repairs and upgrades to the Buzzards Bay Station have included: repair and upgrade of the HVAC system, bathroom repairs, sleeping quarter's upgrades, emergency power upgrades, and the telephone system. Roof replacement is on the plan for next year (FY18).

What about declining enrollments?

Student enrollments in Bourne Public Schools have declined since 2005. However, there are now fewer schools and fewer classrooms than in 2005. Enrollments fluctuate based on many trends. Millennials have now surpassed Boomers and Gen X in the workforce. They are at the age for having children in the next 10 years. 2017-2018 enrollment projections have K-8 grade level enrollments ranging from 131 (5th grade) to 187 (2nd grade). K-2 is projected at 537, grades 3-5 at 403, grades 6-8 at 450 and 9-12 with 493 at BHS. This trend, although lower than 2005, does not indicate that student enrollments are in a continuing downward trend at this time. There are more students projected in grades K-2 than in grades 3-5 and an enrollment projection of 153 students per grade for the new

460 student Peebles School makes sense. MSBA (the Mass School Building Authority) did the enrollment projections on size of school needed for the new grade 3 - 5 Peebles School as part of the Feasibility study.

Will there be another operational override request?

There is no current plan for an operational override in the near future. The Town made the budget cuts that needed to be made and is keeping budget expense increases in line with increases in revenue.

The Town is implementing Priority Based Budgeting for the operations budget. It is in the second year of a three year implementation plan. The biggest change that has been made is in the Sources and Uses document that presents the budget revenues vs. expenses. Last year FinCom made a change in the formatting to separate out the use of Free Cash so the increase in revenues without Free Cash can be compared to the increase in expenses. This has made budgeting more transparent and will help prevent the need for an override in the future. If a budget increase is requested we can now ask: "What is the additional revenue that will be used to fund this additional expense?" For example, there is a request at the Special Town Meeting for \$36,168 for additional staff in the Town Planner's office, but there will be a \$36,168 reduction in staff at the Council on Aging to offset the increase. These are the tough budget decisions that are being made.

Why two projects now?

The Police deserve a new facility. Children should be learning in a school building that doesn't have leaking roofs and buckets catching rain in the classrooms, doesn't have music classes in old locker room showers, and doesn't have the risk of an addition settling that would disrupt plumbing and heating lines. The Town has delayed both projects for years and both are important. This is not a contest. It is about providing adequate facilities for police and school children. If we do pass these two projects now we can handle the fire dept. facility needs without debt exclusions. If we don't pass them we are in for years of paying for repairs that don't solve problems but only cause more problems in other buildings that won't get the attention they need.

Over 100 school projects apply for MSBA funding each year and only about 10 get approved for funding. This is Bourne's opportunity. It took us years to get here and if we miss the opportunity now it may be another 5 – 10 years before we can address the needs at Peebles and by then the cost will be higher.

It will never cost less to replace our Police Station and Peebles School and the 78 cents a day that it will cost the average taxpayer is less than the cost of a cup of coffee. If you are thinking of voting "no" take a tour of the facilities and become an informed voter before doing so. Supporting both projects will get the Town of Bourne moving forward on a solid capital plan.

Article 8 - Adjustment FY17 Budget \$ 65,680

The FY17 Budget approved at the Annual Town Meeting included Revenue increases of 3.49% over FY16 and Expenditure increases of 4.04% over FY16.

Some highlights of the FY 17 Budget approved in May were:

- FY17 increased the budget for Snow and Ice from \$92,900 to \$338,000. This is close to the five year average for Snow and Ice expense and will help avoid future budget deficits in the Snow and Ice account.
- Continued most of the personnel reductions that were implemented after the failed override. These personnel reductions have put a strain on operations and have resulted in staff in higher paid supervisory positions doing administrative work more suited to a lower paid employee.

At the time the FY17 budget was developed there were several positions and budgets that were of concern and were earmarked for possible adjustment in the fall if the FY16 year-end closing was positive. These included:

- \$12,180 for additional hours for the Town Clerk support – from 19 to 35 hours. These hours had previously been in the budget and were paid for with increased fees. This adjustment will reinstate the Town Clerk support staff hours to the prior level.
- \$36,168 for additional Support Staff for the Town Planner – this position will provide administrative support to Planning, Conservation and Engineering where there has been no administrative support in recent years. It is the transfer of a position from Council on Aging.
- \$18,500 for additional funding for the Library to maintain certification.

The Proposed Budget Adjustment in Article 8 includes these items as well as \$25,000 for the Board of Selectmen to work on a Strategic Plan, \$5,000 to save the historic Buzzards Bay National Bank sign, and \$5,000 for Town Planner expenses.

The budget adjustments will be paid for with Free Cash. Although this will increase the use of Free Cash for the FY17 budget, Free Cash was certified at \$6,714,795 as of July 1, 2016 which is above policy and an increase over the amount that was projected for Free Cash at the Annual Town Meeting.

Initial projects for revenue and new growth for FY17 are positive and the Town is maintaining its solid financial footing.

Respectfully submitted,
The Finance Committee, Town of Bourne