

FY 2018 BUDGET PRESENTATION

Harwich, MA

Town Administrator: Christopher Clark

Former Finance Director: Andrew Gould

Interim Finance Director: David Withrow

Assistant Town Administrator: Charleen Greenhalgh

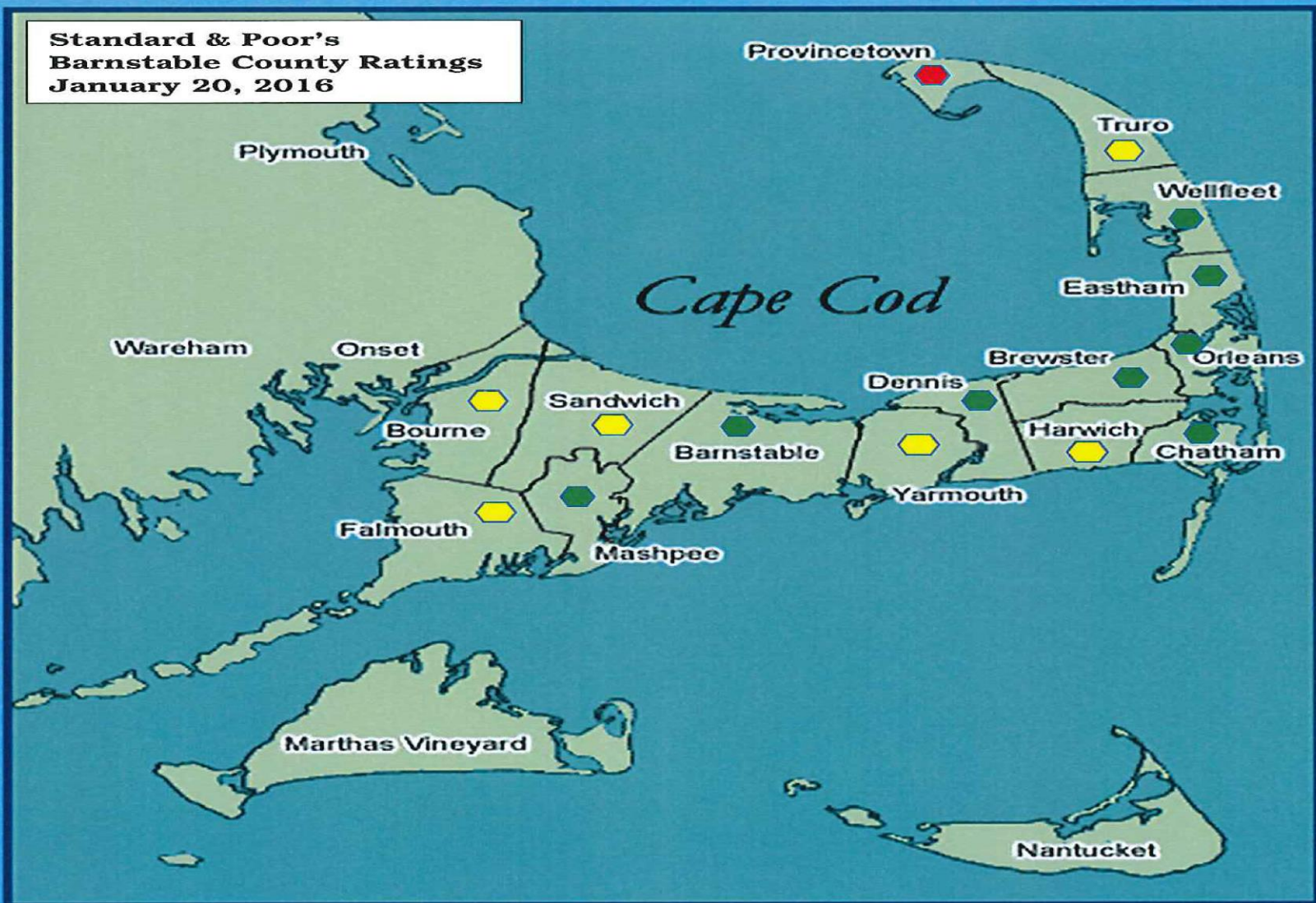
S&P: THE TOP TEN MANAGEMENT CHARACTERISTICS OF HIGHLY RATED U.S. PUBLIC FINANCE ISSUERS

1. Focus on Structural Balance
2. Strong Liquidity Management
3. Regular Economic and Revenue Updates to Identify Shortfalls Early
4. An Established Rainy Day/Budget Stabilization Reserve
5. Prioritizing Spending Plans and Establish Contingency Plans for Operating Budgets
6. Strong Long-Term and Contingent Liability Management (OPEB)
7. A Multiyear Financial Plan in Place and Considers the Affordability of Actions or Plans Before They Become Part of The Annual Budget
8. A Formal Debt Management Policy in Place to Evaluate Future Debt Profile
9. A Pay-As-You-Go Financing Strategy as Part of the Operating and Capital Budget
10. A Well-Defined and Coordinated Economic Development Strategy

PREVIOUS STANDARD & POORS OBSERVATIONS OF HARWICH

- Extremely strong property wealth due to its oceanfront location
- Good financial position and financial management policies
- Still maintains a good financial reserve position despite recent declines
- Moderate to low debt burden, coupled with rapid principal amortization; and
- Sizable long-term pension and other Post employment benefit (OPEB) liabilities, though recent changes could reduce these liabilities a bit over the next few years.

**Standard & Poor's
Barnstable County Ratings
January 20, 2016**

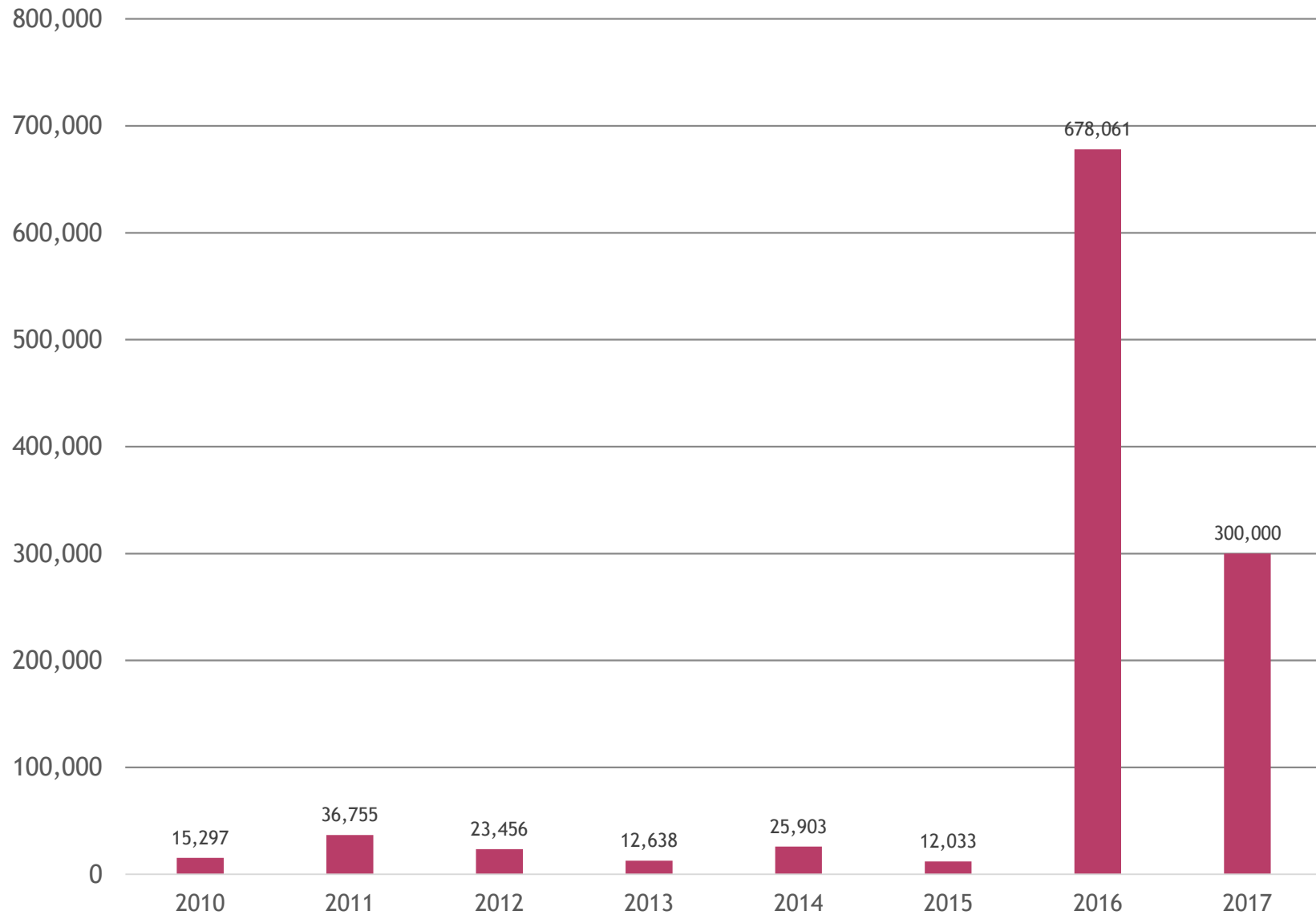


BUDGET REVENUE AND EXPENSE SUMMARY

**Displaying the Projected Budget
for FY 2018**

- The Total Revenue for FY2018 is \$60,697,660 and the Total anticipated expenditures are \$60,692,708 creating a balanced budget. Minor surplus \$4,952
- Budget Highlights
- Major Initiatives

Excess Levy Capacity



Enhanced Levels of Service (EoS)

<u>Concept</u>	<u>Amount</u>
Part-time Cable Operations (to be funded by Franchise Agreement, not taxes)	\$ 9,906
Part-time Community Center hours slightly augmented (to help with the 2 year program to assess the viability of the Middle School to serve as a Cultural Center for the Town. Interest from artists has been strong as this program starts. Town Meeting will be asked to set up a Revolving Fund for the Cultural Center Operation that should offset taxpayer dollars with rental income.)	\$ 5,896
Other Purchased Services – Health Department (increase is for on-demand contract inspector to meet construction demands in the field more timely without adding permanent staff & benefits. Was \$10,000 in 2005 & was reduced during lean years. From taxation.)	\$ 3,000

Funding our operations includes utilizing undesignated fund balance, better known as “**Free Cash,**” which is certified at **\$1,984,792** million. This amount is available to fund capital programs and to build reserves for the FY 17 budget.

Capital Budget Items	\$1,155,975
Other Operating Capital Items, Articles	\$ 129,630
Middle School \$125K, HCT Reimbursement\$73K	\$ 198,000
<u>Contingency Snow/Ice (\$300K) and O.P.E.B. (\$200K)</u>	<u>\$ 500,000</u>
Total to Be Used	\$1,983,605

MONOMOY ASSESSMENT

DRAFT FY18 ASSESSMENT 1/30/17

	Harwich	Chatham	Total
Operating Budget	\$22,487,923	\$8,129,234	\$30,617,157
Transportation	\$367,275	\$124,523	\$491,798
Capital	<u>\$224,114</u>	<u>\$80,886</u>	<u>\$305,000</u>
	\$23,079,312	\$8,334,643	\$31,413,955
Debt	<u>\$1,708,359</u>	<u>\$616,572</u>	<u>\$2,324,931</u>
TOTAL FY18 DRAFT ASSESSMENT 1/30/17	<u>\$24,787,671</u>	<u>\$8,951,215</u>	<u>\$33,738,886</u>

FY17 RE-VOTED ASSESSMENT

Operating Budget	\$21,644,248	\$7,783,493	\$29,427,741
Transportation	\$412,558	\$134,124	\$546,682
Capital	<u>\$224,724</u>	<u>\$80,276</u>	<u>\$305,000</u>
	\$22,281,530	\$7,997,893	\$30,279,423
Debt	<u>\$1,776,772</u>	<u>\$634,699</u>	<u>\$2,411,471</u>
TOTAL FY17	\$24,058,302	\$8,632,592	\$32,690,894

Δ From FY18 DRAFT to FY17 RE-VOTED

	Harwich	Chatham	Total
Operating Budget	\$843,675	\$345,741	\$1,189,416
Transportation	-\$45,283	-\$9,601	-\$54,884
Capital	<u>-\$610</u>	<u>\$610</u>	<u>\$0</u>
	<u>\$797,782</u>	<u>\$336,750</u>	<u>\$1,134,532</u>
	3.58%	4.21%	3.75%
Debt	<u>-\$68,413</u>	<u>-\$18,127</u>	<u>-\$86,540</u>
Total	\$729,368	\$318,623	\$1,047,992
	3.03%	3.69%	3.21%

FY18 Assessment

CAPE TECH REGIONAL HS

FY18 Assessments

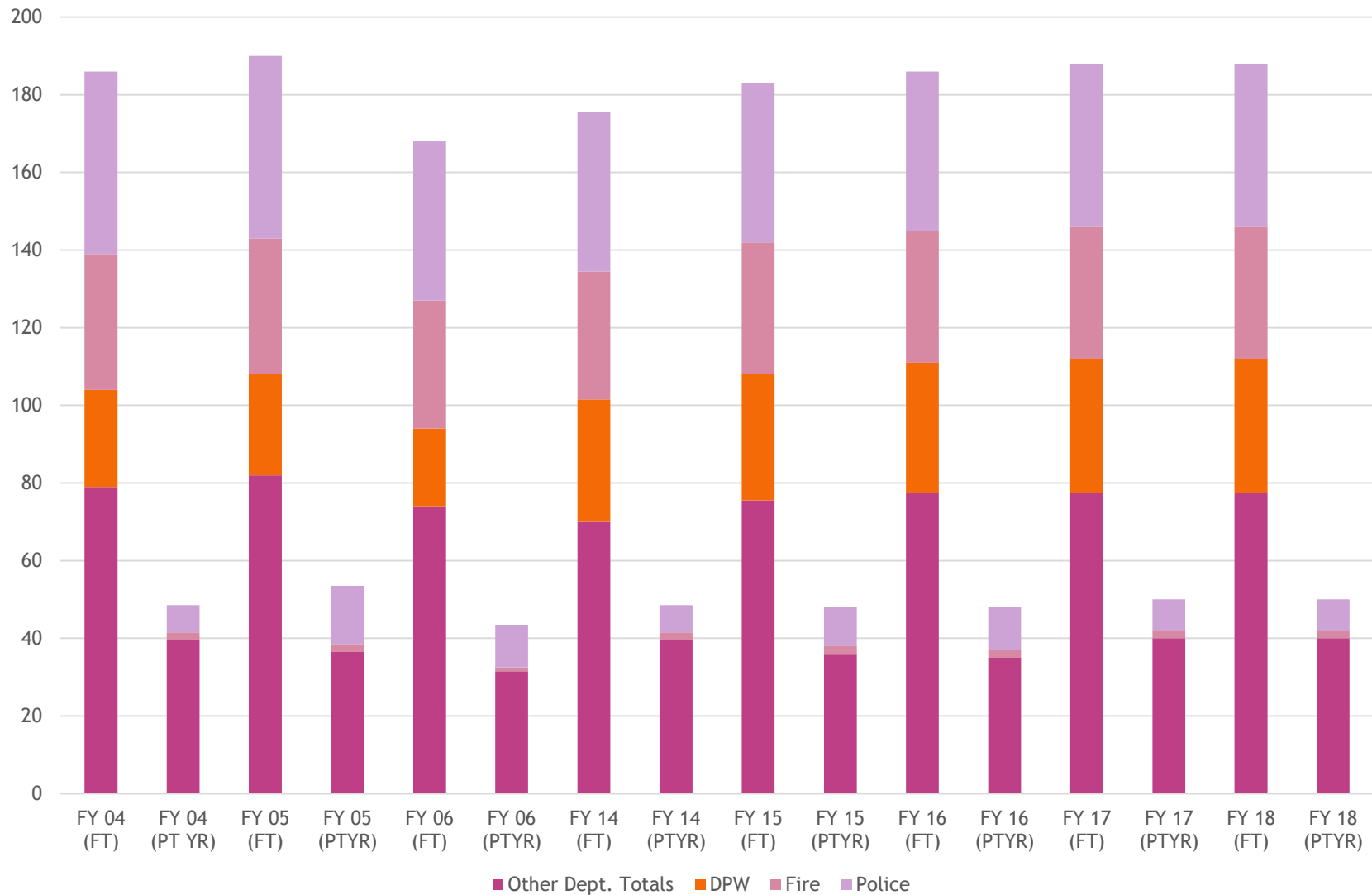
Towns	FY17 Enrollment	FY18 Enrollment	% FY18 Enrollment	Total Assessments		Change		Per Student Cost	Per Student Cost
				FY18	FY17	\$	%	FY17	FY18
Barnstable	173	183	29.5%	\$ 3,535,665	\$ 3,302,096	\$ 233,569.00	7.1%	\$19,087.26	\$19,320.57
Brewster	43	43	6.9%	\$ 831,711	\$ 828,976	\$ 2,735.00	0.3%	\$19,278.51	\$19,342.12
Chatham	11	10	1.6%	\$ 194,070	\$ 210,206	\$ (16,136.00)	-7.7%	\$19,109.64	\$19,407.00
Dennis	76	67	10.8%	\$ 1,303,183	\$ 1,463,089	\$ (159,906.00)	-10.9%	\$19,251.17	\$19,450.49
Eastham	16	15	2.4%	\$ 291,987	\$ 309,752	\$ (17,765.00)	-5.7%	\$19,359.50	\$19,465.80
Harwich	75	77	12.4%	\$ 1,487,362	\$ 1,437,053	\$ 50,309.00	3.5%	\$19,160.71	\$19,316.39
Mashpee	59	57	9.2%	\$ 1,135,010	\$ 1,137,175	\$ (2,165.00)	-0.2%	\$19,274.15	\$19,912.46
Orleans	13	15	2.4%	\$ 290,179	\$ 249,250	\$ 40,929.00	16.4%	\$19,173.08	\$19,345.27
Provincetown	3	5	0.8%	\$ 97,409	\$ 57,489	\$ 39,920.00	69.4%	\$19,163.00	\$19,481.80
Truro	1	3	0.5%	\$ 57,075	\$ 19,301	\$ 37,774.00	195.7%	\$19,301.00	\$19,025.00
Wellfleet	7	9	1.4%	\$ 173,827	\$ 135,249	\$ 38,578.00	28.5%	\$19,321.29	\$19,314.11
Yarmouth	141	137	22.1%	\$ 2,645,675	\$ 2,694,877	\$ (49,202.00)	-1.8%	\$19,112.60	\$19,311.50
	618	621	100.0%	\$12,043,153	\$11,844,513	\$ 198,640			
						1.68%			

	Reductions
Fin Com Res	25,000
Administration (Mgmt. Sal. Adj)	19,000
New Police Officer Elder Affairs	50,000+
New 2 Firefighters increase shifts	150,000+
DPW New Highway Position	48,000+
DPW New Park Position	48,000+
DPW New Build. Main. Electrical	67,000+
DPW New Build. Main. General	43,000+
DPW Central Main. (48K inc. reduced)	18,000
Municipal Solid Waste	60,000
Small Operating Capital Funded	
From Free Cash) DPW Equip	11,000
Police Equipment	25,000
Fire Equipment	25,000
IT Equipment	19,000
Snow & Ice	35,000
Dredging(Increase to \$100K reduced)	35,000
Health Insurance (15% down to 12%	220,000
OPEB	<u>25,000</u>
	925,000+

MAJOR INITIATIVES/THEMES FISCAL YEAR 2018 BUDGET

- ◉ **MAINTAIN AND ENHANCING LEVELS OF SERVICE**
- ◉ **EDUCATION (MONOMOY/CAPE TECH AND SCHOOL CHOICE)**
- ◉ **HUMAN RESOURCES ELEMENTS (STAFFING LEVELS, COLLECTIVE BARGAINING AND BENEFITS)**
- ◉ **COMPREHENSIVE WASTEWATER MANAGEMENT PLAN (CWMP)**
- ◉ **FINANCIAL MANAGEMENT (CAPITAL, DEBT AND RESERVES)**

Town of Harwich Department Staffing Levels



<u>Collective Bargaining Unit STATUS AS OF FEBRUARY 6, 2017</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Harwich Permanent Fire Fighters Association Local 2124	•	X	X	X	
Harwich Employees Association (HEA)	X	X	X		
Highways & Maintenance Employees Association (HMEA)	X	X	X		
Harwich Management Employees Association SEIU 888 (Highway & Maintenance)	•	X	X	X	
International Association of Machinists & Aerospace Workers (Water)	•	X	X	X	
N.E. Police Benevolent Association (NEPBA) Local 103 Emergency Telecommunication Dispatchers	•	X	X	X	X
Harwich Police Federation (Officers)	•	X	X	X	X
N.E. Police Benevolent Association (NEPBA) Local 69 (Superiors)	•	X	X	X	X
Personnel Bylaw	•	X	X		
• Previous Contract/MOU					
X Existing/Current Contract					

CWMP PHASE 2: Total Request \$34,165,000

1. Intermunicipal Agreement (IMA) with Chatham Purchase Capacity

6,765,000

2. Tie-In Costs to Pipes and Pump Station to Chatham

2,400,000

3. CWMP Implementation Services

150,000

4. Pleasant Bay (South) Watershed Collection System Design & Construction

22,300,000

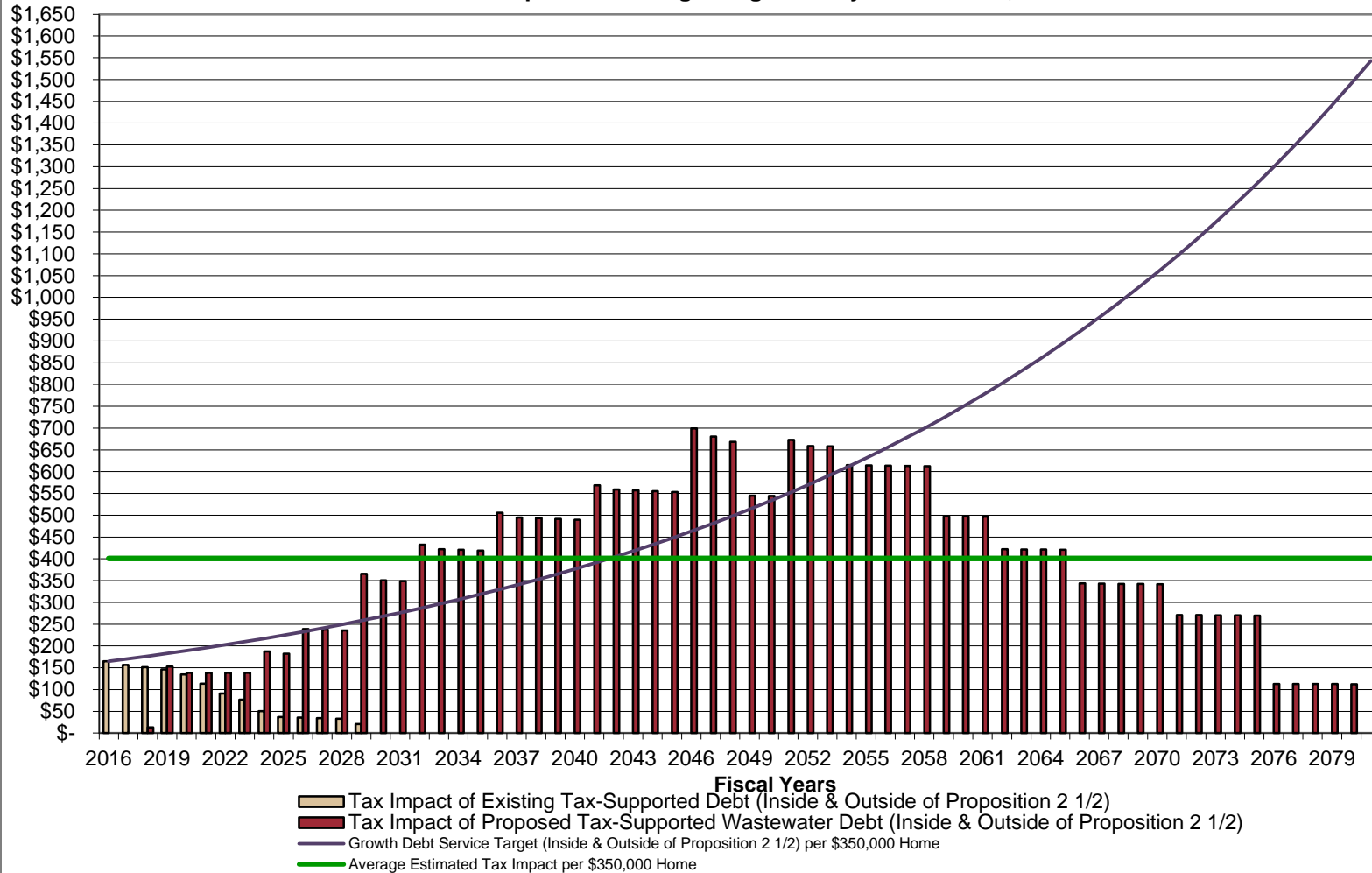
5. Cold Brook Natural Attenuation Design and Construction

2,000,000

6. Restoration of Hinckley's Pond

550,000

Town of Harwich, Massachusetts
Existing and Proposed Tax-Supported Debt Service* (i.e. Excludes Self-Supporting Debt)
Inside & Outside of Proposition 2 1/2:
Estimated Tax Impact on Average Single Family Home - \$350,000 value

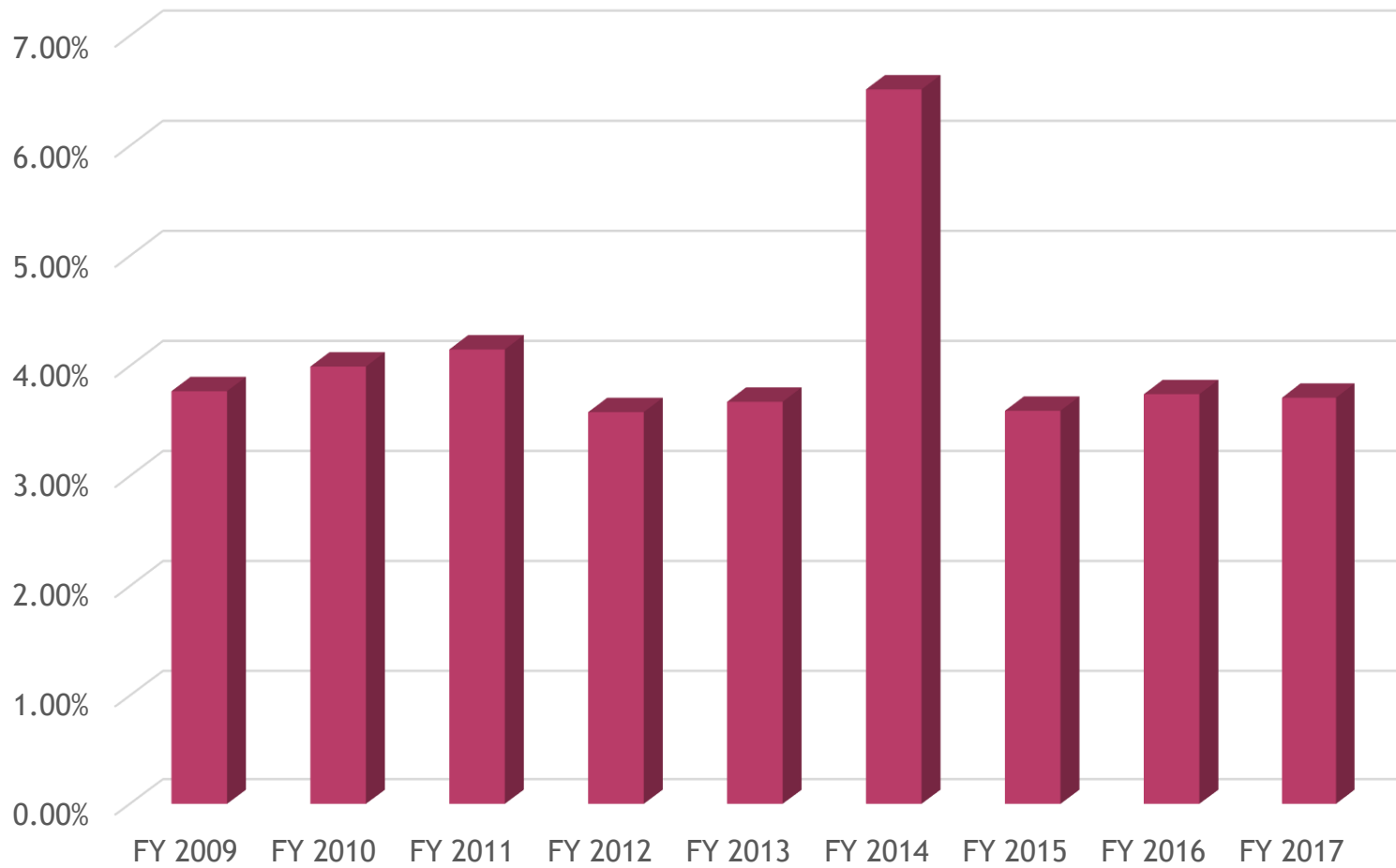


*Assumes estimated interest rates and

HISTORICAL TAX REVENUE DATA

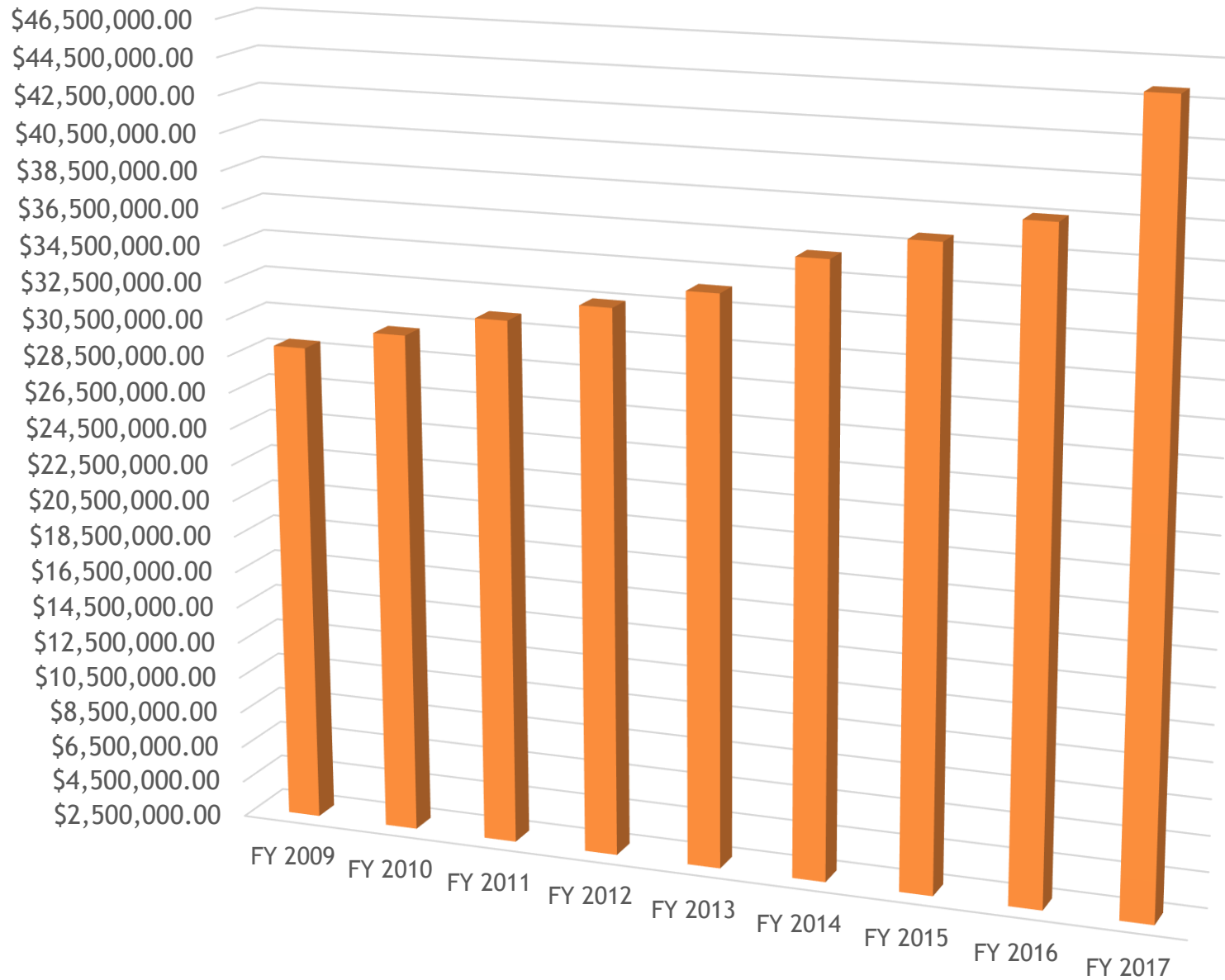
For Fiscal Years 2009-2017

Base Levy Limit Percent Inc.

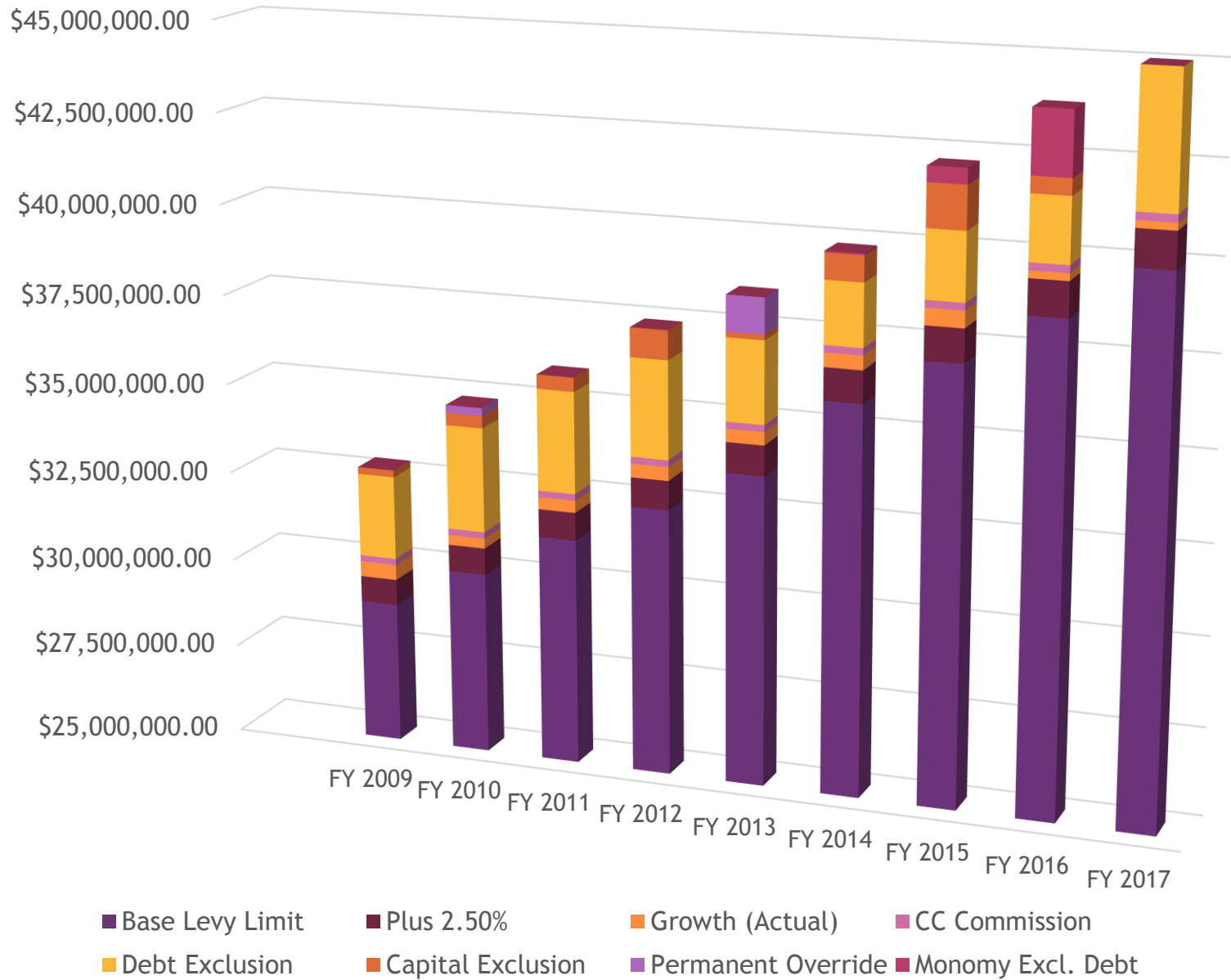


FY 2014 Override Levy \$ 990,193 = 2.9%

Base Levy Limit in Dollars



Levy Limit Calculation



SELECT BUDGET DATA

Charts for Past, Present and Future

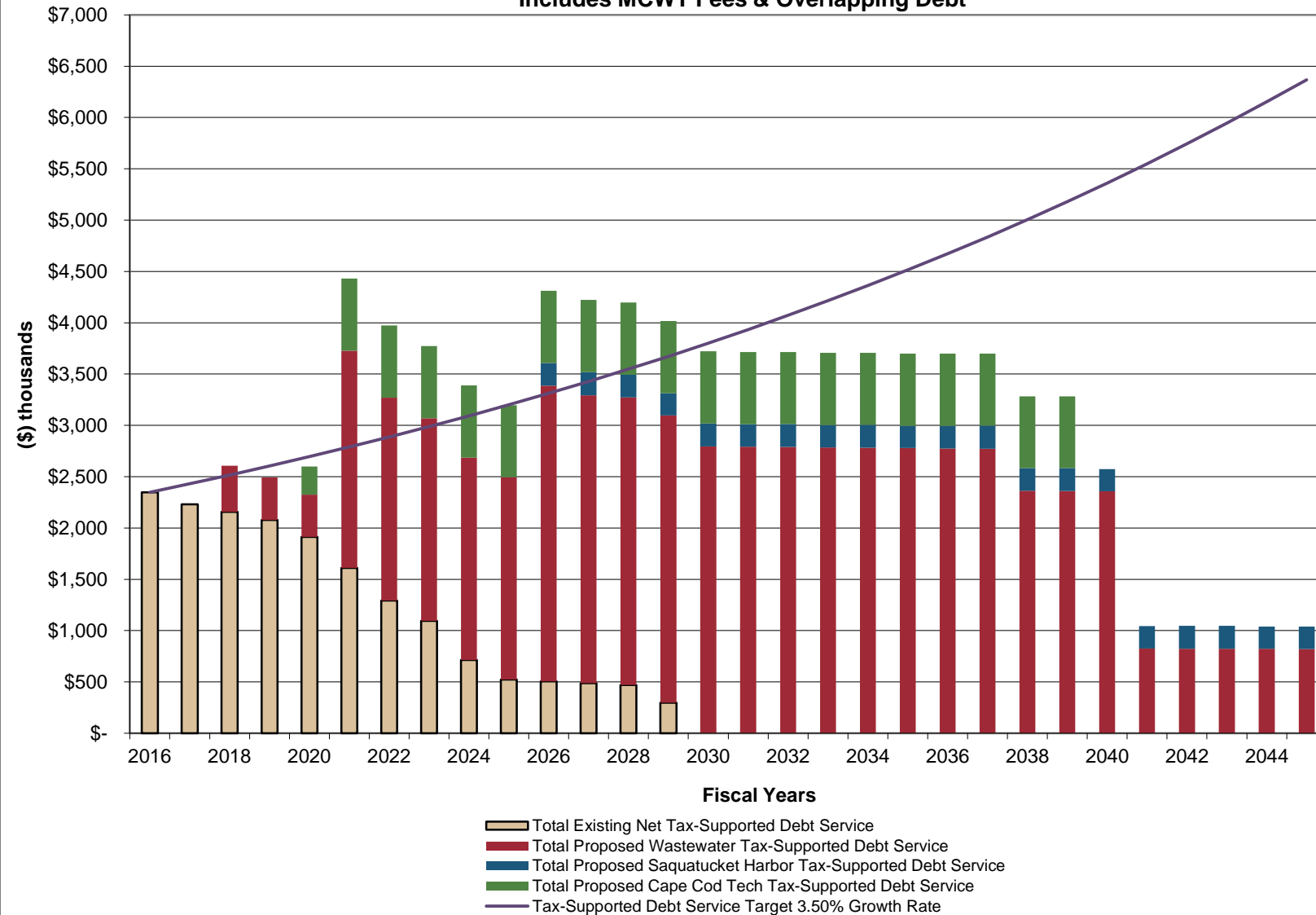
Fringe Benefits Analysis - Average Per Full-Time Employee

	<u>Total</u>	<u>Fringe Benefits</u>					<u>Fringe Benefits</u>	
<u>Position</u>	<u>Avg Wages</u>	<u>Health</u>	<u>Retire- ment</u>	<u>WC</u>	<u>IOD</u>	<u>UnEmp Comp</u>	<u>TOTAL</u>	<u>Percentage</u>
Public Safety	\$ 60,000	\$ 15,408	\$ 8,400	\$ -	\$ 1,200	\$ 180	\$ 25,188	42%
Public Works (13)	\$ 55,500	\$ 15,408	\$ 7,770	\$ 2,836	\$ -	\$ 167	\$ 26,181	47%
Admin/Clerical(55)	\$ 65,000	\$ 15,408	\$ 9,100	\$ 85	\$ -	\$ 195	\$ 24,788	38%
Water ¹ (14)	\$ 59,700	\$ 15,255	\$ 8,358	\$ 2,800	\$ -	\$ 179	\$ 26,592	45%
Harbor/Maint/Parks &Rec/ Nurse ¹ (16)	\$ 58,000	\$ 15,408	\$ 8,120	\$ 2,100	\$ -	\$ 174	\$ 25,802	44%
¹ For Avg Wage it does not include Clerical. Clerical is included under Admin/Clerical								
Total Average Wages: The total of the wages divided by the number of positions.								
Health: Is a blended rate of the Towns various plans and the Town's 75% contribution								
Retirement: is the set against all employees although newer employees self fund their retirement								
Workmen Compensation: Is the State set rate plus the Experience Modifier and the Premium Discount.								
IOD: Is based upon the premium for coverage and some costs for deductibles								
Unemployment Compensation: Is allocated based upon previous history								

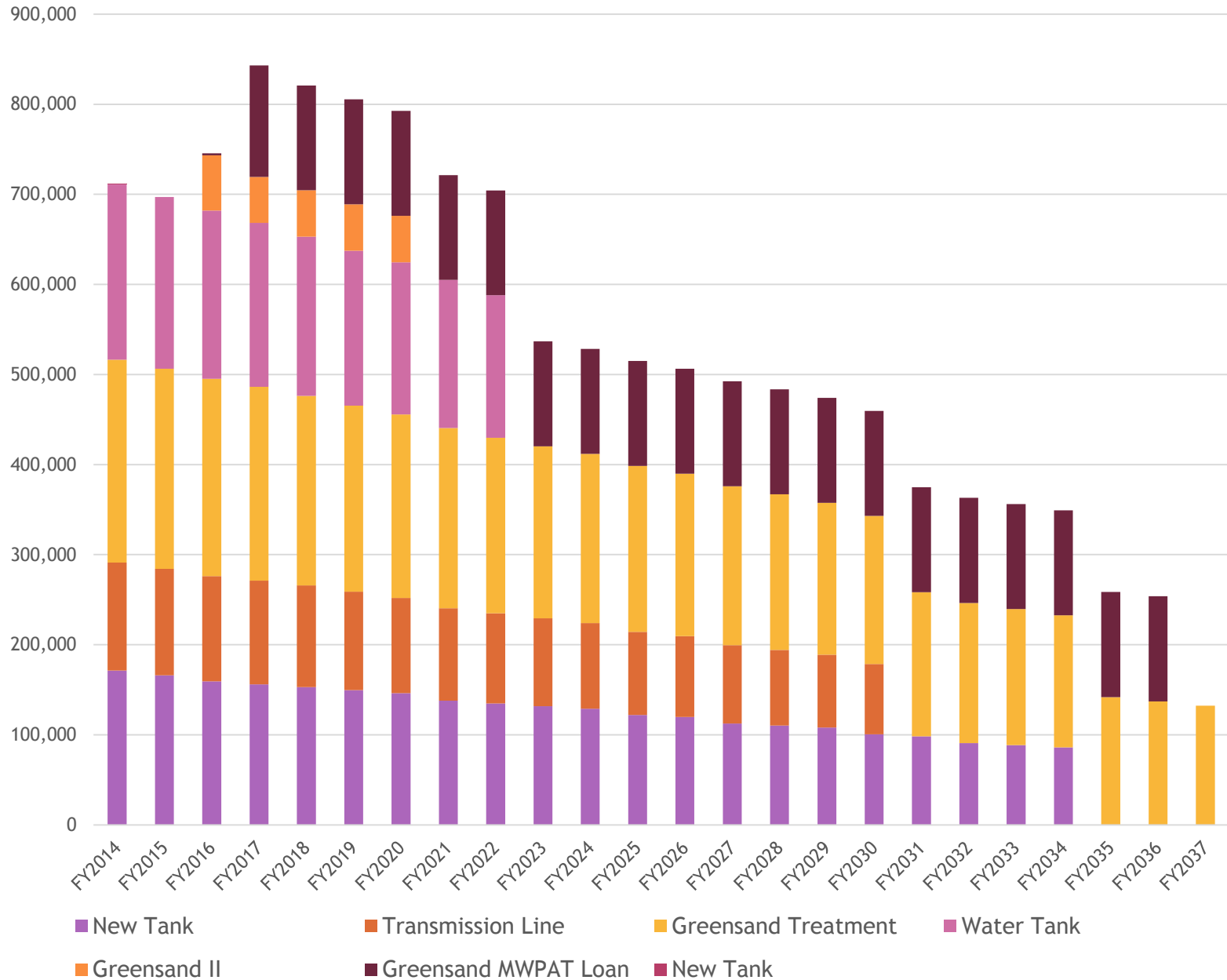
DEBT STRUCTURE

Future Planning

Town of Harwich, Massachusetts
Existing and Proposed Tax-Supported Debt Service (i.e. Excludes Self-Supporting Debt) by
Category:
Includes MCWT Fees & Overlapping Debt

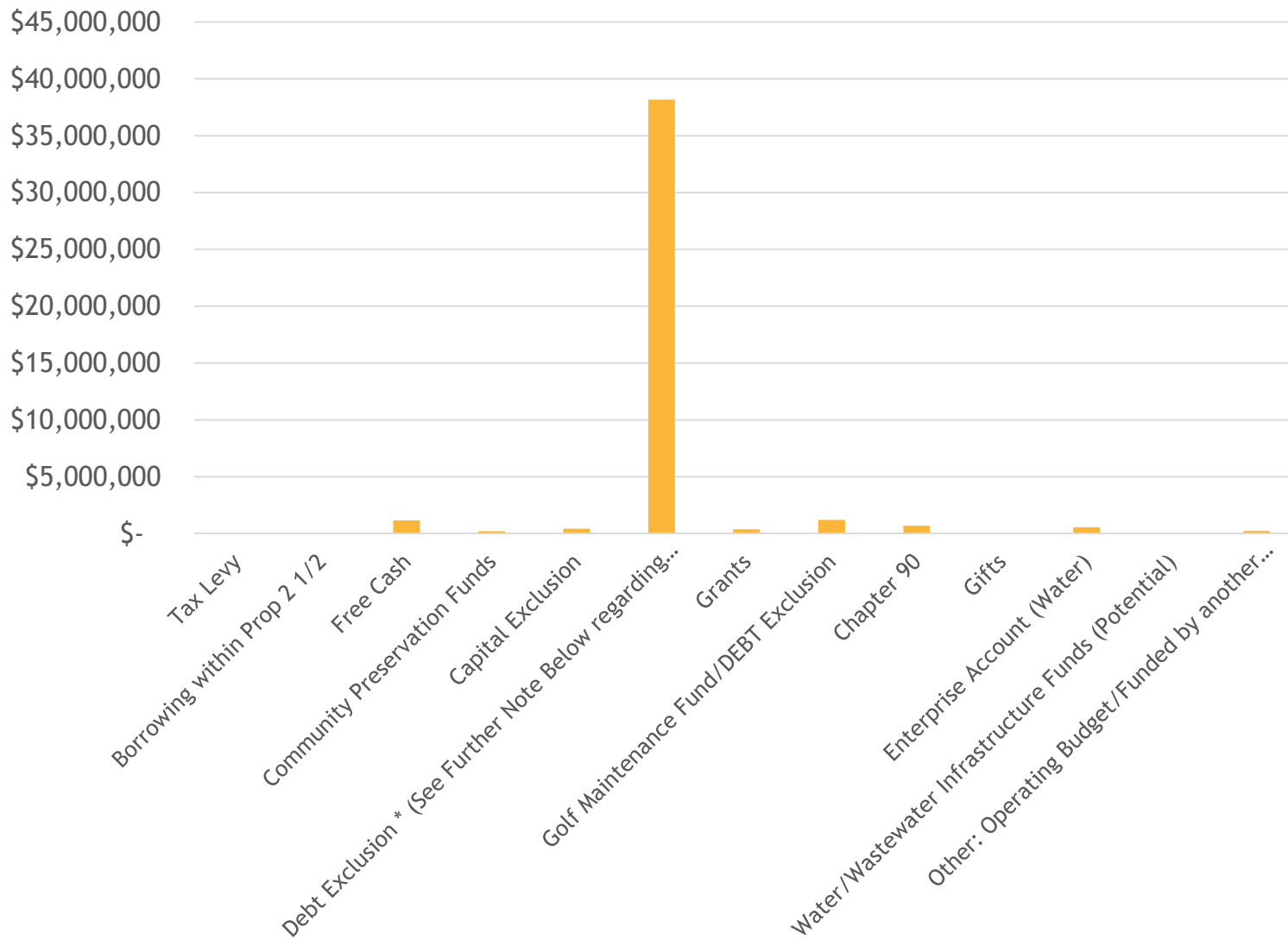


Water Debt Service

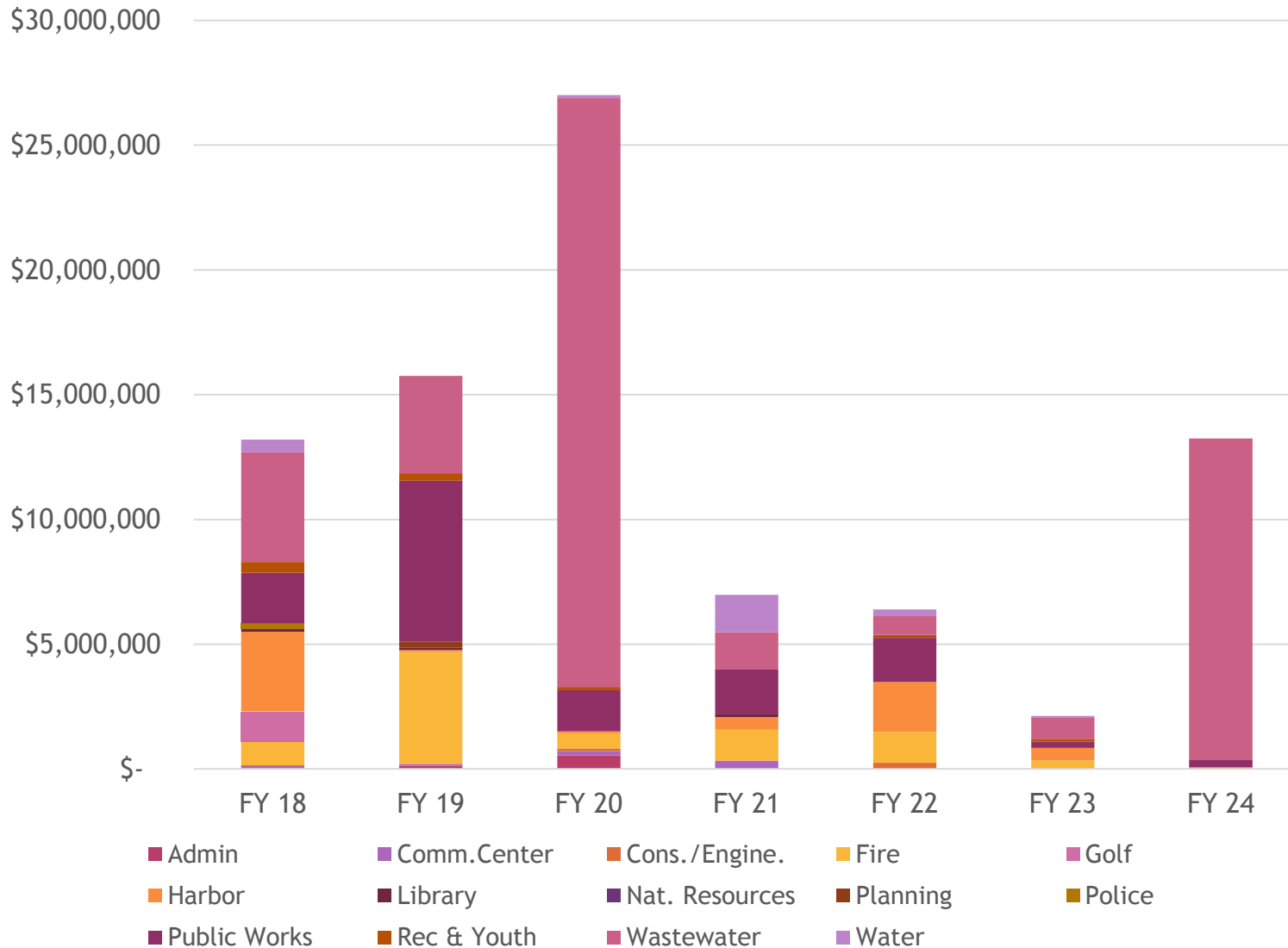


CAPITAL BUDGET

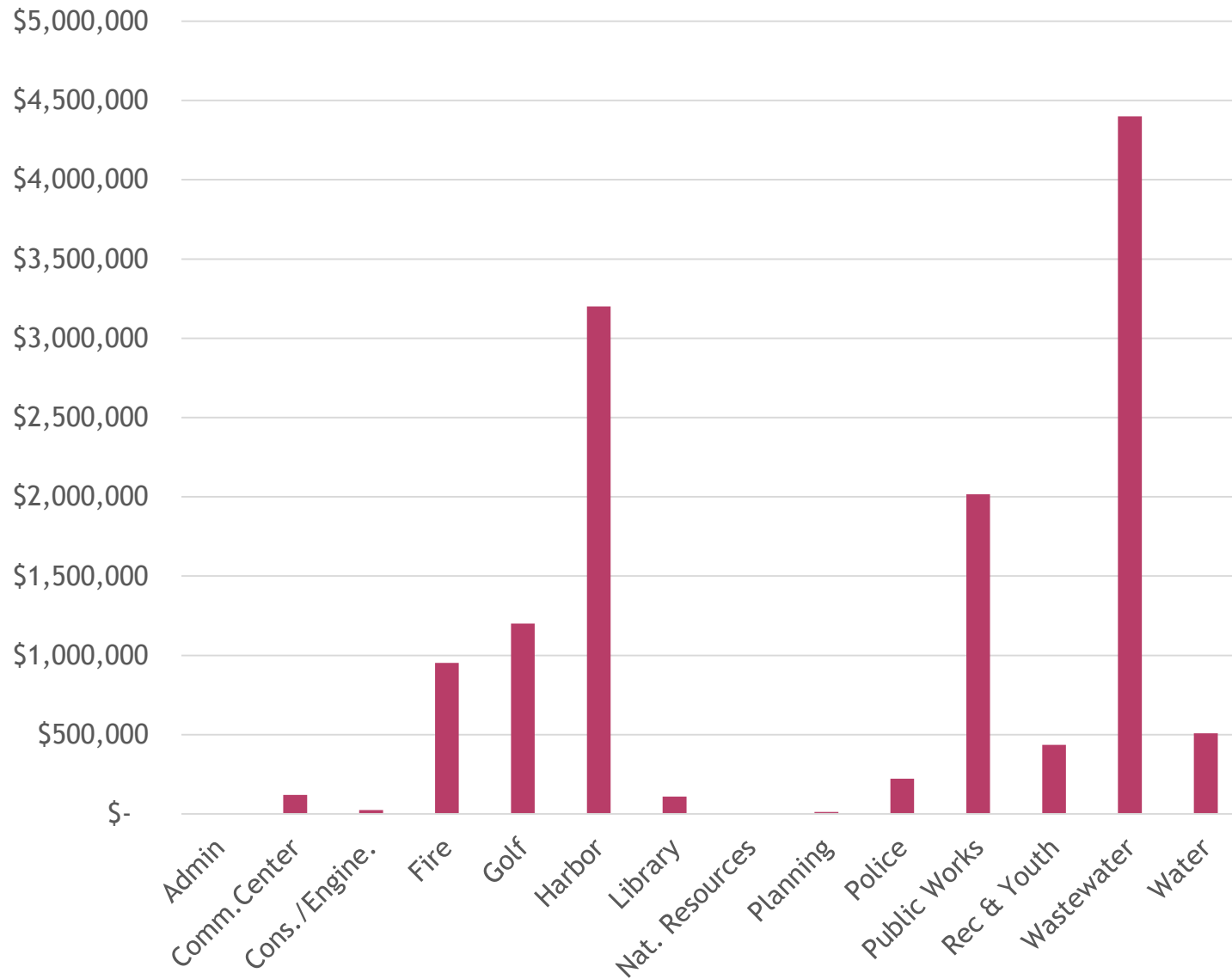
CAPITAL FUNDING BY SOURCE FOR FY18



CAPITAL REQUEST BY DEPARTMENT FY18 TO FY 24



FY 18 CAPITAL BUDGET REQUEST BY DEPARTMENT



Free cash funding source:

<u>Department</u>	<u>Project</u>	<u>TA Rec</u>
Community Center	Gym Floor Resurface	\$ 57,724
Town Wide	Town Wide Radio System (Non-Emergency) (Town/DPW/F&P Backup)	\$ 102,643
Fire	4 Gas Meter Detection Devices	\$ 24,779
Library	Brooks Library Generator and Installation	\$ 110,000
Police	Replacement of Bullet Resistant Vests (Town Portion Only)	\$ 22,000
Police	Ballistic helmets	\$ 10,220
Police	Replacement of Security System, Public Safety Complex	\$ 153,789
Police	Electronic Sign Board	\$ 17,820
Public Works	Volvo Loader	\$ 200,000
Public Works	MSW (C&D) Trailer Current 2 C&D will be 3 and 4 Trash MSW)	\$ 75,000
Public Works	John Deere Tractor	\$ 115,000
Public Works	Fuel Management System	\$ 42,000
Rec & Youth	Red River Beach Parking Lot Paving/Overlay	\$ 225,000
<u>TOTAL</u>		\$ 1,155,975

FY 18 funding plan also calls for funding several operating budget small capital items from free cash totaling **\$81,130**

Police digital fingerprint system:	\$11,500
Police ballistic plates and mobile data terminals:	\$14,130
Dispatch - Event Tied recorder:	\$25,000
DPW stand on blower:	\$11,500
IT department email archive system replacement and phased server:	\$19,000

Debt exclusions

• Harbormaster Saquatucket Harbor Landside Construction	\$ 3,000,000
• Public Works five-year road maintenance program	\$ 700,000
• Wastewater Phase 2 (Chatham IMA, Pleasant Bay, Cold Brook)	\$ 34,165,000
• Fire Station 2 Design	\$ 310,000
• Golf Operations Building and Grounds (Cart Garage & Pavement)	\$ 1,200,000
<i>Total</i>	<i>\$ 39,375,000</i>

Capital Exclusions

• Fire	Pumper Truck	\$ 420,000
• Monomoy	Capital Budget	\$ 224,724
	<i>Total</i>	<i>\$ 644,724</i>

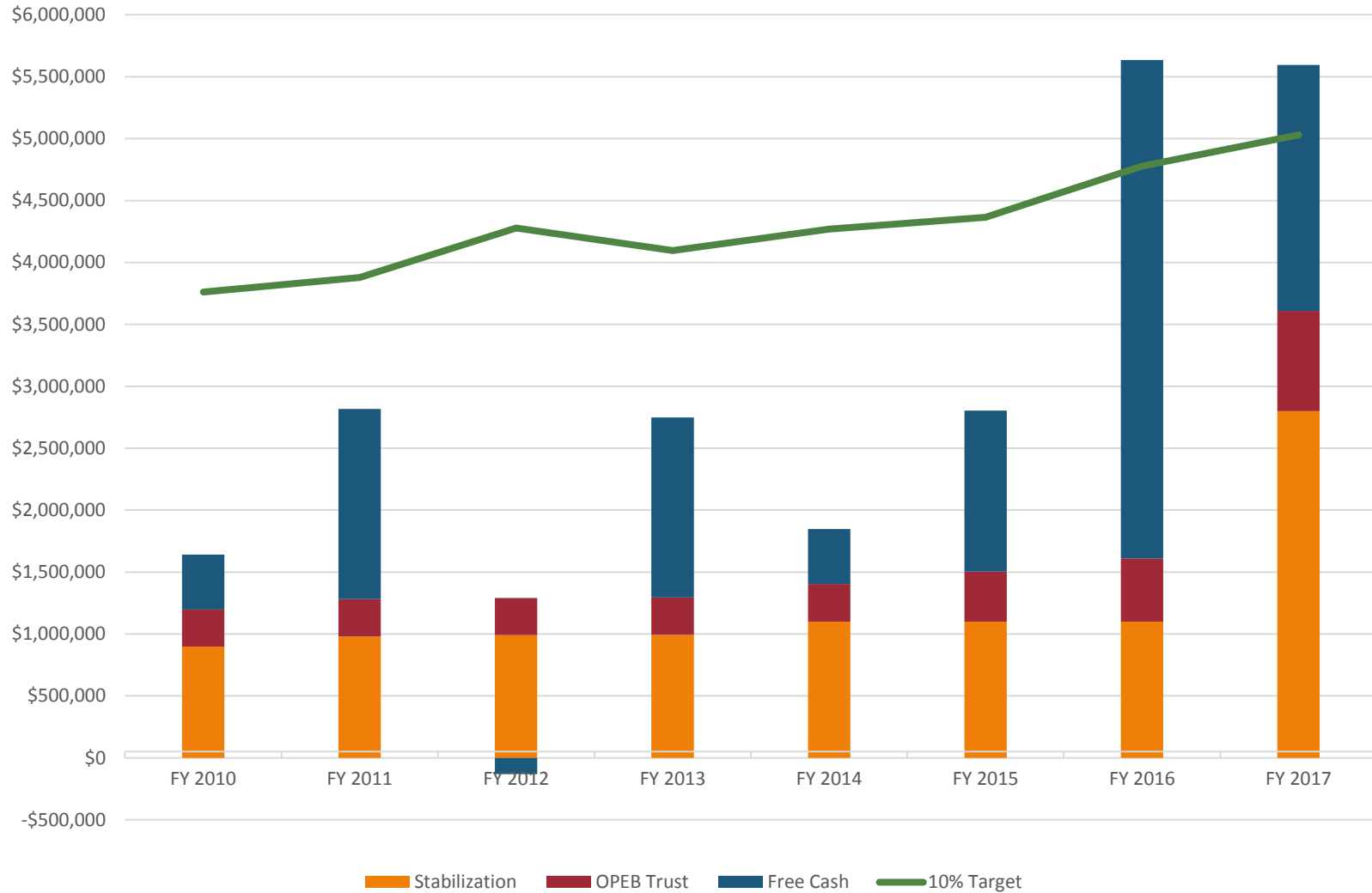
RESERVE FUND BALANCES

Historical and Projected

Harwich Free Cash Certified - General Fund



Reserves with Modest Target of 10%



THANK YOU FOR YOUR
ATTENTION

ANY QUESTIONS