



Photo Credit: Joe Rosetti

Town of Eastham, Massachusetts

Fiscal Year 2023 – Preliminary Budget Recommendations

January 3, 2022

Jacqueline Beebe, Town Administrator & Rich Bienvenue, Asst. Town Administrator/Finance Director

“The most important role of the leader is to set a clear direction, be transparent about how to get there, and stay the course.”

- IRENE ROSENFELD

Budget Development



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

FY 2023 Budget Proposal

Level Service Operating Budget – while providing opportunity for improvement

Continued refinement of Capital Plan addressing deferred needs

Targeted assistance to expressed goals

Continues progress on current initiatives

Continued implementation of Strategic Plan, Community & Select Board goals.

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

	Operating Budget	Capital Budget	Other Budget Items	Total GF FY 23	Total GF FY 22
APPROPRIATIONS					
General Govt. Services	3,176,463		125,000	3,301,463	3,137,105
Community Services	1,703,185		900,000	2,603,185	1,634,757
Public Safety	5,479,214			5,479,214	5,230,893
Public Works	2,296,974			2,296,974	2,229,242
Unallocated Expenditures	6,871,165		810,000	7,681,165	7,397,549
Debt Service	6,122,748			6,122,748	4,982,264
Education	9,848,606			9,848,606	9,495,295
Capital Plan		1,909,374		1,909,374	1,809,686
Subtotal Local Appropriations	35,498,355	1,909,374	1,835,000	39,242,729	35,916,791
State Assessments	706,411			706,411	688,509
Total Appropriations	36,204,766	1,909,374	1,835,000	39,949,140	36,605,300
FUNDING					
Property Taxes	30,892,508	425,000		31,317,508	29,174,589
Less: Provision for A&E	(250,000)			(250,000)	(238,504)
Local Receipts	4,014,100			4,014,100	3,721,558
State Aid	637,572			637,572	625,071
Other Available Funds	910,586	25,000		935,586	1,158,586
Free Cash		1,459,374	1,835,000	3,294,374	2,164,000
Total Funding	36,204,766	1,909,374	1,835,000	39,949,140	36,605,300

- **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.
- Proposition 2 ½ Override Required.



Funding

TOWN OF EASTHAM, MASSACHUSETTS
FY 2023 PRELIMINARY BUDGET RECOMMENDATIONS
JANUARY 3, 2022

Funding - Property Taxes

Provides funding for 85% of Operating Budget, and 78% of total budget. (Prior Year 86% and 80%, respectively)

Historically, in the lowest third of average tax burden in the Commonwealth. Expect to maintain approx. position.

Projected \$177 average increase vs. \$133 prior FY, a 3.48% increase.

Capital and Supplemental Budget Items fully funded. Operating Budget requires \$500k override approval to maintain level service approach.

Adds 13.2 cents on to tax rate, costs Avg SFH \$81

No recent general overrides, despite several additions to services. (2015 – 9 Years)

Most recent overrides were specific measures that remain funded, i.e. Family Support Package, FD Staffing and Capital Plan funding.

Based upon budgetary pressures, i.e. wage and general inflation operating overrides can be expected every 4-6 years. Developing new approaches to address these issues.

	FY 2020	FY 2021	FY 2022	FY 2023 Projected
Property Tax Levy Calculation				
Prior Levy	21,114,727	21,761,860	23,383,474	24,107,335
2.5% Incr.	527,868	544,047	584,587	602,683
New Growth	119,330	187,001	139,274	140,000
Override		890,500		500,000
Subtotal	21,761,925	23,383,408	24,107,335	25,350,018
Exclusions	4,753,465	4,986,821	5,094,319	5,967,992
Max. Levy	26,515,390	28,370,229	29,201,654	31,318,010
Actual Levy	26,500,139	28,366,748	29,174,589	31,317,507
Excess Levy	15,251	3,481	27,064	503
Property Taxpayer Impact				
Valuation	3,039,006 B	3,090,059 B	3,400,301 B	3,774,335 B
Tax Rate	8.72	9.18	8.58	8.30
Avg. SF Value / Median	511,743 / 440,100	521,408 / 449,800	573,468 / 493,400	613,611 / 527,000
Avg/Md SF Tax (Rank out of 351)	4,462 / 3,838 130	4,787 / 4,129 136	4,920 / 4,233 TBD	5,091 / 4,374
% Per Capita Income (Rank)	13.18% (93 rd)	13.31%	12.74%	TBD

Funding – Estimated Receipts

Provides funding for about 13% of operating and 12% of total budget. (Prior year 12% of total).

Local receipts budgeted for FY 23 % of FY 21 actual receipts:

86.5% of local receipts, exclusive of STR receipts / use.

77.2% of total local receipts

94.2% of local receipts, less STR's

88.2% of local receipts, exclusive of STR and Solid Waste Fee receipts and use.

STR receipts budgeted to the extent Select Board funded items, including: TCP debt svc; Housing Coord; Rental Inspector.

Does not reflect budgeted amounts for 2% increase in rooms tax or for Cannabis Excise or host fees beginning to be collected in FY 22.

These unbudgeted amounts will be reflected in future Free Cash generation and apportioned in accordance w/ Select Board goals/direction.

Do not reflect any fee increases – recommended to begin minimizing impacts in future years.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2023 Budget
Motor Vehicle Excise	894,619	854,624	950,415	810,000	850,000
Meals Excise	100,514	127,986	111,874	100,000	120,000
Rooms Excise	293,672	227,325	141,239	140,000	160,000
Short-term Rental Excise		387,068	937,726	48,800	327,100
Cannabis Excise/Host Fees					
Solid Waste Fees	791,370	894,223	964,875	780,000	780,000
Recreation Fees	481,567	497,111	627,523	475,000	500,000
Licenses/Permits	670,597	524,262	652,767	520,000	550,000
Departmental Fees	573,157	580,244	473,872	470,000	473,000
Interest	97,907	102,492	22,774	20,000	22,000
Penalties & Charges	106,949	132,734	110,857	90,000	90,000
Misc. and other	188,281	181,718	204,761	267,758	142,000
Subtotal Local Receipts	4,198,633	4,509,787	5,198,683	3,721,558	4,014,100
State Aid	563,835	564,861	567,309	625,071	637,572
Total Estimated Receipts	4,762,468	5,074,648	5,765,992	4,346,629	4,651,672

Funding – Other Avail. Funds

Provides funding for about 2% of operating and 10% of total budget. (Prior year 8% of total).

Amounts funding operating budgets are recurring revenues.

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

Anticipated Free Cash of \$3.9 million. Amount appropriated maintains a General Fund reserve of approximately \$600k.

See FY 21 year-end financial recap 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 2019 Budget	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget	FY 2023 Budget
Operating Budget					
PEG Access Fund	90,000	115,000	105,000	115,000	120,000
Ambulance Fund - Salaries	270,000	450,000	520,000	535,000	535,000
Ambulance Fund – Lease pymts.				233,186	233,186
Septic Betterment Fund	20,400	20,400	20,400	20,400	20,400
Waterways Fund	6,000	2,000	2,000	2,000	2,000
Library Trustees		24,400	30,000		
Free Cash	xx	xx	65,000		
Subtotal OAF			742,400	905,586	910,586
Capital & Other					
PEG Access Fund – capital			8,500	20,000	10,000
Ambulance Fund – capital	205,000	50,000	105,000	15,000	15,000
Re-appropriated articles – capital				200,000	
Subtotal OAF	205,000	50,000	113,500	235,000	25,000
Free Cash - Reserves				1,050,000	810,000
Free Cash – Capital & other	xx	xx	608,400	899,000	2,484,374
Subtotal Free Cash			608,400	1,949,000	3,294,374
Grand Total OAF & Free Cash			1,464,300	3,089,586	4,229,960

A serene sunset scene over a body of water. The sky is filled with soft, golden clouds, and the sun is low on the horizon, casting a warm glow. Several boats are visible on the water, their silhouettes reflected in the calm surface. The foreground shows a grassy bank.

Appropriations

TOWN OF EASTHAM, MASSACHUSETTS

FY 2023 PRELIMINARY BUDGET RECOMMENDATIONS

JANUARY 3, 2022

Appropriations – Operating Budget

- Provides for contractual wage increases.
- No new positions added
 - Some position contemplated and should be considered for future.
- Provides for full-time hours for Housing Coord.
- Provides for vendor contractual increases.
- Department expense budgets otherwise level-funded.
 - Approx. \$35,000 in requested expense increases deferred.
 - Approx. \$87,500 in requested OT/holiday increases deferred.
 - Not funding will put pressure on budget & reduce Free Cash. Reserve Fund increased nominally to help manage.
- Debt Service increases largely due to ongoing water project.
 - Expected to reach its peak in FY 2025, then decline.
 - Addition of lease payments for FD Quint (previously approved) funded by Ambulance Fund.
- Several Appropriations listed are funded from non-levy sources
- Educational Assessments are placeholders until known.

Budget Element	FY 22 Final	FY 23 Preliminary	\$ Change	% Change
Elected & General	113,000	138,000	25,000	22.12%
Town Administration	599,699	630,835	31,136	5.19%
Municipal Finance	1,463,415	1,554,358	90,943	6.21%
Town Clerk & Elections	181,418	185,579	4,161	2.29%
Community Development	613,654	667,691	54,037	8.81%
Public Safety	5,253,304	5,479,214	225,910	4.30%
Education	9,495,295	9,848,606	353,311	3.72%
Public Works	2,179,242	2,296,974	117,732	5.40%
Community Services	1,634,757	1,703,185	68,428	4.19%
Unallocated	6,347,550	6,871,165	523,615	8.25%
Debt Service	4,982,264	6,122,748	1,140,484	22.89%
Total Operating Budget	32,863,598	35,498,355	2,581,666	8.02%
Town Salaries	9,707,563	10,170,895	463,332	4.77%
Town Expense	8,678,476	9,356,106	677,630	7.81%
Educational Services	9,495,295	9,848,606	353,311	3.72%
Debt Service	4,982,264	6,122,748	1,140,484	22.89%
Total Operating Budget	32,863,598	35,498,355	2,581,666	8.02%

Appropriations – Capital Budget

- Based upon continued improvement in developing 5-Year Capital Plan.
- More comprehensive - includes anticipated non-levy items.
- 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.
- Being impacted by current supply chain issues, inflationary pressures, and bid environment.
- Recommended plan requests:
 - Funding of routing requests in a capital budget article
 - No borrowing – trying to bundle items into future issue to minimize borrowing/issuance costs.
 - No capital exclusions

Funding Source	Amount
Tax Levy	425,000
Free Cash	1,459,374
Available Funds	25,000
Subtotal Town Meeting Appropriation	1,909,374
Chapter 90 Grant	930,000
Other Grants	525,000
Total Capital Budget	3,364,374

Summary of Requests	Amount	Source
Building/Facility Maintenance	478,000	Free Cash
Local Road Improvements:		
Planning & Design (Town/Rt. 6)	100,000	Free Cash
Intersection Improvement	500,000	Ch. 90
Construction – Complete Streets Program	400,000	Grant
Landings, Culverts, Drainage	100,000	Free Cash
T-Time/TCP/COA site planning/development	100,000	Free Cash
Wastewater Planning	350,000	Free Cash
DPW Recurring maintenance programs	80,000	Free Cash/Levy
Fleet Replacement requests	732,750	Various
Equipment Replacement requests	273,624	Various
Sanitation Equipment	125,000	Free Cash
Community Internet	100,000	Grant
Energy Efficiency Improvements	25,000	Free Cash

Appropriations – Other Budget Items

- Continued funding of reserves
 - Stabilization Fund will be in our target range.
 - Nominal funding of OPEB – could be focus of larger future year contributions. Need long-term strategy.
 - IOD Fund, Expected to fund via operating budget, but current revenue environment didn't support. Nominal contribution to continue program.
- Other Budget Items
 - Funding necessary to achieve Town goals, but neither operating nor capital in nature.
- Housing Production Plan
 - Amount represents Free Cash generated from Short-Term Rental tax in FY 21.
 - Allocated to housing programs under development with the Housing Trust.

APPROPRIATIONS		
<u>Element</u>	<u>Amount</u>	<u>Source</u>
Financial Reserves:		
Stabilization Fund	750,000	Free Cash
OPEB Fund	50,000	Free Cash
Injured on Duty Fund	10,000	Free Cash
Other Budget Requests:		
Nauset Estuary Study	75,000	Free Cash
Applications Development	35,000	Free Cash
Strategic Plan Updates	15,000	Free Cash
Housing Production Plan	900,000	Free Cash (STR)
Total Other Budget Items	1,835,000	

PROJECTED BALANCES OF RESERVES			
<u>Reserve Fund</u>	<u>Current Balance</u>	<u>Contribution</u>	<u>Expected Balance</u>
Stabilization Fund	1,471,200	750,000	2,221,200 (6.2% of Op. Budget)
OPEB Fund	611,200	50,000	661,200
Injured on Duty Fund	72,100	10,000	82,100
Unspent Free Cash		(estimate)	600,000



Other Budget Considerations

TOWN OF EASTHAM, MASSACHUSETTS
FY 2023 PRELIMINARY BUDGET RECOMMENDATIONS
JANUARY 3, 2022

Budget Challenges & Recommendations

SHORT-TERM

- Placeholders on Education Budgets – will not be known likely till March.
- General & Health Insurance placeholders – anticipating favorable news.
- Ability to fill open positions
- Ability to retain vendors and contractors for current needs.
- Completion of local public works projects in capital budget.
- Managing local receipts to minimize potential of revenue deficits.

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.

RESPONSE

- Work with District administrators to develop assessment projections and improve budgetary communication issues.
- Pursue plan design & wellness opportunities with HI provider to minimize costs.
- Pursue OPEB funding opportunities, POB bonds.
- Review coverages & deductibles.
- Review employment and workplace practices.
- Shared service models with area towns.
- Managing of debt load and drop-off, pursuing grant opportunities and alternative funding.
- Complete financial modeling for TWMP.
- Review of local fee structure.
- Review of assessment procedures.
- Pursue economic development opportunities.