

TOWN OF WINCHENDON

OFFICE OF THE TOWN MANAGER

109 FRONT STREET, WINCHENDON, MASSACHUSETTS 01475-1758

Telephone: (978) 297-0085

Facsimile: (978) 297-1616

khickey@tocomwnofwinchendon.com

To: Board of Selectmen
From: Keith R. Hickey, Town Manager
Date: March 11, 2019
Re: Fiscal Year 2020 Budget Message

I respectfully submit the Town Manager's recommended budget for Fiscal Year beginning July 1, 2019 to the Board of Selectmen. My proposed, balanced budget includes budgets and supporting revenues for the General, Water, Wastewater, and Transfer Station funds meeting the current needs of the community while positioning the Town for long term financial stability. Unfortunately, there are rate increases needed to fund the proposed water, wastewater and transfer station FY20 budgets. I have drafted three warrant articles for a May Special Town Meeting that would be held prior to the Annual Meeting. A description of each of the three articles is below.

Special Town Meeting

I am proposing three warrant articles for a May Special Town Meeting.

- The demolition of the unsafe building at 283 Lincoln Avenue Extension has been an ongoing issue for the past several months. I thought there was surplus snow and ice funds that could be used to fund the \$79,000 demolition costs but an uptick in winter weather caused me to retain the snow and ice reserve for winter weather expenses rather than use those funds for demolition. If the Board would like to pursue demolishing this property, a warrant article sponsored by the Board should be presented with the funding coming from Free Cash.
- In July 2018, staff and I presented an increase to the Transfer Station decal fee to address the increased costs to dispose of recycling material. With the increase in the decal fee, an additional estimated \$17,000 in revenue would be realized. This warrant article is being brought forward to increase the Transfer Station budget by the \$17,000 authorizing the additional recycling disposal costs to be appropriated.
- The Wastewater Department unexpected retirements that required the Town to pay for accrued leave that was not budgeted for. I have proposed a warrant article requesting \$12,894 that would be funded by Wastewater Retained Earnings.

Annual Town Meeting

My proposed FY20 budget continues to present the operating revenues and expenditures in a more complete, accurate, and transparent manner allowing the community to better understand the budgetary requests they will consider. Consistent with my previous proposals, the FY20 budget does not rely on grant funds or one time revenues. I am also pleased to report that the deficit bond was paid off in full in March, 2019, six years early.

My budget proposal and its supporting documents continue to include a great level of detail. I have also included detailed revenue estimates, the Proposition 2½ calculation along with the indirect cost calculations for the School, Water, Wastewater and Transfer Station funds. To assist in reviewing the budget documents, I have sorted the documents and the supporting information by fund.

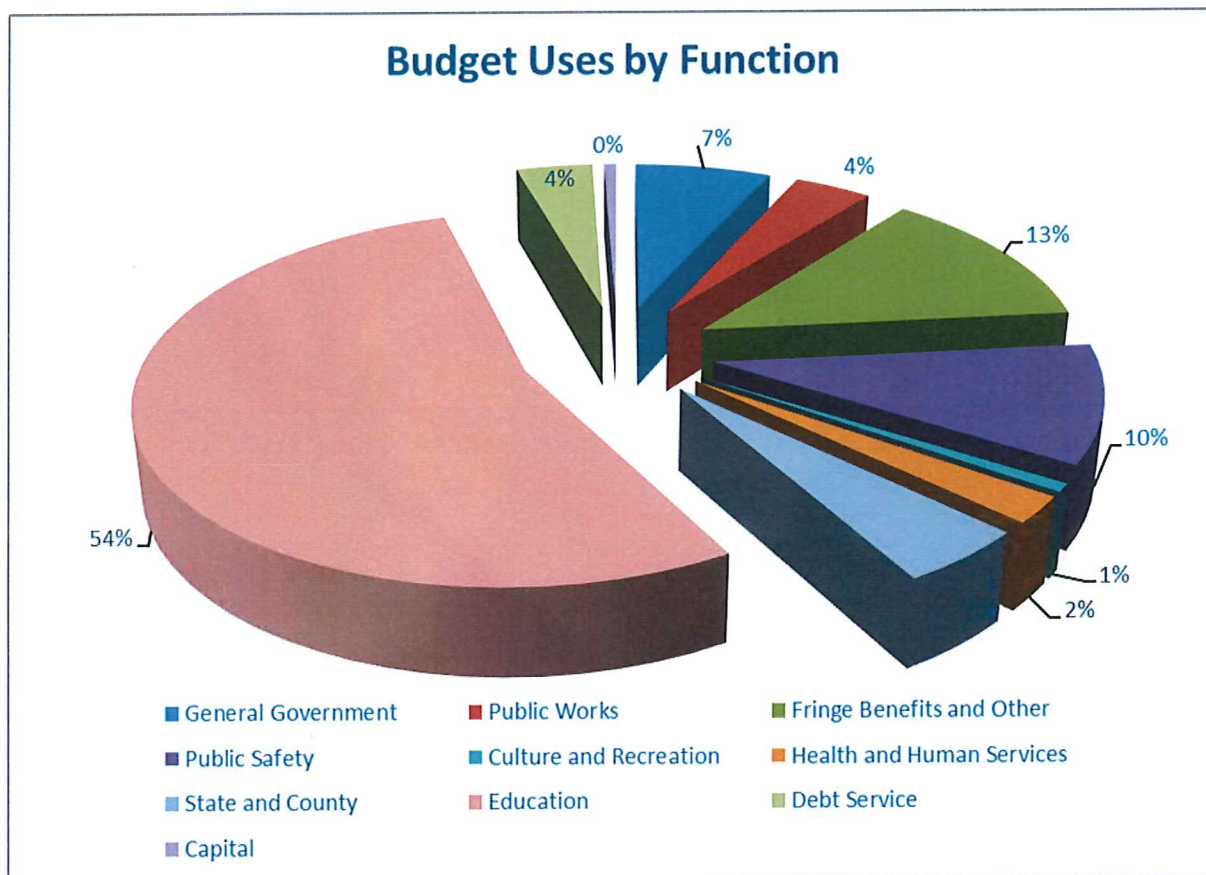
General Fund

Shown below is a reconciliation of my recommended FY20 General Fund Budget. As you can see the total funding requested (appropriations) is the same as the revenue sources identified to support the recommended budget. There are no funds being requested from Free Cash or Stabilization to balance my recommended budget.

<u>Budget Reconciliation</u>		
Real and Personal Property Taxes	\$	12,571,865.92
Less: Property Tax Levy Surplus		
State Aid	\$	14,015,605.00
Local Receipts	\$	3,165,415.11
Indirect Charges	\$	282,198.15
Transfers From Other Funds	\$	88,550.64
Free Cash-Capital		
Transfer from Stabilization		
Total Budget Sources	\$	30,123,634.83
Total Town Appropriation	\$	16,342,538.85
Total School Appropriation	\$	13,781,095.98
Total Appropriations	\$	30,123,634.83

The departmental budget breakdown for FY19 and proposed FY20 are summarized below. The departmental budget breakdown for FY20 is also shown graphically below.

Budget Uses by Function		
	<u>FY19</u>	<u>FY20</u>
General Government	\$ 1,974,038	\$ 2,037,619
Public Safety	\$ 2,951,081	\$ 3,089,610
Education	\$ 15,766,130	\$ 15,990,300
Public Works	\$ 1,168,704	\$ 1,157,163
Health and Human Services	\$ 665,887	\$ 691,912
Culture and Recreation	\$ 208,514	\$ 216,076
Debt Service	\$ 1,225,875	\$ 1,138,950
State Assessments	\$ 1,334,710	\$ 1,417,225
Pension and Fringe Benefits	\$ 3,735,682	\$ 3,823,037
Other	\$ 402,000	\$ 185,000
Amount to Be Raised	\$ 29,432,621	\$ 29,746,892
Cherry Sheet Offsets	\$ 261,119	\$ 301,743
Overlay	\$ 85,000	\$ 75,000
Total Appropriation	\$ 29,778,740	\$ 30,123,635



Personnel

All five Town collective bargaining agreements expire on June 20, 2019. I am currently in negotiations with all five unions and anticipate bringing all five agreements to the Board for consideration sometime prior to their expiration. I have included \$125,000 in the Town Manager's personnel budget for costs associated with settling those agreements that will be transferred to the appropriate departments when the agreements have been ratified.

I have summarized my recommended staffing changes below that are included in my budget. Below the summary are the justifications for each new position.

Department

Police

Public Works

Proposed Change

Funding of a full year of the 20 hours of enhanced dispatch and administrative support that was funded for the second half of the FY19 budget.

Two Equipment Operator positions that replace position eliminated due to Town's prior financial challenges.

Police

The part time dispatch and administrative support funding was approved for one half of the year in FY19. As planned, I have included funding for the position for the entire year in FY20. As a reminder I have included the justification used in my FY19 budget transmittal memo for your reference. The Police Department has seen dramatic increases in call volume. This increase has resulted not only in an increased workload for the police officers but also for the dispatchers as well. Currently there is one dispatcher scheduled per shift. An analysis was done to determine the busiest time period for the dispatchers. It correlated similarly to the police in that it was the evening shift, but more specifically the afternoon hours of 2:00 p.m. to 6:00 p.m. Although the increased workload is evident, it may not support the scheduling of a second dispatcher solely for dispatch duties. What I am proposing is a two pronged approach to address the dispatch workload issue and also address the substantial increase the department has experienced in administrative tasks, including those in dispatch. These tasks are all related in part to increased call volume. They would include but not be limited to records requests for the public and various government agencies i.e. Department of Children and Families, discovery requests for the various courts, and firearms licensing. Presently these tasks are performed primarily by the Chief's Executive Assistant but are also done in part by the Lieutenant, Detective and all of the full time dispatchers. One self-imposed but worthy task has been the implementation of a weekly crime bulletin analysis that is forwarded to all area police agencies, New Hampshire Police Departments and Federal agencies. This has resulted in the identification of suspects and stolen property in numerous crimes in the area as well as assisting in the subsequent prosecution of the offenders. I am proposing adding an average of twenty (20) additional hours weekly to dispatch during the day shift/evening shift. The hours would be two days per week 10:00 a.m. to 6:00 p.m., with the dispatcher/analyst position assuming the majority of the administrative tasks in the dispatch thus consolidating and streamlining the process, and allowing for the other dispatchers to focus on dispatching. This position will also alleviate the burden on the Executive Assistant, Lieutenant and Detective relating to administrative tasks and will include the responsibility for the completion of the weekly crime bulletin. The dispatch/analyst will be available to assist the

primary dispatch as needed throughout the shift including during the high volume 2:00 p.m. to 6:00 p.m. time period.

Department of Public Works

My recommended budget includes adding two new Equipment Operator positions within the Public Works Highway Department. Currently the Highway Department has four full time employees and one part time employee who works thirteen (13) hours per week. Until FY16, the Highway Department employed eight full time staff members. Due to financial issues the Town was facing, four of those positions were eliminated. I am recommending restoring two of those positions.

Capital

My recommended budget includes \$185,000 in capital funding for the following purposes:

Two Police Cruisers	\$90,000
Leasing of a Cemetery One Ton Dump Truck	\$20,000
Repair of Retaining Wall on Middle/High School Property	\$75,000

Consistent with the previous three years, if there is Free Cash available, I will make a recommendation to the Capital Planning Committee to fund additional capital items at the Fall Town Meeting.

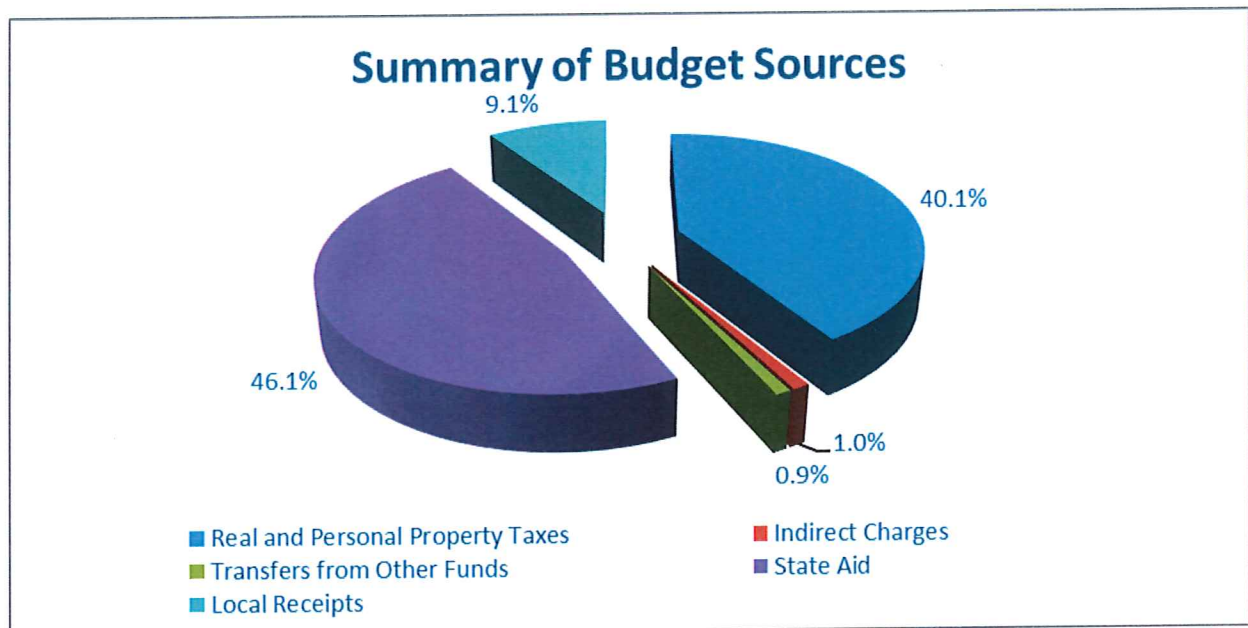
The Robinson-Broadhurst Foundation continues to provide supplemental funding for municipal needs by awarding grants annually. The Town has submitted funding applications for a number items that will be considered by the Robinson-Broadhurst Trustees. Awards will become public in May, 2019. The Town requests made are as follows:

<u>Purpose</u>	<u>Amount Requested</u>
Wayfinding Signage	\$ 35,000.00
Promote Student Academic Excellence; Wonders reading program, Chromebooks lease for grades 5 -9, Upgrade securing at Toy town, Extended day and year programs, radios	\$ 204,799.50
ATV to access miles of trails in community	\$ 27,373.99
Community Fire Extinguisher Training Package	\$ 20,886.00
DPW Building Roof Replacement	\$ 250,000.00
Replace DPW Septic System	\$ 45,000.00
Repair/Repave Sidewalks	\$ 100,000.00
Purchase new SUV for elderly transporation	\$ 25,500.00
Purchase Five Mobile Patrol Tablets	\$ 29,220.00
Repurpose existing basement area to children's room	\$ 220,000.00
Acquisition of 8.2 acre lot that abuts Ingleside/Winchendon Community Park	\$ 39,900.00
	\$ 997,679.49

Revenues

Revenues for FY20 continue to be estimated in a conservative manner. There are minor fee changes proposed for FY20 for a variety of licenses issued by the Board of Selectmen. Those licenses include Common Victuallar along with a number of beer, wine and all alcoholic beverages liquor licenses. With the improving economy, the Town has seen revenue growth in areas such as motor vehicle excise and building permits. Ambulance revenues have begun to increase significantly over the past years as well.

Included in the FY20 estimated revenues is \$100,000 from solar array PILOT agreements with \$50,000 of that estimated revenue increasing net school spending. There are seven solar arrays that have been approved by the Planning Board and have either begun or will begin construction shortly. The annual revenue expected once all seven arrays are online is over \$270,000.



Water Fund

As mentioned earlier in this memo, there will need to be a water rate increase to support the recommended funding of the Water Fund. The water rate would need to increase 12¢ from the current rate of \$5.27 to \$5.39. This is the first water rate increase since FY18.

The FY20 budget includes leasing a new response vehicle that carries all of the necessary tools to make repairs to water lines. The response truck that is currently owned can no longer pass inspection. This vehicle is recommended for replacement by the Capital Planning Committee. Below is a summary of the proposed water rate calculation.

Town of Winchendon			
Water Calculation			
Fiscal Years 2018, 2019 & 2020			
	<u>FY20</u>	<u>FY19</u>	<u>FY18</u>
Funding Request	\$ 1,128,984	\$ 1,149,663	\$ 1,117,755
Lien Redemptions	(10,000)	(10,000)	(10,000)
Connection Fees	(3,500)	(3,500)	(3,500)
Clean Water Assessment	(1,500)	(1,500)	(1,500)
Lien Revenue	(78,000)	(125,000)	(125,000)
Interest and Penalties	(15,000)	(15,000)	(15,000)
Miscellaneous Revenues	(10,000)	(10,000)	(10,000)
Water Retained Earnings	(80,000)	(102,000)	
Amount to be Raised by Water Rate	\$ 930,984	\$ 882,663	\$ 952,755
Annual Water Usage to Calculate Water Bill	17,265,675	16,759,006	18,076,195
Proposed Water Rate to Fund FY18 Budget per 100 Cubic Ft.	\$ 5.39	\$ 5.27	\$ 5.27
Existing Water Rate	\$ 5.27	\$ 5.27	\$ 5.06
Proposed Increase	\$ 0.12	\$ (0.00)	\$ 0.21
	2.32%	-0.06%	4.17%

Wastewater Fund

The FY20 proposed Wastewater Fund budget would also require a rate increase. The rate necessary to support the FY20 budget would be \$8.21, a 2.30% increase from the current rate of \$8.03. Below is the wastewater rate calculation.

Town of Winchendon			
Wastewater Calculation			
Fiscal Years 2018, 2019 & 2020			
	<u>FY20</u>	<u>FY19</u>	<u>FY18</u>
Funding Request	\$ 1,457,860	\$ 1,403,483	\$1,427,519
Tax Title Betterment	(2,200)	(2,200)	(2,000)
Connection Fees	(14,000)	(14,000)	(7,500)
Lien Revenue	(82,000)	(72,000)	(250,000)
Interest and Penalties	(6,000)	(5,500)	(14,000)
Sewer Retained Earnings	(178,000)	(158,000)	(18,000)
Fund Balance Betterment	(310,000)	(310,000)	(270,000)
Amount to be Raised by Wastewater Rate	\$ 865,660	\$ 841,783	\$ 866,019
Annual Water Usage to Calculate Sewer Bill	10,538,365	10,482,117	10,782,000
Proposed Wastewater Rate to Fund FY20 Budget	\$ 8.21	\$ 8.03	\$ 8.03
Existing Wastewater Rate	\$ 8.03	\$ 8.03	\$ 8.03
Proposed Increase	\$ 0.18	\$ 0.00	\$ 0.00
Anticipated Wastewater Rate Impact	2.30%		

Transfer Station Fund

The Transfer Station Fund should break even in FY19 due to an increase in the permit fee from \$50 to \$70. This increase was necessary to fund the additional costs associated with the disposal of recycled items. The FY20 budget retains the \$70 permit cost fee. There are a number of small fee changes for the Transfer Station. I have included the proposed fee schedule in the Transfer Station section of the budget book. These fee changes would charge a customer dropping off an item the same fee that the Town pays to dispose of the item. A summary of revenues and expenses is provided below.

Town of Winchendon						
FY20 Transfer Station Budget						
Estimated Revenues						
Revenue Sources	Actual FY17	Budget FY18	Actual FY18	Budget FY19	FY19 Actual 12/31	Budget FY20
Trash Bag Sales-Large	55,262	60,000	62,472	65,000	33,042	57,650
Trash Bag Sales-Small	15,266	15,600	19,213	15,300	10,960	16,300
Landfill Decals	38,195	40,000	45,660	40,000	46,483	56,000
Demolition Materials	30,284	30,800	47,002	45,375	29,045	48,125
DPW Roadside Trash Fees		7,500		7,500		7,500
Recycling	4,354	3,000	6,410	5,000	3,873	15,000
Sale of Truck and Roll Off Containers	6,600	8,000	7,150			
General Fund Subsidy		27,707	27,707			
Total Actual/Anticipated Revenue	\$ 149,961	\$ 192,607	\$ 215,614	178,175	123,403	200,575
Approved/Proposed Budget	\$ 182,108	\$ 192,607	\$ 192,607	\$ 177,203		200,575
Difference	\$ (32,147)	\$ (0)	\$ 23,007	\$ 972		\$ -
Proposed Fee Schedule						
			Current	Proposed		
Trash Bag Sales-Large			\$ 4.00	\$ 4.00		
Trash Bag Sales-Small			\$ 2.00	\$ 2.00		
Landfill Decals			\$ 70.00	\$ 70.00		
Demolition Materials (per ton)			\$ 165.00	\$ 175.00		
Assumptions Used in Revenue Estimates						
	Actual		Anticipated			
	FY17	FY18	FY19	FY20		
Number of Bags Sold/Estimated - Large	13,816	15,618	14,000	14,000		
Number of Bags Sold/Estimated - Small	7,633	9,607	7,650	7,650		
Landfill Decals	758	652	800	800		
Demolition Materials (per ton)	293	285	275	275		

My recommended budget attempts to allocate only the funding necessary to fulfill the needs and expectations of the Board and the community. I am always cognizant of the ever increasing burden placed upon the Town's tax rate and ultimately the taxpayers. I have assembled my recommendation to support those municipal services which sustain the quality of life that makes our community a desirable place to reside and conduct business in the State.

Acknowledgements

On behalf of the Town employees, thank you for the opportunity to present this proposed budget. We look forward to working with the Board of Selectmen, Finance Committee, and taxpayers as we proceed through the budget work sessions in the upcoming months.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'KRH', with a stylized, looped design.

Keith R. Hickey
Town Manager