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Memorandum

To: Board of Selectmen
From: Martha White, Town Administrator
Michael Walters Young, Deputy Town Administrator
Date: Friday, January 07, 2011
Re: FY 2012 Budget

General Comments

As a general rule from now until Town Meeting, please bring your budget books with you to every meeting of the Board.

Also, you will notice in the front cover of your packet binders a GREEN cover sheet entitled "FY 2012 Budget Packet Update" Please REPLACE the pages listed in your budget book with those included in this packet.

Overall Budget

Since we last met a week ago, we have positive news to report. After a further review of the budget, corrections are necessary due to staff's discovery of an error in computing the total amount of Tax Levy resources available to the town for use in FY 2012. When building the budget, staff erroneously omitted the excluded debt raised for prior projects (namely the Wilson Middle School). This amount comes to \$886,190. Thus, the deficit as presented on Monday, January 3, 2011 of \$4,372,232 has decreased to \$3,486,042. We apologize for the error.

Detail Sections/Policy Decisions

Discussion of the FY 2012 Preliminary Budget tonight focuses on four areas of concern. The four areas are:

- a. Board of Selectmen: This budget can be found in Section VII, on Pages VII.3-VII.10. It provides for the salaries of all staff in the Board of Selectmen's/Town Administrators office as well as for all expenses necessary to operate the office.
- b. Legal: This budget can also be found in Section VII, on Pages VII.14-15. It provides for the costs necessary to fund Town Counsel and Special Counsels. (Note, this budget includes a proposal in the hourly rate from \$125/hour to \$140/hour for the services of town Counsel; this is the first proposed increase in the hourly rate in 11 years.)

- c. Reserve Policy: We are proposing changes to the Reserve Policy as adopted by the Board in the Financial Management Principles last January. This proposed change to the policy can be found in the Budget Message section of the FY 2012 Preliminary Budget. The major change to the policy is a proposed formal utilization and reserving of one-time revenues for the purpose of creating an Operational Reserve or "Rainy Day Fund". The methodology in creating, rationale for funding, and use of this Operational Reserve are detailed in the Deficit Reduction Plan section of the budget under the section entitled "Focus On"
- d. Revenue Enhancement: Finally, the fourth budget issue to consider is Revenue Enhancement. We have throughout the last several years undertaken a comprehensive Fee Review Study and raised a series of fees throughout departments. One area where the Board has not raised fees, however, is the area of trash bags. Bill Chenard has provided several spreadsheets (attached) detailing costs and potential impacts of fee increases.

We have proposed the increase of \$250,000 in revenues as part of the method to close our budget shortfall.

Further budgets, including Water & Sewer, Golf Course, DPW, Fire and Police will be discussed in detail at future meetings. The Finance Committee will hear the Budget presentation tomorrow evening.



Town of Natick

Home of Champions

Pay As You Through Trash Bags Sold

	FY2007	FY2008	FY2009	FY2010	FY2011 Estimate	YTD 11/30
Large	420,500	420,250	401,250	370,750	397,800	165,750
Small	255,750	277,750	266,250	246,750	274,800	114,500
Total	676,250	698,000	667,500	617,500	672,600	280,250

Pay As You Through Trash Bag Cost

	FY2007	FY2008	FY2009	FY2010	CURRENT	FY2011 Estimate
Large	\$0.1836	\$0.2123	\$0.2335	\$0.2335	\$0.2335	\$0.2400
Small	\$0.1009	\$0.1218	\$0.1322	\$0.1322	\$0.1490	\$0.1490

	LARGE	SMALL
Five Year Avg	402,110	264,260
Bags Req	402,500	265,000
Est Cost/Bag	0.2475	0.151
	\$99,618.75	\$40,015.00
Request	\$139,633.75	

Pay as You Throw Bag Cost

Cost Per Bag

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Current
Large Bags	\$0.1255	\$0.1255	\$0.1600	\$0.1861	\$0.1836	\$0.2123	\$0.2335	\$0.2335	\$0.2335
Annual Change		0.00%	27.49%	16.31%	-1.34%	15.63%	9.99%	0.00%	0.00%
Cumulative Change from 2003		0.00%	27.49%	48.29%	46.29%	69.16%	86.06%	86.06%	86.06%

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Current*
Small Bags	\$0.0712	\$0.0712	\$0.0953	\$0.1076	\$0.1009	\$0.1218	\$0.1322	\$0.1322	\$0.1490
Annual Change		0.00%	33.85%	12.91%	-6.23%	20.71%	8.54%	0.00%	12.71%
Cumulative Change from 2003		0.00%	33.85%	51.12%	41.71%	71.07%	85.67%	85.67%	109.27%

* We changed the specifications on the small bag based on taxpayer complaints.

FY2010 PAYT Bag Revenue Options Chart

Small Bag Revenue Projections

	Current	\$1.05	\$1.10	\$1.15	\$1.20	\$1.25	\$1.30	\$1.35	\$1.40	\$1.45	\$1.50
Fee	\$1.00	\$1.05	\$1.10	\$1.15	\$1.20	\$1.25	\$1.30	\$1.35	\$1.40	\$1.45	\$1.50
Revenue	\$264,250	\$277,463	\$290,675	\$303,888	\$317,100	\$330,313	\$343,525	\$356,738	\$369,950	\$383,163	\$396,375
Increase	\$0	\$13,213	\$26,425	\$39,638	\$52,850	\$66,063	\$79,275	\$92,488	\$105,700	\$118,913	\$132,125
Annual/Bag	\$0.00	\$2.60	\$5.20	\$7.80	\$10.40	\$13.00	\$15.60	\$18.20	\$20.80	\$23.40	\$26.00

Large Bag Revenue Projections

	Current	\$1.75	\$1.80	\$1.85	\$1.90	\$1.95	\$2.00	\$2.10	\$2.20	\$2.30	\$2.40
Fee	\$1.75	\$1.80	\$1.85	\$1.90	\$1.95	\$2.00	\$2.10	\$2.20	\$2.30	\$2.40	\$2.40
Revenue	\$703,675	\$723,780	\$743,885	\$763,990	\$784,095	\$804,200	\$844,410	\$884,620	\$924,830	\$965,040	\$965,040
Increase	\$0	\$20,105	\$40,210	\$60,315	\$80,420	\$100,525	\$140,735	\$180,945	\$221,155	\$261,365	\$261,365
Annual/Bag	\$0.00	\$2.60	\$5.20	\$7.80	\$10.40	\$13.00	\$18.20	\$23.40	\$28.60	\$33.80	\$33.80