

Francestown Budget & Advisory Committee Report on the 2015 Town Warrant

As required by a vote of the 1978 Town Meeting, the Budget and Advisory Committee shall “publish and post not less than 15 days prior to Town Meeting in two or more conspicuous locations within Town, its findings and recommendations with regard to each item of the budget and all articles proposing capital expenditures as they are approved by the Board of Selectmen.”

OVERVIEW

The creation of the annual budget has for the past several years begun with our Town Administrator, Mike Branley, who consults with the various Departments to draft an operating budget. He also works with the Planning Board to create the Capital Improvement Plan and with Town Departments to craft the necessary warrants to meet the additional needs of the Town. In consultation with the Board of Selectmen and the Budget & Advisory Committee, the initial goal for this year was to maintain the same level of services for the Town, while minimizing any increase to the operating budget. For the Selectmen this means an increase to the Town's portion of the tax rate of around 3%; the Budget Committee hoped for a more modest increase.

For 2015 the proposed operating budget is \$1,619,200, an increase of \$26,530 or 1.67% over last year's appropriations. The total amount of other warrant articles to be funded by taxation is \$420,000 for an increase of \$45,768 or 12.2% over last year. After application of expected revenues, the Town's portion of the tax rate is anticipated to rise to \$8.41, an increase of about 3.3% over last year's rate of \$8.14.

As indicated below the Budget Committee supports the operating budget and other warrant articles. The 2015 Town Warrant represents a fair and balanced plan for meeting the needs of the Town for 2015.

The Budget Committee is, however, very concerned over the sustainability of continued increases in the amount to be raised by taxation that has averaged 3.9% over the past four years and 3.3% over the past ten years. Budgetary growth clearly exceeds measurable standards such as payroll growth and inflation. This implies that for future budgets a better balance will be necessary between wants and needs. Departments will need to evaluate their proposed budgets to determine if there is a need for new revenues, rather than a reallocation of existing revenues. Our Town has been able to avoid hard choices over the past few years and hopefully will be able to continue to do so.

The following issues remain on-going concerns for the budget process:

- Infrastructure: Bridges – These are possibly the biggest budget issues facing the Town for the foreseeable future. The cost will be high whether the Town chooses to be part of the State bridge-aid program or go it alone. Either way repairs, or in most cases replacement, will be necessary.
- Infrastructure: Roads – We cannot lose sight of the need to replace and repair our roads. Bridges are a priority, but roads need to be maintained and rebuilt.
- Infrastructure: Buildings – Great effort has been and continues to be made on tackling the deferred maintenance of the Town's buildings. Funds will need to be allocated through the budget and reserves to meet ongoing repairs and maintenance. Work to restore Town Hall is a priority. The bond for Town Hall work, passed last year, will impact the budget when implemented.

- Operational Expenses – Increases to the budget often become perpetual ones and the Budget Committee is concerned over the institutionalization of these costs. The addition of buildings, personnel, services, or equipment necessitates additional annual budgetary expenses for repairs, payroll, maintenance, or replacement.
- Personnel Administration - Medical insurance, retirement, and pay increases are among expenses that will continue to put upward pressure on the operating budget.
- Fuel - Recent reductions in fuel prices have had a positive effect on the budget, but the continued volatility of the fuel market will need to be monitored for both positive and negative adjustments.

Article 4 - \$1,619,200 to pay the normal operating costs of the Town such sums to be raised by taxation. The Budget and Advisory Committee unanimously supports the operating budget 5-0.

As previously noted, this year's proposed budget, including debt service, represents a \$26,530 or 1.67% increase over last year's approved budget. Given the needs of the Town, the proposed 2015 budget is fair and comprehensive, and Mike Branley, Town administrator, should be given credit for guiding the budget process.

Some areas of special note:

- Payroll – This year's budget includes a 2% payroll increase for most employees.
- Executive – Major increases are to salary and contracted services.
- Election – The first year cost of new software is offset by reduced costs elsewhere.
- Legal – The utility law suit continues, but at a reduced legal cost.
- General Government Building – This year's budget includes some extra grounds keeping and tree work, painting and repairs to the horsesheds and the service of septic tanks (not an annual expense).
- Police – Increases to payroll and professional development are partially offset by reduction in cost of gas.
- Highways & Streets – Increases to line items for payroll, parts, repairs, sand, gravel and mowing are offset this year by substantial decreases to fuel - gas and diesel.
- Solid Waste Disposal – This year the biennial hazardous waste day returns; other increases are for payroll, C&D disposal and newsprint recycling.

Article 5 - \$489,100 to be added to various Capital Reserve Funds: \$89,600 from Undesignated Fund Surplus and \$399,500 by taxation. The Budget & Advisory Committee unanimously support this Article 5-0.

Replacement of equipment and infrastructure repairs are a main concern of the Budget Committee. The continued funding of Capital Reserves is an excellent way to meet future Town needs for major equipment and infrastructure. Unexpended funds remain in the applicable reserve.

Article 6 - \$1,600 to be withdrawn from Undesignated Fund Surplus and deposited into the General Cemetery Maintenance Trust Fund. The Budget and Advisory Committee unanimously recommends this appropriation 5-0.

These funds represent one-half of the proceeds the Town receives from the sale of Cemetery plots. The other half has been included in Article 5 to add to the reserve fund "Improve New Cemetery Lands".

Article 7 – \$2,000 to be withdrawn from Undesignated Fund Surplus and added to the “Master Plan Update Fund”. The Budget and Advisory Committee unanimously recommends this appropriation 5-0.

Last year Town meeting voted to establish and fund an expendable trust fund, titled “Master Plan Update Fund”. This year \$2,000 will be added to the fund and enable the Planning Board to continue updating the Master Plan.

Article 8 - \$100,000 from “Future Town Building Improvements Capital Reserve” for various Town building maintenance projects and equipment upgrades. The Budget and Advisory Committee unanimously supports this Article 5-0.

This article will fund two projects. The first project will be the installation of an exhaust treatment system for the Fire Station. Estimated to cost \$70,000, this is a much needed safety upgrade for the Fire Department. The second project will be painting, clapboard repairs and window replacements for the Town Office Building.

Article 9 – To see if Town will vote that the Town Clerk-Tax Collector shall be paid, starting in 2016, an annual salary of \$34,000. The Budget and Advisory Committee unanimously supports this Article 5-0.

Currently the positions of Town Clerk and Tax Collector receive separate salaries plus a portion of fees received; each position must also separately track expenses. The Budget Committee supports the combining of the two positions and the proposed salary to begin in 2016. This salary is based on an average of the combined salary and fees for the past three years (2011-2013).

Article 10 - \$24,000 for the treatment of Milfoil in Scoby Pond such sums to be raised from acceptance of a grant (\$6,000) and by taxation (\$18,000). The Budget and Advisory Committee unanimously recommends this appropriation 5-0.

The Budget Committee believes that it is important to continue this treatment program to protect one of the Town’s important natural resources and the Town Beach. The Committee continues to encourage the active, additional involvement of the Scoby Pond community.

Article 12 - \$2,500 to fund Milfoil prevention efforts at Pleasant Pond such sums to be raised by taxation. The Budget and Advisory Committee unanimously recommend this appropriation 5-0.

These funds will supplement individual donations and State grants. The Budget & Advisory Committee appreciates the efforts and contributions of the Pleasant Pond Association to keep Milfoil out of Pleasant Pond.

Respectfully Submitted,

Francetown Budget & Advisory Committee

Charles M. Pyle
Bill McAuley

Stewart Brock
Nick Wilder

Henry Kunhardt

February 18, 2015