

Monday, April 26, 2010

WELCOME

**Town of Rutland
Fiscal 2011 Budget Information Session**

**Your options and our Recommendations on Ballot Questions 1, 2, 3 and 4
on *Election Day*,**

MONDAY, MAY 10 2010

GENERAL INFORMATION & DEFINITIONS

Purpose:

The purpose of the following presentation is to inform the voters of Rutland about the FY 2011 Budget outlook and of the ballot questions that will appear on the Annual Election ballot on May 10, 2010. There are four override questions that will appear on the ballot, but we will be asking you to seriously consider only the FIRST THREE:

- 1) Proposition 2 ½ Override to fund the positions required to bring Rutland's Fire Fighter / Emergency Medical Service to 24 X 7 Coverage
- 2) Proposition 2 ½ Override to RESTORE two DPW Laborer/Heavy Equipment Operator positions
- 3) Debt Exclusion to fund the existing debt payments related to the construction of the Rutland Library
- 4) *Debt Exclusion to fund the existing debt payments related to the construction of the Rutland Public Safety Complex (explanation to follow)*

Definitions:

- **Proposition 2 ½ Override** – Increases the amount of property tax revenue a community may raise in the year specified in the override questions and in future years. It increases the community's levy limit and becomes part of the base for calculating future years' levy limits. The result is a permanent increase in taxing authority
- **Debt Exclusion** – Increases the amount of property tax revenue a community may raise for a limited or temporary period of time in order to fund specific projects. Approval of a debt exclusion permits the community to raise the amount of the annual debt service payment for that project each year until the debt is retired

- **BOTTOM LINE TO YOUR TAXES:**

*An **OVERRIDE** lasts forever (or until rescinded at a later vote);*

*a **DEBT EXCLUSION** lasts until the debt is paid off*

Questions 1 & 2 are Overrides, Questions 3 & 4 are Debt Exclusions

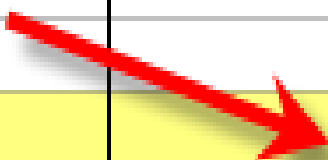
CURRENT BUDGET ISSUES

Rutland's Operating Budget at a Glance

There is limited opportunity to make additional budget cuts without drastic payroll reductions, resulting in loss of critical town services.

Only **6%** of the budget is made up of non-wage, non-educational, non-fixed costs

	<u>% of Total</u>	<u>Dollar Total</u>
Fixed costs (Debt, Voc. School, Ins., Benefits)	26.4%	3,884,314.90
Wachusett Regional School Assessment	52.0%	7,631,442.00
Contractual Wages (DPW, Fire, Police)		1,220,900.00
Non Contractual Wages		<u>1,050,633.08</u>
Total Wages	15.5%	2,271,533.08
Non-Wage; Non-Fixed Costs Budgets	6.1%	901,571.43
Total Operating Budget		14,688,861.41



Budget Impacts from FY 2010 Cuts

- All stipends for cut 50%
- All conferences and special training eliminated
- All additional wage accounts eliminated
- Supplies and purchase services cut 40% to 80%
- Celebrations (4th of July, Memorial Day, Cultural Council) all eliminated
- Historical Commission cut 50%
- Further reduction in road maintenance accounts (already reduced in FY2009)
- Eliminated funding for two non back-filled DPW positions
- Eliminated DPW summer and yard waste help
- Rutland Library was cut by 37%; Eliminated positions, reduced hours, cut purchase services and supplies
- Police clerical hours reduced from 40 to 32 hours; Police overtime reduced
- Fire/Ambulance wages and training reduced by 20%; Clerical hours reduced from 32 to 24 hours; Ambulance Overtime and stand-by reduced

2010 and 2011 Budget Snapshot

		PERCENT	DOLLAR INCREASE (DECREASE)	PERCENT INCREASE - DECREASE		PERCENT	DOLLAR INCREASE (DECREASE)
DESCRIPTION	Recommended FY2011 Budget	OF TOTAL	2010 - 2011	2010 - 2011	Voted FY2010 Budget	OF TOTAL	2009 - 2010
VOCATIONAL SCHOOLS	218,956.00	1.5%	(84,189.00)	-27.8%	303,145.00	2.1%	669.00
WACHUSETT REGIONAL SCHOOL DISTRICT	7,631,442.00	52.0%	484,546.00	6.8%	7,146,896.00	50.5%	629,232.00
GENERAL GOVERNMENT	586,051.41	4.0%	13,020.51	2.3%	573,030.90	4.0%	(58,274.44)
PUBLIC SAFETY	1,479,652.52	10.1%	69,091.92	4.9%	1,410,560.60	10.0%	(107,018.56)
DEPT. OF PUBLIC WORKS	1,013,277.00	6.9%	19,866.00	2.0%	993,411.00	7.0%	(40,051.00)
HUMAN SERVICES	108,684.00	0.7%	32,091.00	41.9%	76,593.00	0.5%	12,822.00
CULTURE AND RECREATION	187,763.58	1.3%	39,818.52	26.9%	147,945.06	1.0%	(97,814.94)
MISCELLANEOUS	885,931.00	6.0%	15,778.04	1.8%	870,152.96	6.1%	64,076.96
MUNICIPAL DEBT SERVICE	2,577,103.90	17.5%	(66,098.85)	-2.5%	2,643,202.75	18.7%	(48,770.48)
TOTAL BUDGET APPROPRIATION	14,688,861.41	100.0%	523,924.14	3.7%	14,164,937.27	100.0%	354,870.54
Non-School Change		1.8%				-3.9%	
WRSD Change		6.8%				9.7%	
Total School Change		5.4%				9.9%	
2 Year Non-School Change FY09 - FY11		-2.1%					
2 Year WRSD Change FY09 - FY11		16.4%					

BALLOT QUESTIONS

for vote on *May 10, 2010*

Question 1:
Fire Fighter / EMS Staffing Prop 2 ½ Override
BACKGROUND

- Voters at the Special Town Meeting on January 9, 2006 voted to institute a plan to bring Rutland EMS to a 24 X 7 Paramedic level service.
- Since that time, Paramedic level staffing has been instituted between the hours of 6AM – 12 midnight (18 hrs/day). This leaves a ‘hole’ of six hours when on-call and/or mutual aid is relied on.
- In February of 2009 and again in February 2010, the Massachusetts Department of Medical Health (Ambulance Regulation Program) issued letters to the Town of Rutland indicating a desire to revoke Rutland’s Paramedic level license if 24 X 7 coverage is not attained.
- Funds do not exist within Rutland’s current tax limits to attain this level of service.

The Select board & Finance Committee recommend a YES vote on this ballot question.

Question 1 *continued*:
Fire Fighter / EMS Staffing Prop 2 ½ Override
FINANCIAL INFO

Proposed Funding Source = Proposition 2 ½ Override for \$150,000.00

a permanent tax increase that will provide a funding source for the desired positions.

•Cost Break-down:

Estimated \$105,000 to add 1-FF/Paramedic and 1-FF/Basic

Estimated \$45,000 for:

- 'Fill-out' of full-time positions
- Additional on-call standby for one Paramedic
- Associated health, dental, retirement and medicare benefits
- Additional staff supplies

Estimated Tax Rate Impact = \$0.19 per \$1000 of valuation.

A home assessed at \$250,000 will see an estimated quarterly tax increase of \$11.90 and a yearly increase of \$47.59

Question 2:

Two DPW Laborer/H.E. Operator Positions Prop 2 ½ Override **BACKGROUND**

- Since 2005, THREE positions have been reduced from the DPW payroll. This reduction has been realized through attrition and the Town's financial inability to backfill the positions. The positions have not been reduced due to lack of need, but rather due to hiring freezes put in place to cover on-going budgetary shortfalls.
- Since the positions have been reduced, several miles of roads have been/will be accepted as public town roads.
- The acceptance of new roads requires year-round manpower in order to properly maintain them.
- This ballot question seeks to restore TWO of the three positions which have not been backfilled in recent years. While three are necessary and ideal, two will help to fill an urgent void in manpower.

The Select board & Finance Committee recommend a YES vote on this ballot question.

Question 2 continued:

Two DPW Laborer/H.E. Operator Positions Prop 2 ½ Override *FINANCIAL INFO*

Proposed Funding Source = Proposition 2 ½ Override for \$125,000.00 which is a permanent tax increase that will provide a funding source for the desired positions.

Cost Break-down:

Estimated \$90,000 base wages

Estimated \$35,000 for associated health, dental, retirement and medicare benefits, and additional staff supplies

Estimated Tax Rate Impact = \$0.16 per \$1000 of valuation.

A home assessed at \$250,000 will see an estimated quarterly tax increase of \$9.91 and a yearly increase of \$39.65

Question 3 :
Debt Exclusion of Library Construction
BACKGROUND

Purpose – To allow for a level service budget without a deficit
Projected \$145,000 FY 2011 Budget shortfall

The cause for projected budget shortfall is multi-faceted, including:

- **Continued reductions in state aid.**

- In FY 2009 Local Aid was \$1,146,789. Anticipated Local Aid in FY 2011 is \$782,441.

- ***This is a reduction of \$364,348 since FY 2009***

- During this same period of time Rutland's assessment from the Wachusett Regional School District has gone from \$6,517,664 in FY 2009 to a requested \$7,631,442 in FY 2011.

- ***This is a staggering increase of \$1,113,778 over three fiscal years***

- Insurance and other employee benefit fixed costs have **increased by \$93,806 between FY 2009 and FY 2011** (***)this is after health benefit employee contributions, co-pay and prescription levels were increased in FY 2009 to save the town money on premium costs)

Question 3 :
Debt Exclusion of Library Construction
BACKGROUND continued

These three areas (previous slide) account for **\$1,571,932** of uncontrollable negative budgetary impacts from FY2009 – FY 2011

- During this same time period, revenue through property taxation has increased by only **\$911,809** under the guidelines of Proposition 2 ½
- This is a delta of **\$660,123**. This delta has been cared for via:
 - Reductions to non-school, non fixed cost municipal line items in FY 2009 and FY 2010
 - Supplementing the operating budget with non-reoccurring funds (Free Cash and *****Stabilization Fund**)

*****Since FY 2007, the Stabilization Fund has been reduced from \$1,157,383 to a current balance of \$558,866 (52%)*****

Question 3 continued:
Debt Exclusion of Library Construction
FINANCIAL INFO

- To avoid further withdrawals from our Stabilization Fund and the possible lowering of our bond rating again, we propose excluding the Library Construction debt from regular tax levies in order to fund our general budgetary shortfall.

Estimated Tax Rate Impact -- Library debt = \$0.20 per \$1000 of valuation.

Principal and Interest on Debt is \$158,180.00 in FY 2011 (payoff in 2040)

A home assessed at \$250,000 will see an estimated *quarterly* tax increase of \$12.55 and a *yearly* increase of \$50.18

Question 4 :

Debt Exclusion of Public Safety Building

PLEASE DISREGARD THIS QUESTION AT THE BALLOT

- At the deadline for the ballot questions to be set, the budget request coming from the Wachusett Regional School District was higher than the current request, leaving us with a budget shortfall that totaled approximately \$300,000. Using that number, we estimated that asking for 2 separate debt exclusions would allow us to make up that amount.

- Since that time, the WRSD assessment has been reduced slightly, decreasing our shortfall by half. We no longer need both debt exclusions in order to balance the budget, and though passing both would allow us some space in our levy capacity, we feel it would be irresponsible to advocate for monies unneeded at this time.

The Select board and Finance Committee respectfully request that you vote NO on Question #4.

What will this mean to your taxes?

**** The below graph reflects ONLY the four proposed ballot questions. The FY 2011 tax rate will also be impacted by the annual adjustment allowed for under general proposition 2 ½ guidelines

	Annual Cost	Tax Rate Impact (Per \$1000 Assessed Value)	Quarterly Increase (\$250,000 Home)	Yearly Increase (\$250,000 Home)
Fire Fighter / EMS Staffing	150,000.00	0.19	11.90	47.59
DPW Staffing	125,000.00	0.16	9.91	39.65
Library Debt Exclusion	158,180.00	0.20	12.55	50.18
Sub Total Ques 1, 2, 3 ONLY	433,180.00	0.55	34.36	137.42
Public Safety Debt Exclusion	149,140.00	0.19	11.83	47.31
TOTAL of All	582,320.00	0.74	46.18	184.74
Rutland's Total Assessed Value	\$788,047,200.00			

The Finance Committee and Board of Selectmen wish to thank
the citizens of the Town of Rutland
for your continued support during these very difficult times.

Thank You

Reminder: PLEASE VOTE on Monday, May 10th. Polls open 7am to 8pm