

Presentation #4: Summary & Conclusions

Building a Better Sandwich

August 19, 2010



Override Presentation Schedule

- July 8 = Overview
- July 22 = Revenues
- August 5 = Expenses
- **August 19 = Summary & Conclusions**

Goals of Presentations

- to inform the Board of Selectmen and general public about the financial issues we are facing
- to be proactive by explaining our financial projections well in advance of the regular FY12 budget cycle
- to enable the Board of Selectmen to make a decision on an override request well in advance of the May 2011 Annual Town Meeting so sufficient public education efforts can take place

Presentation of Information

- presentations have focused on bigger-picture financial issues and fact-based data, with a concentration on General Government aspects only (30% of total budget)
- completely transparent supporting facts & documentation presented in terms public can relate to: separate “folder” at www.sandwichmass.org
- includes all the presentation material and a very detailed summary of 15 years of financial & demographic data

Review of Prior Presentations

- Sandwich is at the point of no return – the short-term solution can only be an operating budget override or a significant reduction in services provided to the public
- realistic projections show FY12 deficit of \$2.2 million with future deficits increasing by approximately \$1.0 million each fiscal year thereafter
- the Town has taken many steps to hold down costs & bring in revenue since the FY06 override which was slated to last 3 fiscal years – it's lasted 6

Review of Prior Presentations

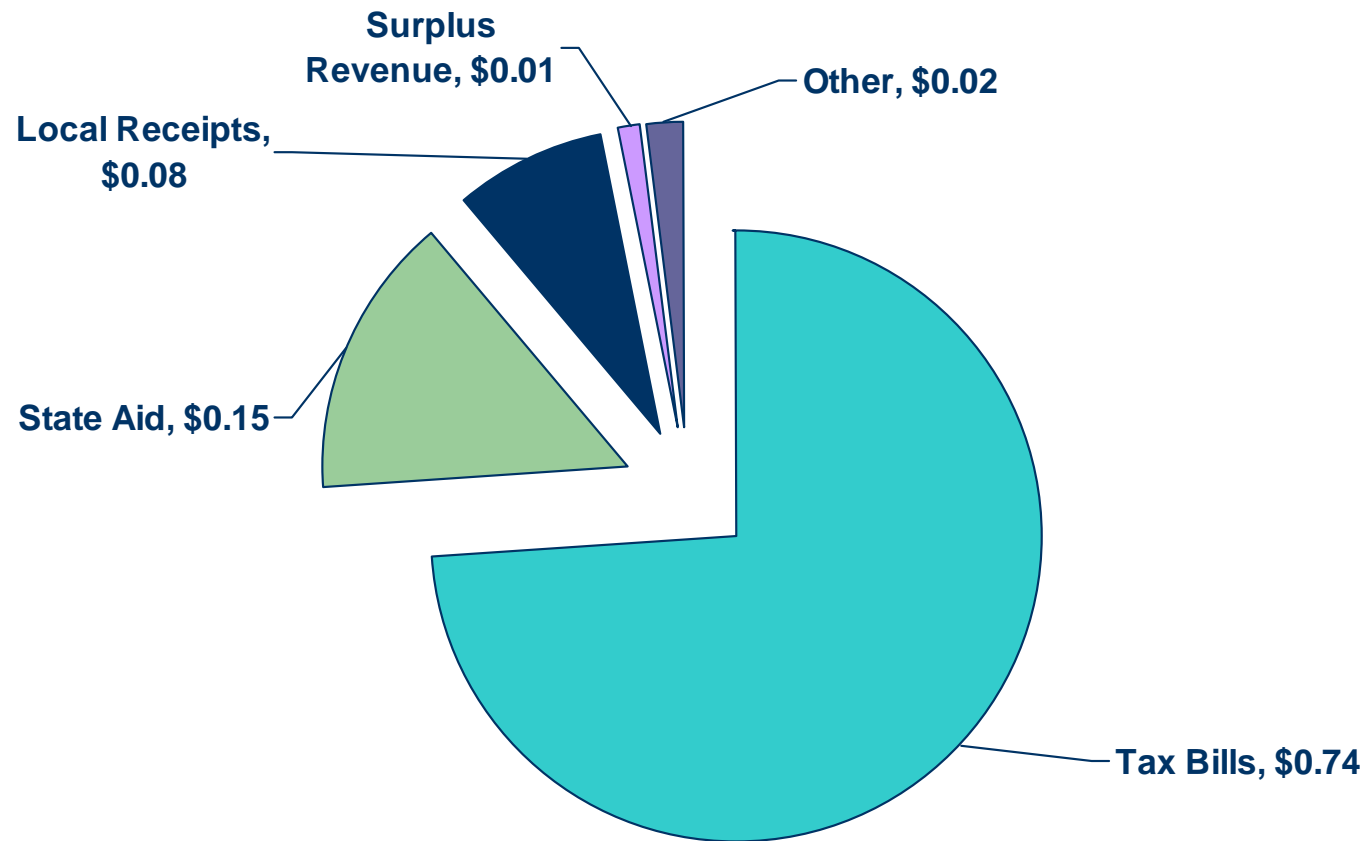
- Sandwich is not alone – in most instances, Sandwich has fared much better than others due to many years of prudent financial decisions & long-term planning efforts
- have provided details on specific revenue & expense categories that have most contributed to the projected deficits and steps we have taken to control these as much as possible
- one of our goals has been to show that Sandwich runs its municipal operations efficiently & effectively in providing high quality services to Town residents with significantly less staff than similar towns

FY10 Total General Government Staffing

<u>Town</u>	<u>Population</u>	<u>Staffing</u>	<u>Ratio</u>
Yarmouth	21,386	283.0	1:76
Bourne	20,421	219.0	1:93
Mashpee	14,200	165.0	1:86
Average	18,669	222.3	1:84
Sandwich	22,997	173.0	1:133

- bottom line = the belt has already been tightened in Sandwich for many, many years

Review of Prior Presentations - Revenues



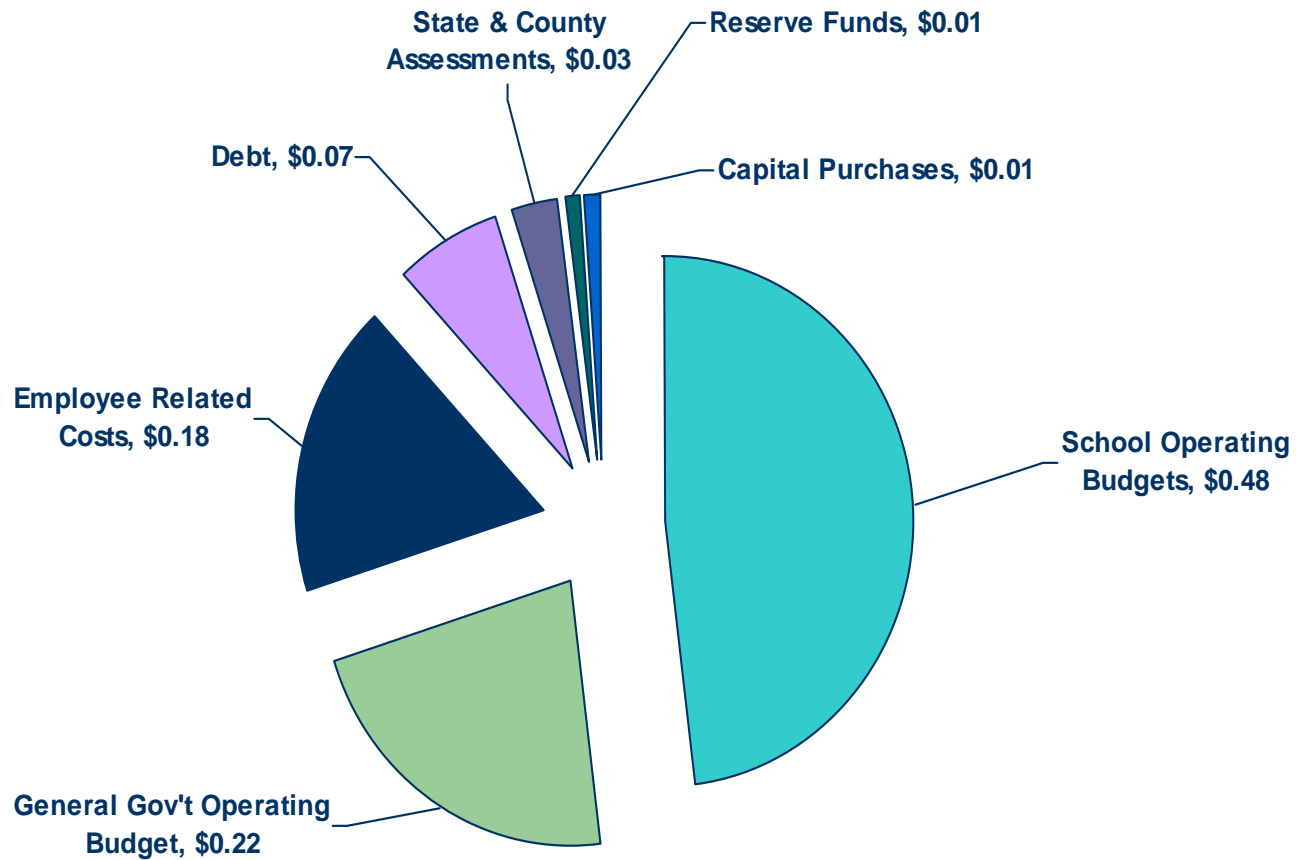
Review of Prior Presentations - Revenues

- tax revenue has increased 4.1% annually since FY06, but recent New Growth figures have been smaller
- State Aid has decreased by \$1.3 million since FY09
- Local Receipts have decreased by about \$1.0 million since FY07, with more than half of decrease coming from motor vehicle excise payments which we have no control over
- it's highly unlikely State Aid & Local Receipts & interest income will improve significantly over the next several years

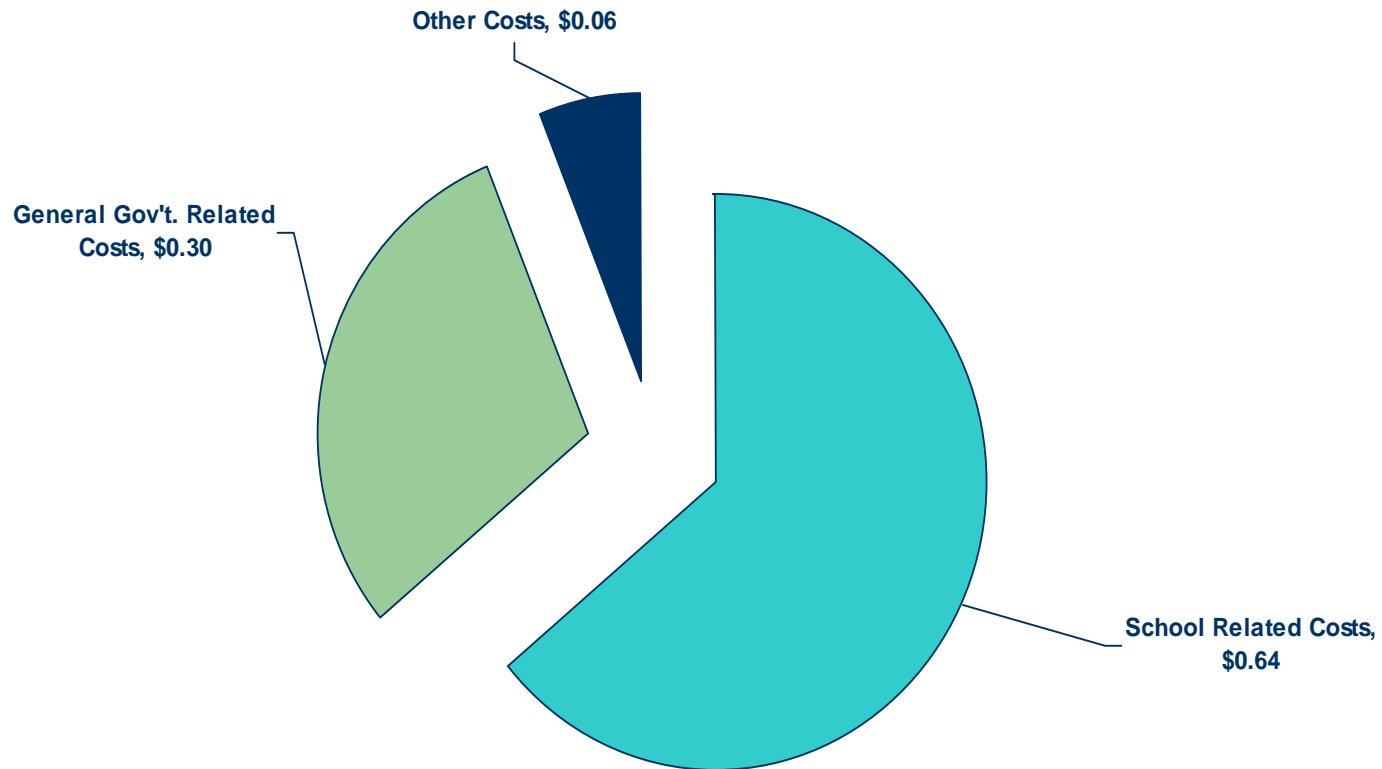
Review of Prior Presentations - Revenues

- Sandwich's rank in terms of average tax bill has gone from above the State average 5 years ago to below it today
- demographics & property characteristics are much more similar to South Shore towns v. Cape towns
 - highest percentage of year-round population on Cape Cod
 - fewest percentage of second homes on Cape Cod
 - highest number of students per capita on Cape Cod
 - lack of a warm water impact on coastal home valuations

Review of Prior Presentations - Expenses



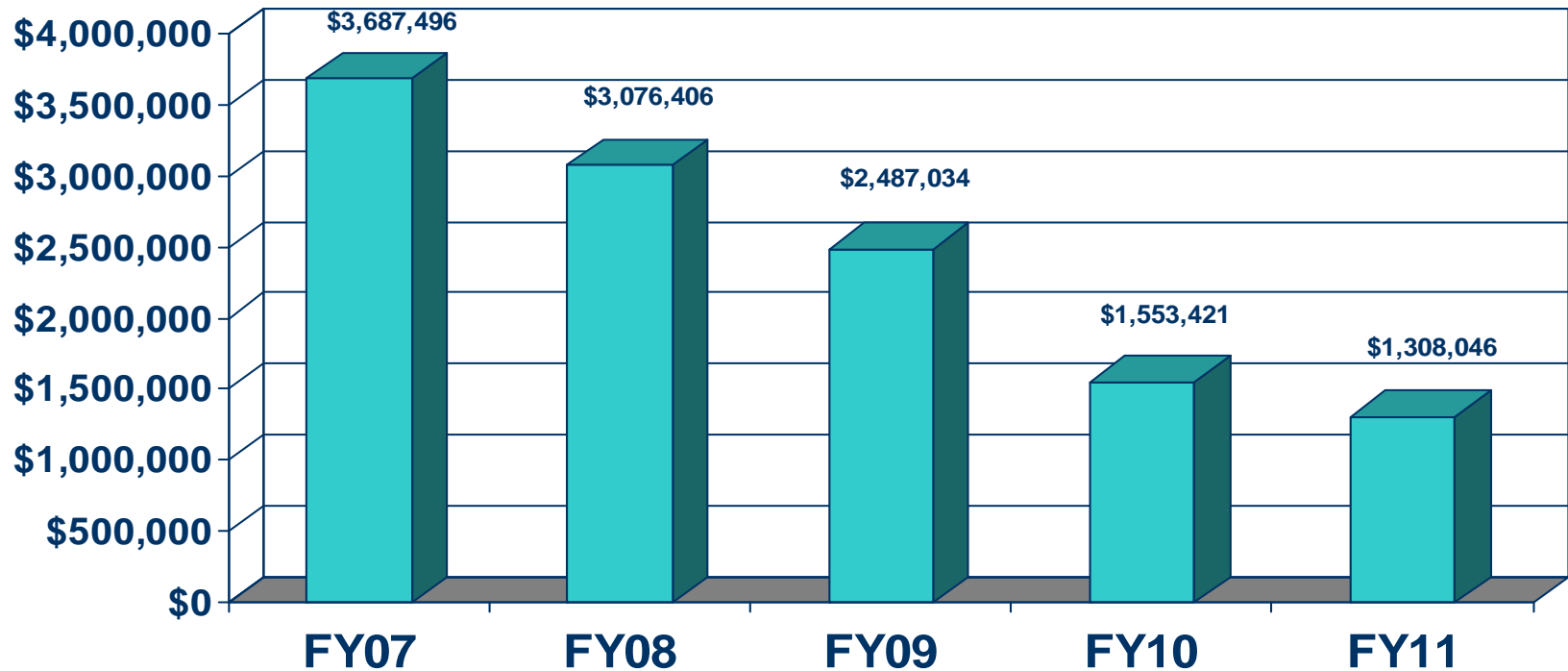
Review of Prior Presentations - Expenses



Review of Prior Presentations - Expenses

- several key categories of expenses are increasing at a substantially higher rate than tax revenue, not even factoring in other revenue decreases
 - Health Insurance = 6.8% avg. increase since FY06
 - Retirement = 7.0% avg. increase since FY06
 - Unemployment = 64.6% avg. increase since FY06
 - UCCRVTS Assessments = 11.9% avg. increase since FY06
 - School Out-of-District Assessments = 30.0% avg. increase since FY04
 - General Expenses = utilities, 21.7% construction cost increases since FY08
- Town has taken many steps to anticipate & minimize these increases
 - General Government operating budget is NOT contributing to so-called “Structural Deficit”, especially with 2 consecutive years of 0% wage increases

Review of Prior Presentations - Net Debt Outside of Prop 2½



- debt portion of tax bills has dropped \$2.4 million since FY07

Why Are We Here Now?

- trying to show financial realities we will be facing for several years which we've identified for many years in the Long Range Plans & the Local Comprehensive Plan
- staff is concerned about the quality, quantity, & types of service we'll be able to provide the public in the future without an override
- staff commitment to maintain a high standard of service to the public as witnessed by the 2 consecutive years of 0% increases to help us live within our means and retain staffing levels
- readily apparent that without an override, the only other option is a combination of significant staff and operating budget reductions

Likely Reductions Without Override

- if \$750,000 needed to be reduced from General Government operating budget (i.e. $\frac{1}{3}$ of total deficit), likely reductions:
 - loss of 19 year-round staff positions (11% of total GG staff)
 - reduction in hours of 3 year-round staff positions
 - loss of \$25,000 in operating budget funds
- reductions in ALL service areas = administrative, financial, inspections, human service, cultural, recreational, public safety, public works
- bottom line = the quality, quantity, & type of services provided to the public will decrease substantially

Role of Board of Selectmen & Staff

- key component of any successful override = leadership role played by Selectmen
- role played by Selectmen impacts the success rate of override requests
- staff wants to assist the Selectmen in helping them make a decision – is there further information we could provide to assist the Board in its decision-making process?

Future Policy Decisions for Selectmen

- Will the Selectmen support an operating budget override request for FY12?
- If so, what will the override include – keeping what the Town currently has or including some additional services / personnel?
- If so, how long do you want it to last?
- If so, will the override include the General Government and/or the School Department?

Future Policy Decisions for Selectmen

- What process does the Board want the School Department to follow?
- If an override is supported for both areas, will the requests be separated or combined in a joint request?
- When will the Board decide? (Budget process typically starts in November)

Future Policy Decisions for Selectmen

- What role will the Selectmen play if an override is presented to the public?
- If an override fails, how does the Board want to balance the budget?
- How is the consideration of an override impacted by other potential Proposition 2.5 debt exclusions?

Thank You & Any Questions?

- thanks for your attention to these issues
- again, all information found on Town's website:
www.sandwichmass.org
- any questions?
- follow-up meetings / information desired?