

Finance Committee  
856 Main Road  
Westport, MA 02790  
www.westport-ma.com



Tel. (508) 636-1040  
Fax (508) 636-1147  
BotelhoN@westport-ma.gov

A BRIEF REPORT OF THE FINANCE COMMITTEE TO TOWN MEETING  
MAY 3, 2016

We meet again facing testing financial circumstances that are largely the result of the decrease that began in 2008 in the amount of local aid we receive from the state, coupled with a continued imposition on the town of unfunded and underfunded mandates. This year we have benefited from two unanticipated events which have provided us with about \$500,000 which has helped fund town expenses for FY17. Unfortunately, one of those events will not be repeated and repetition of the other is uncertain.

As many know, the town can raise real estate taxes on existing properties by no more than 2.5 % per year. New construction adds to the amount of property subject to tax and those new taxes add to our revenues. Each year an estimate of the amount of revenue from anticipated new construction is made and the estimated new revenue is incorporated in our revenue projections. This year, consistent with recent years, the estimate for new construction was \$270,000; the actual amount turned out to be \$443,616, an unanticipated extra \$173,616 which was used to balance the budget. There is no guarantee what the level of construction next year will be.

At the 2015 Special Town Meeting, a large sum was appropriated to provide for the payment of anticipated uninsured medical expenses for a firefighter who was badly injured in the line of duty. Funds which are no longer needed for that purpose remain from that appropriation, in the amount of about \$200,000, funds which are being used to provide for the town's expenses.

In the short-term the operations of the town are being supplemented with significant amounts from free cash, and, unless significant changes are made, we will require additional amounts of free cash in FY18 to maintain the same level of service. Further, in the long-term, we, like most municipalities, face unfunded future pension and Other Post Employment Benefit (OPEB) liabilities estimated at over \$54 million.

With this budget, we once again avoid significant service cuts but do very little to either increase revenues or reduce costs. It is unlikely that state aid will soon be returned to former levels and the electorate continues to show little interest in increasing revenues through a Proposition 2.5 override or debt exclusions. In the very near future we must either find a way to significantly increase local revenues or meaningfully reduce expenses.

### **Our Proposed FY17 Budget:**

Our proposed budget is the result of our effort, after hearing from all interested parties, to balance appropriately the budget we ultimately received from the Selectmen. The primary difference between the two is found in the overall town budget where we have made recommendations reducing expenditures under the warrant's money articles so as to bring the overall town budget into balance.

The proposed FY17 operating budget exceeds last year's budget by \$1,096,123, an increase of 3.16 %. Much of the increase is, as usual, caused by budgets over which we have little or no control, e.g., regional schools, state/county assessments, and pensions. General Government and Other Town Departments have increased due to increases in the Information Technologies department and a labor contract increase for most employees, including the fire fighters.

The operating budget is balanced only by means of a significant infusion of Free Cash and the availability of the \$500,000 in unanticipated funds. This is contrary to a general policy - adopted in broad principle by the Board of Selectmen and the Finance Committee - that operating expenses should not be covered by non-recurring revenues that cannot be relied upon from year to year

Free Cash has, to a great extent, been generated by our practice of making conservative estimates of local revenues in the budgeting process. It is also the result of town employees finding ways to save the town money, leaving some of their budget funds unspent, for which we are very grateful. We are now estimating our FY18 local revenues at 100% of the last available actual figures as we did for last year. There is no certainty that next year's Free Cash will equal the amount for this year.

### **Our Votes on the Warrant Articles:**

First, you will note that, in a number of cases, we made no recommendation because of a bylaw-based policy to make recommendations only on articles that are of a financial nature or where the perspective of the Finance Committee is thought to be of particular benefit to Town Meeting. This is true of **Articles 28, 31, 32, 33, and 38**, where the articles are followed by the statement "FINANCE COMMITTEE MAKES NO RECOMMENDATION."

Second, we recommended that six of the articles in the Warrant be passed over. In the case of **Article 1**, it is because there was no indication that additional funds remained from prior appropriations that were available to be transferred. In the case of **Article 13**, it was determined that no additional appropriations were needed for the receipts reserved account which provides for maintenance of the Landfill Site. **Article 21**, which budgets the Transfer Station as an enterprise fund, should of course be passed over if a favorable vote on **Article 6** removes the enterprise fund status. The Planning Board propose to pass over **Article 23**. The Board of Selectmen propose to pass over **Article 26** in order to provide more time to study the details of the complicated matter involved. Finally, it was thought unlikely that funds would be available to be added to the Stabilization Fund as is proposed by **Article 41**.

Third, as of the time of publication of the Warrant, we voted to defer recommendation in the case of **Articles 3** (the portion dealing with snow and ice), **4, 5, 7, and 22**, until we were presented with sufficient information for making an informed decision. As is noted below, at our meeting on April 26, we subsequently voted to recommend “yes” votes on **Articles 5, 7** (the town operating budget) **and 22**.

Fourth, we recommended “no” votes in the case of two articles. In **Article 9**, we recommended against appropriating from free cash monies for a Highway Truck and the COA parking lot. We also recommended (with one dissent) against acceptance of the donation of the parcel of vacant land that is the subject of **Article 25**.

Finally, we recommended favorable action on all of the other articles:

**Article 2**, appropriates money to cover legitimate accounts payable from the FY15 budget that were billed too late to be paid during that fiscal year.

**Article 3** deals with items in the FY16 budget, making transfers within a department in two cases, and finding funding from Free Cash and unused money appropriated for a different purpose in the others.

**Article 5** sets the compensation of elected officials for FY16. Although the Finance Committee had deferred a recommendation on this article at the time of publication of the Warrant, it voted to recommend a “yes” vote at its meeting on April 26 meeting, planning to make a motion at Town Meeting that will reflect an increase in the salaries of the Treasurer, Collector and Clerk that reflects negotiated salary increases for all town employees plus an additional increment to bring the salaries closer to what is earned by such officers with similar responsibilities in towns with comparable populations.

**Article 6** would revoke the status of the Transfer Station as an enterprise fund, and, if passed, would make it unnecessary to vote on **Article 21**. Rather than being funded separately as an enterprise fund, the Transfer Station would then be covered in the overall FY17 operating budget.

**Article 7** is the annual operating budget for the Town which was recommended a yes vote at the April 26<sup>th</sup> meeting held after printing of the Warrant.

**Article 8** seeks Town Meeting approval of a bargaining agreement reached between the Board of Selectmen and the Firefighters Association that provides for increases retroactively effective for FY15 and FY16 and a new contract for FY17.

**Article 9** appropriates funds, largely from Free Cash, for capital improvements proposed by the Capital Improvements Planning Committee except for the no votes mentioned previously.

**Articles 10 through 21**. Many of the Articles are essentially “boilerplate” provisions that Town Meeting often decides to vote upon as a group constituting a “consent calendar.” In the case of Article 21, as noted above, we recommend passing over if

Article 6 is passed to revoke the Transfer Station's status as an enterprise fund. In addition, we recommend passing over Article 13 since the Board of Health has determined those funds are not needed this year, allocating \$20,000 under Article 12 to the Assessors for revaluation expenses which is the amount they anticipate will be currently necessary and allocating \$150,000 for the Cable Fund.

**Article 22** authorizes funding the construction of a new police station by means of debt exclusion borrowing, an exclusion which is conditional on approval by the voters at a future election. Although the Finance Committee initially deferred recommendation before the warrant went to press, to make sure we had the most recent information, the committee unanimously recommended a yes vote at its meeting on April 26.

**Article 24** authorizes appropriations of community preservation funds as recommended by the Community Preservation Committee.

**Article 27** appropriates money to pay some legal bills which had been authorized for payment at the 2009 Annual Town Meeting but not paid. We recommended \$7,000 based on a recommendation from the Board of Selectmen.

**Articles 29, 30, 34, and 35** create new town government positions.

**Articles 36 and 37** authorize the Board of Selectmen, with the advice of the Landing Commission, to grant, if it deems appropriate, an easement to an abutter of the town landing at the Head of Westport. They present alternative routes to the same result of granting such an easement.

**Articles 39 and 40**, which accept two private roads as public ways.

**Looking Forward:**

The Board of Selectmen and Finance Committee have agreed in principle to a set of financial policies that reflect best practices for good financial management. This was an important step; it provided a framework to evaluate how we are progressing against financial goals. While we fall short of meeting all of the objectives, we have a balanced budget, have not tapped into the Stabilization Fund, are providing for some portions of our capital plan and are making a contribution to our long-term liability.

We welcome public comment and input at our meetings and hope to hear from you in the coming year so that our community can find sound financial footing for fundamental services.

Town of Westport Finance Committee

Hugh Morton, Chair  
Gary Carreiro, Vice-Chair  
Robert McCarthy  
Charles "Buzzy" Baron

Tracey Priestner  
Richard Brewer  
Karen Powell