



TOWN OF WELLFLEET

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MEMORANDUM

TO: BOARD OF SELECTMEN & FINANCE COMMITTEE
FROM: HARRY SARKIS TERKANIAN, TOWN ADMINISTRATOR
SUBJECT: DEPARTMENT BUDGETS; FY 2016 BUDGETS
DATE: 12/5/2014
CC: FILE

In general, department heads have been careful in submitting budget requests which reflect the fiscal environment in which the Town must operate. In many cases they have held the line or proposed small reductions. Responsible budget requests have helped to make preparation of this budget less difficult than it could otherwise have been.

In each of the department budgets salaries are changed from fiscal 2015 levels only where the increase is known as a result of an existing collective bargaining agreement or an employment agreement. Increases for union employees with expiring contracts, and non union employees who do not have contracts with agreed upon salary increases will be funded by separate article(s).

Comments on specific department budgets are as follows:

114 – Moderator. There was no operating budget for the moderator last year. As a result, the Department's expenses were paid from the Administration budget. This year's proposed budget of \$225 is consistent with previous years and includes annual dues to the Mass. Moderators Ass'n and mileage and meeting costs to attend the annual meeting.

115 – Constables. No change.

121 – Audit. The one time expense of a cash book audit (\$1,000) was removed as it was required only in connection with the hiring of a new Town Treasurers.

122 – Selectmen. No change.

123 – Town Administration. Changes to the Department's operating expense include a \$4,000 increase in seminars and training and a related \$2,000 increase in travel to budget for training for the new Assistant Town Administrator. The Department expense budget increases from \$6,900 to \$12,900, an 87% increase.

124 – General Administration. An increase in advertising costs is offset by a reduction in office supplies with a net decrease of the Department's expense budget of \$200.

131 – Finance Committee Budget and 132 - Reserve Fund. No change.

135 – Accountant. 1.14% increase in expense items.

141 – Assessors. Changes to the Department operating expenses include an increase in contract services from \$8,310 to \$8,865, a \$95 increase in meals and lodging and a \$90 increase in dues. Net effect is a 1.67% increase in the Department’s operating expenses.

145 – Treasurer. Contract services increased from \$10,000 to \$13,890 to reflect actual fiscal 2015 costs. Note that we are still separating Treasurer expenses from Clerk expenses.

146 - Collector. No change.

151 – Legal Expenses. The main budget item remains at \$100,000 despite spending substantially less than that in 2014 and probably in 2015. These two years have been lower than previous years in part because we use counsel differently and in part because there has been no new litigation involving the Town. However future litigation can rarely be anticipated. A dues and subscription costs line has been added to cover the cost of maintaining an updated copy of the Mass. General Laws in Town Hall.

153 – Computerization. Contract services increased from \$11,000 to \$26,000. The \$15,000 increase is to cover the cost of relicensing Microsoft Office. Currently most computers run Office 2003 which is no longer supported. Licensing is now on a subscription basis so this cost will recur. Network fees removed as Barnstable County is subsidizing the cost of Open Cape connections.

158 – Tax Title. Reduced from \$12,500 to \$11,000. In recent years this appropriation has not been fully spent.

161 - Clerk & 162 - Elections & Registration. In past years the Clerk & Treasurer budgets have been combined. The department expenses represent the “clerk only” functions we have been able to separate out. There may be further adjustment to these budgets and that of the Treasurer as we continue to separate the expenses associated with these two offices.

171 – Conservation Commission, 174 – Planning Board, 176 - Zoning Board of Appeals, 177 - Open Space Committee & 178 - Herring Warden. No change.

179 – Shellfish. Changes to the Department operating expenses include the addition of \$2,000 for electricity for heat at the beach sticker building, and an increase in costs to lease the flats in front of the Zimmerman property from \$1,000 to \$2,500 annually. The net effect is a 21% increase in the Department’s operating expense. Capital budget changes include revising the replacement schedules for Department vehicles, the ATV and outboard motor. An addition of \$2,000 for rent payment to the Marina Enterprise Fund should be added to the expense budget.

180 – Shellfish Conservation & Propagation & 181 - Shellfish Advisory Committee. No change.

182 – Chamber of Commerce. Budget is unchanged with \$3,000 of funding to come from the gift account for maintaining the “Discover Wellfleet” web site. The web site has now been transferred to the Chamber

183 – Natural Resources Advisory Board. Includes a \$50 increase to cover increased costs for the State of Wellfleet Harbor conference.

184 – Economic Development. No change other than a requested change in the account title from “Urban Development” to “Economic Development.”

189 – Housing Authority & 195 – Town Reports & Warrants. No change.

196 – Consultancy. No change. It includes \$500 for staff support for the Personnel Board.

210 – Police. Salary increases are all negotiated amounts. Increase in small equipment from \$3,000 to \$6,000.

215 – Communications. No increase.

220 – Fire. Salary costs are negotiated with the exception of the Chief. Overtime is increased approximately \$11,000 to reflect actual experience. Minor changes in expense items.

241 – Building. Contract costs increased \$1,092 to cover copier lease costs. Note that changing the Building Inspector position to a full time position will require a significant salary increase and will also increase benefit costs, primarily for retirement and health insurance.

291 – Emergency Management. No change.

292 – Animal Control. Assistant ACO increased from \$5,100 to \$7,500 to provide increased coverage.

293 – Traffic/Parking Control. Contract services increased from \$2,500 to \$4,000 to cover change in ticket processing service.

300 – Elementary School. No information yet. Using \$2,519,133 as a placeholder representing a 2.5% increase.

301 – Nauset Regional School District. No information yet. Using \$2,301,518 as a placeholder, again representing a 2.5% increase. Note that Wellfleet’s assessment is dependent on the overall budget and on the number of students attending from Wellfleet. The latter often has a more significant effect on the assessment than the overall district budget. My present understanding is that there will be only a small change in Wellfleet’s assessment percentage.

302 – Cape Cod Tech HS District. No information yet. Using \$146,975 as a placeholder based on an estimated budget increase of 5% and an increase in Wellfleet’s assessment percentage of about 33%. The effective increase is 40.4%.

417 – DPW Facilities. \$3,000 decrease.

420 – DPW Operations. Salary increases are all negotiated amounts except for that of the facilities person who we are in the process of hiring. Expense items are increased by \$11,500. The principal reason is a \$12,000 increase in repair and maintenance supplies from \$28,000 to \$40,000.

422 – General Highways & 423 - Snow Removal. No change. Note. Under no circumstances should the snow removal budget be reduced since any reduction will prevent the Town from overspending this budget should weather conditions require.

424 – Street Lighting. 41.67% decrease due to conversion to LED lights. I estimate that an additional, smaller decrease may be warranted after another year of experience with electric costs.

433 – Transfer Station. Net increase of \$3,634. Increases in vehicle maintenance and contract services largely offset by a reduction in other supplies.

434 – Recycling Committee. No change.

442 – Water System. In fiscal 2014 \$94,400 was appropriated for this purpose but the funds were not required and therefore not expended. Nothing was appropriated in fiscal 2015. The Water Enterprise budget shows an expected reduction in fund balance (the same as “water enterprise fund free cash”) from \$125,634 to \$31,532 if not subsidized in the operating budget.

Water Enterprise revenue	\$183,720	
Water Enterprise expense	<u>\$277,822</u>	
Operating deficit		(\$94,102)
Beginning fund balance		<u>\$125,634</u>
Ending fund balance		\$31,532

\$31,532 is a dangerously low fund balance. I recommend that an additional \$45,000 be appropriated to subsidize the Water Department operations. Unless and until connection numbers improve this budget will continue to exhibit signs of stress. Stress on this budget will only increase as deferred connection payment obligations are repaid by system users and revenue from those sources diminishes.

510 – Health/Conservation. Changes to the Department’s operating expenses include a \$40 increase in copier costs and a \$18,033 increase in contract services to continue to pay Barnstable County for staff help one day each week. In light of the increased costs we have decided to proceed with advertising to fill the assistant health agent position which remains funded in the budget. The budget includes three household hazardous waste days and an additional \$1,122 to lease a copier to replace the existing purchased one. The net effect is a doubling of the Department’s operating expense. If we are successful in hiring an assistant health and conservation agent the contract services line item can be transferred to salaries and wages.

520 – Human Services. Requested increase is 3%, I have recommended a 2 ½% increase instead.

541 – Council on Aging. Expense increase is due to copier leasing costs.

543 – Veterans Services. No information yet, using \$27,598 as a placeholder, assuming a 2.5% increase.

610 – Library. Changes to the Department’s operating expense include increases in the cost of membership in the CLAMS system (\$1,000), a \$1,800 increase in office supplies, and increases in circulation materials totaling \$9,000. The changes to the Department’s operating budget result in an increase of 11.53% over the previous fiscal year. In addition to the changes in the operating budget, there are three requested changes in the salaries & wages budget: 1) the retirement this coming spring of the Library Director will result in some savings as it is anticipated that a qualified replacement can

be hired at a lower salary; 2) a request to reclassify the Assistant Librarian/Public Services position to Assistant Library Director; and 3) a request to promote the seasonal/temporary position to a new part time Library Assistant. The estimated net cost of the latter two changes is estimated to be \$9,000 to \$10,000.

630 – Recreation. Employee costs include an increase of \$1,825 for skateboard monitors and a \$8,997 increase in seasonal wages. Part of the increase is the result of having to cover four days in June 2016 at a cost of \$6,136. The remainder is wage increases averaging about \$0.50 per hour to remain competitive with other Cape towns and to increase the tennis monitor coverage into October. Expense increases amount to \$3,613. About \$1,350 of this is for temporary repairs to the tennis courts and windscreen replacement. Note that Department receipts as of October, 2015 were \$64,014.

660 – Community Services Director. Stipend is subject to collective bargaining effective July 1, 2015. Recommended amount is a placeholder equal to the current stipend \$2,500 stipend for eight months annualized.

690 – Historical Commission. No change.

692 – Holiday Celebrations & 696 – Cultural Council. No change.

699 – Beach Program. The salary budget increase is caused primarily by a greater number of days the program will operate which is determined by the dates on which Memorial Day and Labor Day fall. The primary increase in expenses is caused by the need to keep portable toilets on site longer, or in the alternative, operate the restrooms later into the fall.

753 – Short Term Principal/Interest & 756 – Interest on R/E Tax Refunds. No change.

911 – Retirement Plans. Estimated increase is from \$965,243 to \$1,002,887. This is a 3.9% increase.

912 – Worker's Compensation & 913 – Unemployment Compensation. No change.

914 – Group Health Insurance. Estimated increase is from \$1,018,800 to \$1,086,495. This is a 6.64% increase.

915 – Group Life. No change.

916 – Medicare. Estimated increase is from \$94,650 to \$99,130. This is a 4.73% increase.

917 – Health Insurance Stipend. Increase from \$30,000 to \$32,000 to cover anticipated increases in health insurance costs.

940 – Tax Workoff Program. No change.

945 – Property/Liability Insurance. In recent years premium increases have run about 6% over previous years, so the premiums are estimated to increase to \$282,700. The deductible line item has been increased from \$1,000 to \$5,000 as most of the Town's policies have at least a \$5,000 deductible. The total increase over FY 15 is \$32,200, a 9.4% increase.