



# TOWN OF WELFLEET

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To: Board of Selectmen  
From: Harry Sarkis Terkanian, Town Administrator *HST*  
Subject: Summary of FY 2017 Budget Changes from FY 2016  
Date: November 12, 2015, Revised December 3, 2015  
CC: Finance Committee

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Most of the operating budgets show small or no increases. Note that a number of individual and collective bargaining agreements are up for renegotiation as of July 1, 2016. The operating budget does not include an allowance to fund possible increases. I recommend a reserve of \$118,256 for these items as part of the budget estimate.

124 – General Administration. The decrease results from moving part of the Water System clerk salary to the Water Enterprise budget.

132 – Reserve Fund. Item has been increased from \$75,000 to \$80,000 to comply with the Town's financial policies (0.5% of the operating budget).

135 – Accountant. This budget includes a one time payout of accrued leave estimated at \$30,000 in anticipation of the Town Accountant's retirement during FY 2017

162 – Elections. Item has been increased by \$2,600 (40.31%) due to state and national elections in 2016.

179 – Shellfish Department. Operating budget: a \$2,000 expense reduction by removal of electricity expense item. Note the Shellfish Dept. pays \$2,000 rent to the Marina by transfer from the Shellfish Fund. Capital budget. No items in the FY 2017 capital plan. Items including ATV, truck and outboard replacement have been deferred based on the current condition of equipment. Truck replacement has been budgeted in future years based on expected useful life of four to five years.

210 – Police Department. Except for contracted for staff raises and collective bargaining incentives, this department budget is level funded.

The Police Chief has requests an additional officer. From 1997 to 2010 the normal department compliment was thirteen sworn officers. In 2010, in response to budget pressures, the department staffing was reduced by one officer. Last year the Chief requested an additional officer. The request was approved at town meeting, but the necessary override vote failed at the annual town election. The need for an additional officer is reflected in the number of shifts covered with overtime, covered with command staff or run as single officer shifts. The estimated direct annual cost is \$49,388 with a one time training cost of \$10,612 for a total of \$60,000. While estimation of benefits costs is difficult, the total first year cost is estimated at \$80,000 to \$100,000.

There are some capital expenses that will have to be addressed in future budget years. These include the need for a video recording system to record police interviews and interrogations and the need to replace police radios. It is possible that some of these costs could be included as part of the police station renovation cost.

215 – Police Communications. With the exception of the cost of a copier lease, the department budget is level funded. The police department copier has failed and been replaced with a leased copier, so the capital cost to replace the copier has been removed and is replaced with an annual lease cost instead. The lease cost is in the communications budget, the service contract cost is in the police department budget.

220 – Fire Department. The department head requested expense budget reflects a 7.92% increase over FY16. A number of factors contribute including an increase in contract services in anticipation of engaging a consultant to guide the department through filing two vacancies caused by the retirement of senior officers. This is a one time expense Gasoline and diesel has increased to reflect increased call volume. The requested amount is still less than FY15 actual and less than FY16 extrapolated to a full year. Increases in medical supplies and uniform expense are driven by cost increases. The cost of county dispatch services has been reduced by \$21,000.

While not a FY17 issue, the retirement of two senior officers one of the forces driving future revised staffing of the department. Moving the captain to days and adding a third day officer will provide better supervision and reduced need for overtime during days. (It is not asserted that the overtime savings will defray the cost of the additional position.) The department will also need a shift commander for the evening shift, which may be someone from the current compliment of officers. If so, the assignment as shift commander will create another vacancy to be filled. Over the next two to three years the Department may need to add two officers. The Chief is working on a more detailed plan and budget analysis.

As with most departments the salaries and wages are subject to reaching a bargaining agreement. But in anticipation of retirements there a proposed reduction of \$22,000 in full time overtime, offset by a slightly larger increase in call fire salaries and wages. Note that Department overtime is calculated based on known or estimated shift vacancies caused by vacations, sick time and firefighter callbacks. It does not include shift coverage for training.

The only change in the FY17 capital request is the deferral of replacing ambulance #99 to FY18 based on condition. Other changes in the capital budget for future years include deferring a vehicle purchase (duty truck #80) by one year based on the condition of existing equipment. The most significant change is in the radio replacement item. The current plan allocates \$70,000 over seven year period for replacement. Changes in technology are forcing acceleration of this schedule and an increase in cost from \$70,000 to \$150,000 spread over FY18 through FY22. As with the self contained breathing apparatus this year, the Department will seek grant funds in an effort to reduce this cost. I also have discussed with the Chief staggering future (FY22) ambulance purchases so that only one purchase per year is required. There will also be a request in a future year for an additional vehicle for fire prevention and inspection duty.

241 – Building Department. The Department is requesting an increase to the amount that is paid to the Wiring/Electrical Inspector and the Gas/Plumbing Inspector per inspection they perform. The requested increase is from \$33 per inspection to \$36. Based on FY15 there were 717 inspections conducted. At this number of inspections the budget would need to be increased by \$2,151 which equates to a 1.3% increase for FY17. The expenditures budget is being level funded at \$14,062.

292 – Animal Control Officer. This budget is essentially level funded. The issue with the animal control officer is whether the relationship with Truro needs to be re examined. We currently operate under an agreement where the animal control officer is on Wellfleet's payroll for 22 hours per week and on Truro's for 18 hours per week. This means that Wellfleet pays all of the officer's benefits costs. Effectively, the officer is supervised by the Wellfleet Police Chief. In exchange the Town of Truro furnishes the officer's vehicle.

301 – Elementary School. Operating budget first draft shows a 2.27% increase. No changes to the capital plan.

302 – Nauset Regional School District. October 1, 2015 enrollment figures show a slight decrease in the Town's percentage of total enrollment which will reduce the Town's percentage share of the total assessment. Region's budget process has just begun. Current budget line item shows an increase of \$80,766 (3.20%.) It is an estimate based on initial Region budget documents.

The Nauset Region has also filed a Statement of Interest with the Mass School Building Authority to conduct a feasibility study of renovations to or replacement of the High School. If the District is invited to participate, Wellfleet's share of the cost of a feasibility study is included in the capital budget at an estimated \$55,000.

303 – Cape Tech. October 1, 2015 enrollment figures show a slight decrease in the Town's percentage of total enrollment which may result in a reduction of the Town's percentage share of the total assessment. Cape Tech has been invited by the Mass. School Building Authority to participate in a feasibility study which may lead to a future renovation or replacement of the school. No budget estimate is available at present so a 2.5% growth has been assumed.

417 – DPW Facilities. Level funded except for an increase in propane from \$28,000 to \$30,000 caused by switching town hall and the DPW barn to propane heat with Green Communities funds. Last year the heating oil budget was overspent by \$1,600, so the total increase in heating fuel between these two items is \$2,000 to bring the budget in line with experience.

420 – DPW Operating. Operating expense is funded with a net reduction of \$1,000.

422 – DPW General Highways. Operating expenses are increased from \$57,900 to \$107,900. Last year I removed the \$50,000 Chapter 90 supplement because the Commonwealth released additional finds and the reduction was needed to bring the budget in within Proposition 2 ½ limits. This year the supplement has been restored based on the assumption that the additional Chapter 90 funding will not be available in FY17.

The General Highways capital budget includes funds in FY17 to engineer the reconstruction of Lieutenant's Island Road. It is anticipated that reconstruction will take place in FY18 with a "back of the envelope" estimate of \$800,000 for reconstructing the road and upgrading all drainage structures. This has been added to the capital plan. An as yet to be determined part of the cost can be covered with Chapter 90 funds.

423 – DPW Snow Removal. I have recommended that this budget be increased from \$93,300 to \$128,180 in order to reflect more accurately the actual experience. The average over the last eleven years has been \$129,959. Over the last five years the average has been \$157,000.

424 – DPW Street Lighting. The expense budget has been reduced \$2,000 to reflect reduced maintenance contract costs for LED streetlights.

433 – Transfer Station. The operating budget request has increased from \$271,684 to \$318,804. This increase has been driven by the cost of contract services. The increase is from the contracted increase in municipal solid waste tipping fees, beginning September 2016, from \$18.50 per ton to \$55 per ton and the increased cost in transporting recyclable materials. With the increase in recycling, more material for recycling is available on the market resulting in vendors no longer paying for recyclable material, picking it up without charge or supplying containers. . In the case of some materials (glass, plastic and tin) the Town is paying a tipping fee in addition to bearing delivery costs. The Town is still paid \$10.00 per ton for newspaper and cardboard. The landfill monitoring line item has increased by \$3,000 to cover the cost of additional testing now required by Mass. DEP.

510 – Health and Conservation. The Department is requesting an increase of \$5,000 to cover the costs of the tick testing program for Wellfleet residents. The amount would allow for the testing of 100 ticks at a rate of \$50 a tick. Adding this program would increase the expenditures line item budget by 21% from FY 16 total of \$18,292 to \$23,292.

541 – Council on Aging. The Department is requesting a funding increase of 5.3% for a total appropriation of \$36,650. The increase is for increases to contracted services to cover water aerobic classes, increase in the food supplies line item, increase travel expense for staff trainings, and dues and memberships.

??? - Social and Human Services. The Department is requesting an increase of .8% for a total appropriation of \$80,000 for FY17. Note that the Human services budget also now includes the \$100,000 preschool subsidy override.

542- Council on Ageing Board. The Department is requesting that this budget be funded at \$600 to cover costs associated to contract services and office supplies. The Council on Aging Board requests these funds to cover the cost of printing their annual survey and preparing it for mailing to those seniors that do not have email.

610 – Library. The department requested operating budget expense reflects an increase of over 7%. I have recommended no increase to Office Supplies as less than 25% of it has been spent through the first three months of FY16. Similarly, increases in periodicals, books and non print materials show increases totaling \$5,500. By reducing the requested increases by \$5,000 the expense part of the budget becomes \$113,162, an increase of 2.64% over FY16.

There is also a request for an additional \$2,000 in funding for temporary help to cover scheduling gaps and caused by current staffing levels. I have asked the Library Director for further details including an estimate of hours needed.

660 – Community Services Department. The Department is requesting to transfer from the Council on Ageing cell phone line item to budget 660 in the amount of \$650. The total proposed budget for this department including salary and cell phone reimbursement for FY 17 is \$79741.85.

630 – Recreation Department. There is a request to increase the personnel budget for seasonal staff by \$901 and a new line item for Off Season staff for \$3,538. The department is requesting a total increase of \$2,992 under the expenditures line items



resulting is a 4% increase over last FY16. Capital Improvement: The Recreation Department is requesting to upgrade software capability so that program participants will be able to register online. The estimated cost of this upgrade is \$8,000.

699 – Beach Program. The Department is requesting an increase of 7.5% for a total requested appropriation of \$321,405 for FY17. The increase are to cover costs associated with anticipated wage increases for seasonal employees and the need to replace 4 rescue boards at a cost of \$925 each. Capital Improvement: The Beach Department is proposing a capital project to install access matting at various beach locations. This is to provide access for people in wheelchairs or who use assistive devices such as walkers to access the beach and the benches at the ocean. This is the first priority for the Department. The total estimated cost is \$16,200.

Marina Enterprise. The department head request reflected a decrease of less than \$1,000 from FY16. In light of reduced gasoline prices and reduced volume of sales I have recommended reducing the fuel purchase for resale line item by \$40,000 (from \$200,000 to \$160,000). Liability insurance costs were omitted from the FY16 budget. Premiums were \$9,200 in FY15 so I have added a \$10,000 line item for insurance premiums. The net result is a \$30,000 decrease in the expense budget for the Marina (about 12%). Marilyn Crary is reworking the Marina costs in the operating budget to reflect recent increases in employee benefits costs which will result in an increase in the charge against the marina enterprise fund for these items. The Marina Enterprise Fund will continue to experience fiscal pressure from declining usage until the usability of the inner harbor is addressed by dredging.

Water Enterprise. The operating budget shows a 1.7% increase over FY16, the primary causes being a contracted increase in Whitewater's contract (\$2,292) and an increase in electricity cost (\$\$1,880) to better reflect actual costs. Some of these costs are offset by small reductions elsewhere in the budget. The significant issue is the overall financial model for the water department. Estimated connection fees for FY17 are expected to cover 96% of the annual capital expense. However, as has been noted previously, there are structural problems with the water enterprise fund.

- While it is estimated that payment of deferred connection fees will cover almost all of the current year capital costs, deferred payment agreements have been ten (10) year agreements while the underlying loans are for much longer terms, typically 40 years. So there will come a point when the revenue stream from connection fees will end and the debt service obligation will continue to exist. Unless another source of revenue is developed, the debt service will become a general obligation of the Town and will have to be paid from tax revenue.
- Operating expenses continue to exceed water service charges and fees. Although final budget figures for FY 17 are still being developed, this gap could be as wide as \$100,000. This funding gap must also be closed either by encouraging additional connections or continued subsidy in the operating budget. In recent years the Town has voted operating subsidies of \$94,000 (FY14) and \$45,000 (FY16). I have proposed a \$45,000 appropriation for this purpose.
- As extensions to the water system are proposed thought must be given to determining the appropriate mix of connection fees, betterments and support from the tax levy.