



TOWN OF WELFLEET

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To: Wellfleet Board of Selectmen
Wellfleet Finance Committee

From: Daniel R. Hoort, Town Administrator

Subject: Analysis of the Town Administrator's Fiscal Year 2021 Operating, Capital and Enterprise Budgets

Date: December 3, 2019

Staff continues with format introduced last year with a more comprehensive presentation of the FY 2021 budget. Each department head was requested to fill out a narrative for their budget that provides the reader with a better understanding of how the budget was created. The budget is a planning tool that explains how we, as staff, will follow the directions of the Board of Selectmen and are going to provide services to the residents of the town.

The FY 2021 budget presented to you on the following pages is an increase of 4.11%. The proposed budget addresses the Budget Policy as adopted by the Selectmen as follows:

- **To work towards presenting a balanced budget, within the constraints of Proposition 2 ½, without requesting an override.**

The proposed budget, with an increase of 4.11% will require no operating override for funding, but it gets tighter every year.

- **To limit the overall increase in the budgets recommended for the Wellfleet Elementary School and the Nauset Regional School District to 2.5% or less while acknowledging the actual Town of Wellfleet assessment for the Nauset Regional School District and the Cape Cod Regional Technical High School may be above or below that amount due to variances in student enrollment numbers.**

The proposed budget for Education is an estimate currently. Based on preliminary budget estimates and estimates of enrollment the Education budget is projected to increase 2.5% over the budget for Education in FY 2021. It should be noted that this is only an estimate at this point.

- **To limit the Fiscal 2021 operating budget for expenditures other than education and unclassified accounts to 2.5% or less.**

Excluding Education and unclassified accounts the proposed budget is increasing by 4.4%.

	<u>FY 2020</u>	<u>FY 2021</u>	<u>Increase</u>	
Payroll	\$7,084,695	\$7,426,516	\$341,821	(+4.82%)
Operating	\$2,848,884	\$3,038,861	\$189,977	(+6.67%)
Total	\$9,933,579	\$10,465,377	\$531,798	(+5.35%)

- **To limit the increase in the unclassified accounts budget to 8% or less while acknowledging that the increase in health insurance and the retirement assessment is not controlled by the Town of Wellfleet.**

Based on current estimates the proposed budget for unclassified accounts (Benefits & Insurance) is projected to increase 6.20% from the previous year. It should be noted that all the current amounts in the unclassified accounts are based on estimates, we have yet to receive any actual amounts. We're hoping the actual amounts will come in lower.

REVENUE

Revenue is derived from several sources including:

- Property Taxes
- Other Special Revenue Funds
 - Ambulance Fund
 - Beach Fund
 - SEMASS Fund
 - Recreation Fund
 - Shellfish Fund
 - Septic Fund
- Other Sources
 - Free Cash
 - Estimated Local Receipts
 - State Aid

There are several budgets that are estimates at the time of this presentation including:

- Dept. 300 – Wellfleet Elementary School
- Dept. 301 – Nauset Regional School Assessment
- Dept. 302 – Cape Cod Regional Technical High School Assessment
- Dept. 911 – Retirement Assessment
- Dept. 914 – Group Health Insurance
- State Aid Receipts and Assessments

The budget as presented is a first draft. Between now and March 1st staff will continue to work on the operating budget and capital improvement plan and adjust as needed.

An analysis of the various segments of the budget is on the following pages.

Payroll

The payroll budget as presented is projected to increase by \$341,821 or 4.82%.

Payroll, at \$7,426,516 comprises 36.9% of the proposed FY 2021 budget (up slightly from 36.2% in FY 2020).

It is a goal of the Town Administrator to pay the Town's staff a fair and competitive wage while operating as efficiently as possible. I believe the proposed budget achieves that goal.

We continue to have difficulty hiring full-time and seasonal staff. Especially in the Police Department, Fire and Rescue and the Department of Public Works. We have worked to adjust contracts to be competitive with neighboring communities and will have to continue to monitor the situation.

It should be noted that the Wellfleet Employee Association contract is up for renewal for FY 2021. The contract affects thirty full-time and six part-time staff members. The approval of the contract when finalized will come under a separate town meeting article.

Three new positions are being requested this year.

- Two Firefighter/EMT/Paramedics
The Fire and Rescue Department has continued to see a reduction in the on-call fire force. When we don't have an on-call fire department staff we need to fill those vacancies with full-time staff members. We still have some very fine men and women on the on-call fire department staff, but the model seems to be changing and it's unclear how long we can continue to rely on their contributions.
- One new Shellfish Department staff member
The Shellfish Constable is requesting an additional staff member to meet the increase in oversight, monitoring and enforcement

Neither of these positions is included in the FY 2021 budget. All three positions would require town meeting approval and a positive vote at the ballot box.

Summary of Changes by Division

General Government

	Personnel	Operating	Total
Town Administrator	\$246,092	\$11,250	\$340,950
Increase	-0.65%	-0.83%	-0.66%
	-\$1,604	-\$100	-\$1,704
General Admin.	\$132,532	\$21,800	\$154,332
Increase	2.70%	1.87%	2.58%
	\$3,479	\$400	\$3,879
Town Accountant	\$167,188	\$10,390	\$177,578
Increase	14.73%	0%	13.75%
	\$21,461	\$0	\$21,461
Assessor	\$128,181	\$66,940	\$195,121
Increase	0.48%	31.07%	9.22%
	\$609	\$15,870	\$16,479
Treasurer Collector	\$199,006	\$46,945	\$245,951
Increase	6.31%	7.63%	6.56%
	\$11,478	\$3,330	\$14,808
Town Clerk	\$84,660	\$11,820	\$96,480
Increase	64.87%	-10.41%	64.87%
	\$33,310	-\$1,374	\$31,936
Shellfish Dept	\$235,324	\$29,060	\$264,384
Increase	6.94%	34.41%	9.40%
	\$15,271	\$7,440	\$22,711

Town Administrator

Personnel increases are per contracts. Operating expenses are basically level funded.

General Administration

A line item has been included for vacation buyout based on past history and the WEA contract.

Town Accountant

The compensation level for the Town Accountant position was increased to attract a candidate for the position.

Assessor

The most significant change is line B-2 in the operating budget. We use an outside service, as do most towns, to collect the data that is submitted to the State of Massachusetts and is used to set the tax rate. A new three-year contract was recently negotiated and includes the cost of recertification for FY 2021. Every five years the State requires towns to go through a recertification process which is a larger expense for the Town. Fiscal year 2021 is Wellfleet's recertification year.

Treasurer-Collector

The Department was reorganized with the retirement of the previous Treasurer/Collector in February 2019. The compensation levels reflect the reorganization.

Town Clerk

In fiscal year 2020 the Town Clerk position was held by the person holding the Assistant Town Administrator position. When that person left for another community we hired a full-time individual to serve as Town Clerk which increased our personnel costs. We are also budgeting \$9,431 for an Assistant Town Clerk to cover for relief coverage while the Town Clerk is out of the office.

Shellfish Department

Funds have been added to the Personnel budget to reflect the cost of holiday coverage in the department as well as vacation buyout based on past history and the WEA contract.

The operating expenses include a one-time \$1,000 budget increase (line B-3) to hire a GPS consultant to map the aquaculture areas. Town meeting voters approved a third truck for the department in April 2019, line B-12 is increased to reflect the increased fuel cost for the third vehicle.

Legal

There are several legal expenses that have increased the Town’s legal fees. Two lawsuits, one regarding housing and one defending a Conservation Commission decision have increased our legal expenses. In addition, as the Herring River Restoration project nears implementation, we have seen our legal costs rise. Truro’s decision that KP-Law could not represent both Truro and Wellfleet have affected our expenses as we have hired a second outside counsel to represent us on the project.

Public Safety

	Personnel	Operating	Total
Police	\$1,473,893	\$131,135	\$1,605,208
Increase	0.88%	10.54%	1.61%
	\$12,890	\$12,500	\$25,390
Fire & Rescue	\$1,086,525	\$233,470	\$348,983
Increase	2.51%	0%	2.20%
	\$26,653	\$0	\$26,653
Highways	\$0	\$92,900	\$92,900
Increase	0%	0%	0%
	\$0	\$0	\$0
Snow and Ice	\$45,000	\$83,180	\$128,180
Increase	0%	0%	0%
	\$0	\$0	\$0

Education

	Wellfleet Elementary	Nauset Regional	Cape Cod Regional Technical
Estimated Assessment	\$2,765,144	\$3,228,867	\$261,514
Increase	2.50%	2.50%	2.50%
	\$67,443	\$78,753	\$6,378

The Education budget is only an estimate at this time. The assumption for this budget is that each budget will increase by 2.5%.

Nauset Regional

The budget has been estimated to increase by 2.5%. At this time we have not yet received the student count so the budget may change based on Wellfleet’s percentage of students enrolled in the Nauset Regional School District.

Cape Cod Regional Technical High School

We expect to have thirteen students enrolled at Cape Cod Tech, the same as the prior year.

The Department of Public Works

	Personnel	Operating	Total
Facilities	\$0	\$340,950	\$340,950
Increase		0%	0%
		\$0	\$0
DPW Operations	\$1,086,525	\$149,550	\$348,983
Increase	2.51%	0%	2.20%
	\$26,653	\$0	\$26,653
Highways	\$0	\$92,900	\$92,900
Increase	0%	0%	0%
	\$0	\$0	\$0
Snow and Ice	\$45,000	\$83,180	\$128,180
Increase	0%	0%	0%
	\$0	\$0	\$0
Transfer Station	\$0	\$352,350	\$352,350
Increase	0%	8.97%	8.97%
	\$0	\$29,000	\$29,000

Public Works

The Department of Public Works has again achieved a mostly flat budget. The personnel increases represent the new Teamsters' contract approved in April 2019. The only increase in the operating budget is at the Transfer Station (page 12, line B-2). The per tonnage costs for solid waste disposal may be increasing. The vendor has requested an increase in rates due to the 'Uncontrollable Circumstances' clause in the contract. Staff and town counsel do not believe that the circumstances they are quoting qualify as uncontrollable circumstances. We may see an increase, but we will not accept the 50% increase they have requested.

Human Services

	Personnel	Operating	Total
Health & Conservation	\$166,819	\$37,934	\$204,753
Increase	1.69%	42.45%	7.38%
	\$2,769	\$11,305	\$14,074
Council on Aging	\$216,684	\$52,125	\$268,809
Increase	3.37%	10.61%	4.70%
	\$7,055	\$5,000	\$12,055

Health and Conservation

The department has requested additional funding of \$10,600 to test for the Cyanobacteria (line B-2). The administration supports this request as the health of residents and visitors to Wellfleet should always be a priority. The department includes WEA employees.

Council on Aging

The department's personnel expense increased in FY 2019 due to a reclassification by the Town Administrator to have an Assistant Department Director in place during the summer while the COA Director is attending to the duties related to the Beach Department.

The operating budget increased to cover the cost of fuel for the COA van (line B-13). In past years the 'Friends' have been able to cover the fuel costs, but that is not always the case. The Town needs to supply funding for the fuel costs. The department includes WEA employees.

Culture and Recreation

	Personnel	Operating	Total
Library	\$362,419	\$145,300	\$507,719
Increase	1.25% \$4,475	19.89% \$21,000	5.28% \$25,475
Recreation	\$267,607	\$81,379	\$348,983
Increase	6.80% \$17,040	6.60% \$5,037	6.75% \$22,077
Community Services	\$94,666	\$75,750	\$170,416
Increase	-0.26% -\$251	0% \$0	-0.15% -\$251
Beach Program	\$319,125	\$66,760	\$385,885
Increase	22.18% \$57,936	0.54% \$360	17.80% \$58,296

Library

The significant increase in the Library is in materials (lines B10, B11 and B12) which increased by \$15,000. Massachusetts General Law requires that each library spend 19.5% of their budget on periodicals, books, etc. With this increase the Wellfleet Library will spend 18.5% of its budget on materials. The department includes WEA employees.

Recreation

Recreation personnel has increased by 6.8% for two primary reasons. The minimum wage in Massachusetts is increasing from \$12.00 an hour to \$12.75 effective January 1, 2020 which results in a significant number of increases for the seasonal staff. The department is also looking to work with special needs students to provide them with the same recreational opportunities as all children in Wellfleet. A higher level of training and a higher level of compensation is being provided to a group of counselors so they are able to support these children.

In operating expenses the Recreation program is paying to have the school gym floor refinished jointly with the school. Recreation uses the gymnasium more than the school does and is paying for the majority of the costs. The department includes WEA employees.

Beach Program

It's a different time in Wellfleet and the Beach Program is reacting to the needs of the community. The increase in the minimum wage has increased personnel costs, but the primary driver of the increases in personnel costs is the expanded season. Lifeguards previously ended their season over the Labor Day weekend. Depending on the weather the Beach Program working with our lifeguards will be working to provide weekend coverage through the end of September.

Benefits and Insurance

	FY 21 Budget	\$ Increase	% Increase
Retirement Assessment	1,322,558	\$74,862	6.00%
Worker's Compensation	\$115,000	\$0	0.00%
Unemployment Comp.	\$25,000	\$0	0.00%
Health Insurance	1,489,349	\$110,322	8.00%
Life Insurance	\$6,500	\$0	0.00%
Medicare	\$131,040	\$5,040	4.00%
Health Ins. Stipend	\$45,000	-\$5,000	-11.11%
Health Savings Account Contribution	\$19,000	\$0	0.00%
Property & Liability Insurance	\$330,000	\$18,000	5.77%

Every current budget for FY 21 Benefits and Insurance is an estimate at this point. We feel we are being conservative enough in our estimates so that actual numbers should come in lower.

Retirement Assessment

The assessment is connected to returns in the stock market. We hope this will come in less than the six percent currently budgeted.

Health Insurance

Last year the increase was \$0. The Town Administrator's budget is calling for an eight percent increase which has been closer to normal in the past. We'd be very happy with any lesser increase.

Property and Liability Insurance

Fiscal year 2019 actual was \$324,008, the FY 2021 increase is projected closer to what the insurance has cost us in the past few years.

On the following pages the reader will find further details of the FY 2021 Budget.

<u>Description</u>	<u>Pages</u>
Budget Summary-Revenue less Expenditures	9
Estimated Local Receipts	10 - 11
Operating Budget Detail	12 - 16
FY 21 Debt Service Budget	17 - 18
Long Term Debt Schedule	19 - 21
FY 2021 Capital Improvement Funding	22
Expected Town Meeting Articles	23
Budget Policy as adopted by Selectmen	24 - 28

The introduction is followed by separate tabs as follows

- General Government
- Public Safety
- Education
- Public Works
- Human Services
- Culture and Recreation
- Benefits and Insurance
- Payroll
- Capital Improvements