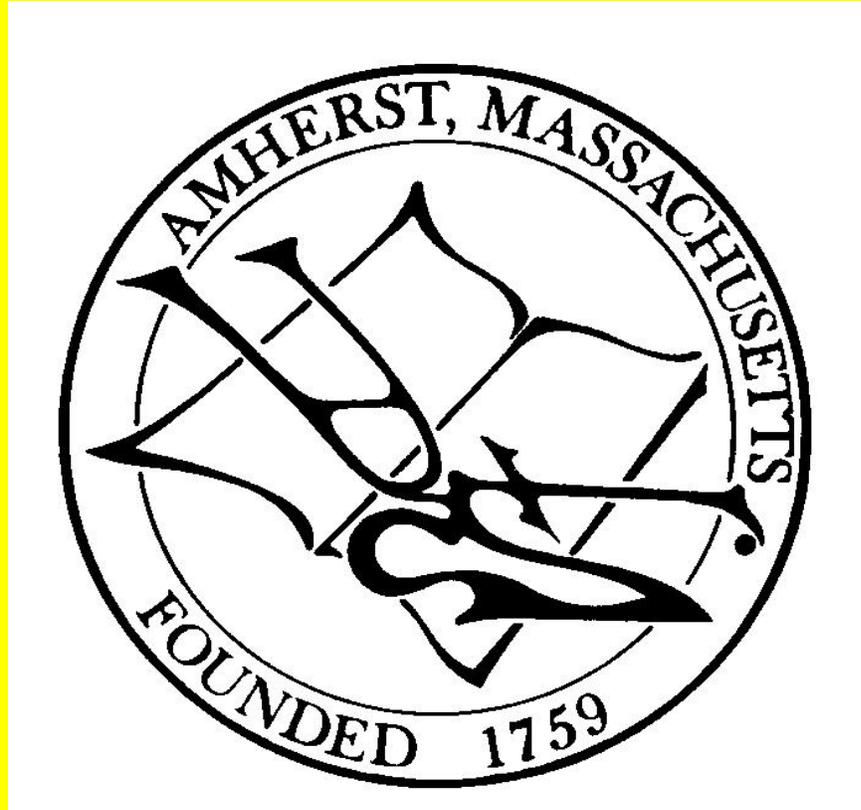


**TOWN OF AMHERST  
PROPOSED BUDGET  
FISCAL YEAR 2016**



**JULY 1, 2015 - JUNE 30, 2016**

# THE FY 16 BUDGET PROCESS

## SEPTEMBER – OCTOBER 2014

The Select Board hosts a joint meeting of the Select Board, Finance Committee, School Committee, and Library Trustees to review revenue and expense projections for the next several budget cycles.

The Amherst Budget Coordinating Group (BCG), comprised of representatives from the Select Board (2), School Committee (2), Library Trustees (2), Finance Committee (2), Regional School Committee Chair, Town Manager, Finance Director, Superintendent of Schools, School Business Manager, and Library Director will meet periodically throughout the budget development process to serve as a clearinghouse for budget information, to refine a master town/school/library budget development calendar, to review a long-range financial projection that includes prior years' results, current year approved budget, revenues/expenditures for the current and next three fiscal years, and reserves, and to develop a common understanding of issues related to budget priorities and of methods of sharing resources ultimately leading to a recommended course of action. The BCG will disseminate the group's recommendations and conclusions to the public, will take no votes, and work to achieve consensus.

## NOVEMBER – DECEMBER 2014

The Finance Committee recommends FY 16 spending guidelines to Town Manager, Select Board, School Committee, Superintendent of Schools, Library Trustees, and Library Director.

## NOVEMBER 2014 – JANUARY 2015

Town Manager, Superintendent of Schools, and Library Director develop proposed operating budgets and capital recommendations.

By January 16, as specified in section 5.1 of the Amherst Town Government Act, "the town manager shall submit to each member of the select board and finance committee a recommendation in writing of the appropriations for the town government for the ensuing fiscal year, ...showing specifically the amount recommended to be provided for each fund and department,...[and] an estimate of the receipts of the current year and an estimate of the amount of income from all sources of revenue exclusive of taxes upon property in the ensuing year..."

The Superintendent of Schools submits to the School Committee a spending proposal for the elementary schools and a budget for the Regional School District that includes an estimate of revenues from all sources and an estimate of probable expenditures. Proposals are presented to the respective School Committees and to the Finance Committee.

The Library Director presents a budget to Library Trustees that includes estimates of revenues from all sources and proposed expenditures for the ensuing fiscal year. The proposal is presented to the Library Trustees and the Finance Committee.

## JANUARY - APRIL 2015

The Finance Committee reviews proposed FY 16 Capital and Operating Budgets and formulates its recommendations, which will be presented to Town Meeting. The Select Board will also review the Finance Committee's recommendations so it can make recommendations to Town Meeting regarding the Finance Committee's recommendations. The public is invited to attend any of these meetings and to voice its opinions. The Finance Committee generally meets on Thursday evenings. The Select Board meets on selected Mondays. The Joint Capital Planning Committee (JCPC) reviews and formulates recommendations for capital spending in the next ensuing fiscal year. The JCPC generally meets on Thursday mornings. The Community Preservation Act Committee (CPAC) is charged with assessing the needs of the Town in those areas identified by the Act, and recommending relevant expenditures to Town Meeting. By state law, CPA funds are to be spent only "for the acquisition, creation and preservation of open space; for the acquisition, preservation, rehabilitation and restoration of historic resources; for the acquisition, creation and preservation of land for recreational use; for the acquisition, creation, preservation and support of community housing; and for the rehabilitation or restoration of open space, land for recreational use and community housing that is acquired or created." The Town's website [www.amherstma.gov](http://www.amherstma.gov) posts meeting agendas and minutes, the Town Manager's proposed budget document, and budget-related committee reports. If necessary to fund a balanced budget, the Select Board may schedule a referendum to override (increase) the Town's Proposition 2½ property tax levy limit.

## APRIL - MAY 2015

Town Meeting considers the recommendations of the Finance Committee, Select Board, Joint Capital Planning Committee, and Community Preservation Act Committee for Town, school, and library operating and capital budgets and adopts a FY 16 Budget.

## JULY 2015 - JUNE 2016

Amendments to the budget may be made at any Town Meeting held during FY 16. Such amendments follow the same process of review by the Finance Committee, Select Board, and Joint Capital Planning Committee where appropriate.

**PLEASE RECYCLE**

**THIS BUDGET**

**(IN ACCORDANCE WITH THE TOWN OF AMHERST'S  
"BUY RECYCLED" POLICY, THIS BUDGET HAS BEEN  
PRODUCED ON RECYCLED PAPER)**

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Town of



# AMHERST *Massachusetts*

Office of the Town Manager  
Town Hall  
4 Boltwood Avenue  
Amherst, MA 01002

John P. Musante, Town Manager  
Phone: (413) 259-3002  
Fax: (413)-259-2405  
Email: townmanager@amherstma.gov

January 15, 2015

TO: Select Board  
Finance Committee

FROM: John P. Musante, Town Manager

CC: Department Heads

SUBJECT: Town Manager's Proposed FY 16 Municipal Budget

Consistent with the Amherst Town Government Act, Section 5.1, *Annual Operating Budget*, I am pleased to submit my proposed budget for the fiscal year beginning July 1, 2015 (FY 16). My recommended FY 16 Town of Amherst Municipal Budget includes the following:

• General Fund	\$21,599,749	+2.5%
• Water Fund	4,195,007	-1.4%
• Sewer Fund	4,211,650	+1.4%
• Solid Waste Fund	474,298	-3.4%
• Transportation Fund	966,650	+0.3%

### Proposing Four Bold Initiatives to Address Key Community Priorities

*Limited resources do not mean a limited vision and this budget recommends four bold initiatives.* The limits provided by Proposition 2 ½ and the modest State Aid increase in this year's budget mean that the Town budget growth is smaller than increases in the past three years. However, long-term planning and ongoing initiatives have reigned in growing health insurance and other benefits costs and delivered services in as cost-effective manner as possible. Such economies make these four changes possible. They will make a real difference in how Town government responds to the needs of our citizens.

*First, I recommend the addition of two police officers to the Amherst Police Department, restoring two positions that had been cut several years ago.* The Police Department has long embraced a community policing model, but has not been able to fully achieve our goal of proactive versus reactive policing because it lacks the staff.

*Second, I recommend that the Town hire an Economic Development Director.* Last year I said that if the Town had more revenue, my first priority would have been to create an Economic Development Director position. This recommendation was echoed in the UMass Amherst/Town of Amherst Town-Gown Study. Reasonable, sustainable development that respects Amherst's values and history is essential. The world keeps growing and we need to adapt to that growth. An Economic Development Director can identify building and business opportunities that build upon the economic engines of our local colleges and university, our highly educated population, and our unique community environment.

*Third, good customer service is fundamental to good government.* The department that is most often contacted by the public is the Department of Public Works. *I am excited to recommend the addition of a DPW Administrative Analyst position, which will both provide additional staff support to respond to residents' questions, and more importantly, work on systems to push information out to our customers before they have to make a call to DPW.* The analyst will also build upon our successful launch of our performance measurement program, AmherstStat, we developed with the Collins Center at the University of Massachusetts Boston.

*Fourth, I aim to strengthen the coordination and delivery of health, senior citizen, veterans, and other human services by expanding the Health Director's responsibilities to that of Community Services Director at the Bangs Community Center.* I am recommending a reorganization of the Health Department to move its two inspectors to the Inspection Services Department and provide integrated, one stop service to residents, businesses, and contractors. The Health Department, Senior Center, and Veterans' Services Departments provide vital services to support public health and wellbeing. Mrs. Bangs' donation to the Town of the land for the Bangs Community Center anticipated that it would be used for health purposes. I am working closely with the Hilltown Community Health Center, Cooley Dickinson Hospital, and many area human service agencies and, upon completion of a feasibility study, hope to be able to announce within a few months the siting of a satellite Community Health Center in the lower level of the Bangs, in administrative space to be vacated by the Town's LSSE staff. It will fill a demonstrated community need for primary care, including dental, for seniors, veterans, and other underserved populations.

2014 was a breakthrough year in our continuing quest to provide high-quality and cost-effective Town services and achieve community objectives. Among them:

- Receipt of a Housing Hero Award in recognition of the Town's successes creating and preserving affordable housing units at Olympia Oaks and Rolling Green Apartments;

- Successful launch of our Residential Rental Property Permitting Program per recommendations from our Safe and Healthy Neighborhoods Work Group;
- Improved PVTA bus service to North Amherst and across Town, at less cost to the Town, resulted in a 19% increase in ridership in just the first month of enhanced service;
- Construction started on Kendrick Place, in downtown Amherst across from Kendrick Park. It will include 44,000 square feet of LEED-certified mixed-use residential on the upper floors and ground floor retail and incubator space for new businesses spinning out from UMass and area colleges;
- Our Green Communities Grant funded a streetlight retrofit project that is reducing municipal electricity use by 270,000 kilowatt hours (kWh) per year and yielding annual energy cost savings of over \$50,000. In addition to energy efficiency initiatives, the Town's sustainability efforts include our project planting 2,000 trees over three years and a record number of property owners participating in the Solarize Massachusetts program installing solar at a more affordable rate on their homes or small business;
- A data-driven Compensation Study of non-union positions was completed and the Select Board unanimously voted to modernize our compensation plan for non-union employees to position the Town of Amherst as an employer of choice in Western Massachusetts;
- Chancellor Subbaswamy and I appointed a Town-Gown Study Steering Committee comprised of a broad and talented cross-section of stakeholders to advise us on our jointly funded study. A consultant team led by U3 Advisors looked at techniques used by college towns across the country to address town-gown issues and offered recommendations focused on housing and economic development in the Town and UMass Amherst.

In the coming year, the Town is positioned for continued success and progress on these and many other initiatives.

### Revenues

*I have prepared this budget assuming that most of our revenue growth will come from local sources, namely property taxes, local fees, and other sources. I assume State Aid will grow very modestly. No reserves are utilized to support the budget nor is an override proposed.*

This budget proposal assumes that the Town will levy to the property tax levy limit allowed under Proposition 2 ½, or \$46.7 million. New growth added to the levy is estimated by our assessors at \$600,000, which is 14% above the 10-year average for new growth. Both new growth and building permits have been increasing. In addition, I forecast growth in motor vehicle excise tax as sales figures for new cars show improvement over recent years.

I have assumed a State Aid increase of just 2.1%. We will know more when the Governor files his proposed state budget in March, to be followed by House and Senate budget proposals. There are many reports that the State's FY 15 budget is out of balance,

estimates vary from \$329 million to as much as \$1 billion. While both incoming Governor Baker and the legislative leadership have said they intend to protect State Aid from cuts, this is a budget area that will remain a concern until we see definite figures for FY 16. The Town continues to advocate for an increase in state revenue sharing to cities and towns at or above the rate of increase in overall state revenues to fund local education, public safety, human services, roads, and other infrastructure needs. I am pleased that Governor Baker has announced he is releasing an additional \$100 million in Chapter 90 road maintenance funds as has been championed by the Legislature. Amherst will receive \$1,260,346 in 2015, a 50% increase of \$420,115, which will allow the Town to undertake crucial road repairs in our neighborhoods.

In conjunction with my budget proposal, I will be submitting recommendations at the Select Board's January 26 meeting for small increases to water and sewer rates to support those services.

#### Proposed Spending Plan

*My proposed FY 16 municipal budget is funded at \$21,599,749, an overall increase of 2.5%. It exactly meets the Finance Committee's guideline of a 2.5% increase from FY 15. My proposal is also responsive to the Select Board's FY 16 Budget Policy Guidelines to the Town Manager dated December 21, 2014 (both documents are included in the Introduction section of the budget). Some budget highlights:*

- *Employee/retiree health insurance rates will remain unchanged in FY 16, in contrast to industry trends. The total health insurance appropriation in the General Fund is virtually level funded from FY 15. This is the direct result of proactive multi-year efforts by the Town to stabilize employee health care costs by eliminating the costly indemnity plan, adding HMO's and the option of purchasing lower cost Canadian prescription drugs, increasing employee contributions, and increasing premiums to appropriate levels to pay claims and restore reserve levels in the Health Claims Trust Fund to required levels. Each year we see more employees opting for lower cost HMO plans. We are working to fund long-term retiree health insurance costs. Over the past three years, Town Meeting has voted to put \$1.9 million into the Other Post-Employment Benefits (OPEB) Trust Fund for the Town, including the School Department. In the FY 16 budget, we will again appropriate funds for the Town and Schools for OPEB in the regular budget. The Water and Sewer Funds, and for the first time the Transportation Fund, will cover their Annual Required Contributions for OPEB, an amount that funds its approximate 15% share of the Town's long-term liability.*
- *General Government increases by 2.1%. Most departments have personnel cost increases to fund steps and COLAs. The Select Board/Town Manager budget increases to fund a portion of the Economic Development Director position (\$50,000 is funded from the state's economic development bond bill passed by the Legislature). The Town Meeting/Finance Committee budget is level funded. The Finance Department budget increases 2.7% and will focus on further deploying paperless payments to vendors, an electronic employee services system, and regionalized assessing services. The Human Resources and Human Rights*

*Department* will focus on increased use of MUNIS Employee Self Service as an electronic portal for employees to access their personnel records and benefits information and it will fund one-third of the Amherst Together staff position (the other two-thirds are funded by the Elementary and Regional School budgets). The *Information Technology Department* will continue its transition from a traditional cost center to a more entrepreneurial “productivity center.” It will also work with other departments to deploy work order, inventory, fleet management, and enhanced employee self-service programs. The decrease in the *Elections* budget is due to having one fewer election next year. The *Facilities Maintenance* budget is level funded. It will use a \$103,000 Green Communities grant to continue to reduce energy usage in our Town buildings. The *General Services* budget increases by \$12,188 to account for rising property and auto insurance costs.

- *Public Safety services (Police, Fire/EMS, Communications, and Animal Welfare), the largest part of the Town budget, increase by 3.6% because of increases to salaries due under collective bargaining contracts and the restoration of two Police positions.* I continue to monitor the workload of our public safety personnel and staffing levels, particularly as these departments report increasing call volume. For example, UMass has increased enrollment of 16% in the last 10 years, while staffing of the *Police Department* has decreased by 5 sworn positions since 2007. I am pleased to restore two of those positions and will continue to work with the Police Chief and his staff to monitor call volume and workloads to get the Department in a position to fully implement our longstanding community policing service model. Calls for service continue to increase for Police and EMS. The *Fire Department* budget will increase by 2.5%. That budget had increased substantially in FY 15 to achieve a staffing philosophy of eight persons per shift during the academic year (up from seven), as reflected in the new collective bargaining agreement. This will be the third academic year that UMass has generously agreed to pay the increased staffing costs for two additional paramedic-level ambulances and an Emergency First Response fire engine on peak high call volume weekends in the spring and fall during the academic year. I will also continue to work with UMass and others in the community on ways to reduce EMS call volume.
- *Public Works data analysis and customer service capacities will increase while preserving basic services at current levels. Public Works Administration* increases with the addition of a data analysis/customer service staffer who can both help the leadership of the department analyze productivity and work effectiveness data under the AmherstStat program and help customers with their questions and service requests. The *Highway Division, Snow and Ice, and Streetlight* budgets are level funded. Vehicles and equipment used for road maintenance, snow plowing, tree care, park maintenance, leaf pickup as well as water and sewer (with appropriate reimbursements assessed) are maintained, repaired, and serviced by a three-person *Equipment Maintenance* crew. This budget has a modest increase for negotiated wages. The *Tree and Grounds Maintenance* increased to fund cleaning contacts for bathrooms at parks and recreation facilities around town.

- Conservation and Development budgets are recommended to increase by \$149,814 (13%) because of redeployment of inspections staff from the Health Department to the Inspection Services Department.* The *Conservation Department*, headed by the Assistant Town Manager David Ziomek, will coordinate efforts of the Amherst Center Recreation Group to look at the capital needs of recreation facilities. He will continue his work on follow-up to the Town-Gown Committee to investigate and recommend housing and economic development opportunities with UMass and others. The *Planning Department* will continue to work with citizens and Town boards to pursue rezoning of Amherst's village centers in an environmentally and economically sustainable way. In particular, I am working with staff, the Planning Board, and community members to pass a new inclusionary zoning bylaw along with a companion article that would allow non-zoning tax incentives at the 2015 Annual Town Meeting. The Planning Department staff will also work with potential developers to bring more affordable housing to Amherst. The Planning Department budget decreases slightly, because the Town has once again attained Mini-Entitlement status, which means we are eligible to receive Community Development Block Grant (CDBG) funds. As in past years, some of those funds will be used to offset the cost of staff. The *Inspection Services Department* will continue its very successful implementation of the Residential Rental Property Permitting Program Bylaw. The department will grow by two staffers, a health inspector and an assistant sanitarian. These staff had been assigned to the Health Department, but have been working closely with the Inspection Services Department staff for the last year. The move will increase staff interactions and improve the service residents, businesses, and contractors receive while maintaining the highest levels of building and sanitary code compliance for our residents and visitors.
- The 9.4% decrease in the Community Services budgets belies an increase in activity and focus for these departments.* The bulk of the decrease comes from transfers to budgets of other departments or to grants. The *Health Department* will transfer two staffers to the Inspection Services Department. They will work in Town Hall in the future. The Health Department's focus will be on enhancing the Bangs Community Center's role in promoting and protecting health in Amherst. The reclassified Community Services Director position (formerly the Health Director) will take an active role working with the Senior Center, Veterans' Services Department, other non-profits, and in the future we expect a satellite Community Health Center in the Bangs Center to ensure that our citizens and neighbors receive quality health services, preventive services, and other advice and counseling. The Bangs Community Center already offers programs and services to seniors, veterans, and other underserved populations and co-locating a Community Health Center there could enhance services to these groups and others.

For the second year, I have added funds to the *Senior Center* budget to increase the hours of the social worker, who performs home visits and counsels seniors and their families. I am grateful to the Friends of the Senior Center, a non-profit organization, for ongoing financial support to the Senior Center to supply the Center with essential supplies, equipment, and program funds above and beyond the Town's budget allocation. The *Veterans' Services* budget is level funded, but the work of the

Veterans' Agent Steve Connor and his staff grows every day. They are focused on identifying and interviewing homeless persons, both to provide direct services to veterans and to assist others toward appropriate social services. The *Leisure Services and Supplemental Education (LSSE)* budget increases to fund COLAs and other salary increases. LSSE will continue to evaluate and, if necessary, realign its program offerings and expenses to achieve a sustainable mixture of available tax support and user fees. This year it expanded its delivery of afterschool services by reopening a program at the Wildwood School and will continue working with the School Department and private providers to meet the afterschool needs of children and their families. The *Municipal Pools* budget will be level funded. It will continue its efforts to measure consumer demand and to adjust its fee structure to enhance participation. The 9-hole *Cherry Hill Golf Course* budget increases by 1.2%. In addition to offering one of the best values in Western Massachusetts it will expand its winter programming and take proactive steps to create a more open and friendly environment that allows compatible programming on the shoulder months of the golf season.

- *The Water Fund budget of \$4,195,007 is recommended to decrease by -1.4%, and water rates are recommended to increase modestly. The current water rate is \$3.45 per 100 cubic feet, and an increase of \$0.10 per 100 CF is recommended for FY 16, which would result in a \$12 annual increase (+2.9%) to the water bill of the average four-person household in Amherst. The small rate increase will fund normal operating cost rises and increased debt costs due to the Pine Street project. The increases will also maintain the Water Fund's balance, which decreased by almost half in FY 14. This budget includes an appropriation to the OPEB Trust Fund for the retiree health insurance costs of this department.*
- *The Sewer Fund budget of \$4,211,650 is recommended to increase by 1.4% to support operating and capital expenses of the Town's sewer system. The sewer rate is recommended to increase by \$0.10 to \$3.75 per 100 cubic feet, which would result in a \$12 annual increase (+2.8%) to the sewer bill of the average four-person household in Amherst. No funds will be appropriated from Sewer Fund Surplus to support this budget. The Sewer Department will complete the installation of sewer lines in Amherst Woods. These improvements are funded by a \$4.2 million bond authorized at the November 2011 Special Town Meeting. It will continue with important structural repairs, including upgrading the air relief valves in the West Street pump station force main. This force main carries all the wastewater from South Amherst to the wastewater treatment facility. Town water and sewer rates remain well below many of our nearby communities and the state average. This budget includes an appropriation to the OPEB Trust Fund for the retiree health insurance costs of this department. Together, Water and Sewer Fund contributions to the OPEB Trust Fund represent approximately 15% of the annual required contribution by the Town to fully fund this liability over time.*

- *The Solid Waste Fund budget of \$474,298 decreases by \$16,835 (-3.4%). The decrease is attributable to lower tipping fee payments due to lower tonnage of waste being disposed of at the transfer station. Revenues have increased because of the installation of cell phone equipment at the tower at the old landfill. The Division will also focus on increasing both the recycling rate and the revenue it derives from the sale of recyclable materials. This will be an important year for the Recycling and Refuse Management Committee to present policy and capital recommendations for long-term management of our transfer station and waste disposal.*
- *The Transportation Fund budget of \$966,650 increases by \$2,855 (0.3%). It supports the operating and capital costs of the Town's public parking system, the Town's apportionment of costs for the PVTA bus system, and a contribution (\$30,000) to support the Business Improvement District in downtown Amherst. In the fall of 2014, the Pioneer Valley Transit Authority (PVTA) introduced route changes and service enhancements to improve service in Amherst. Amherst ridership increased by 19% in just the first month following the service changes. As chair of the PVTA Advisory Board, I successfully advocated for the PVTA to once again fund bus service to North Amherst beginning September 2014 that for the past 8 years following PVTA budget cuts was funded 100% by the Town. This reconfiguration of Routes 32 and 37 (Amity Shuttle) to a new combined Route 33 will save the Town over \$100,000 per year in operating costs and provide more frequent and faster service, including a bus stop at the Amherst Survival Center on Sunderland Road. Some of the savings will be used for capital projects, such as repairing the concrete walkways at the Boltwood Garage and for funding the Transportation Fund's OPEB liability.*

I am at your service as you review this budget. Please spread the word that this proposal and other budget-related information will be continuously updated and posted on the Town's award-winning website at [www.amherstma.gov/budget](http://www.amherstma.gov/budget).

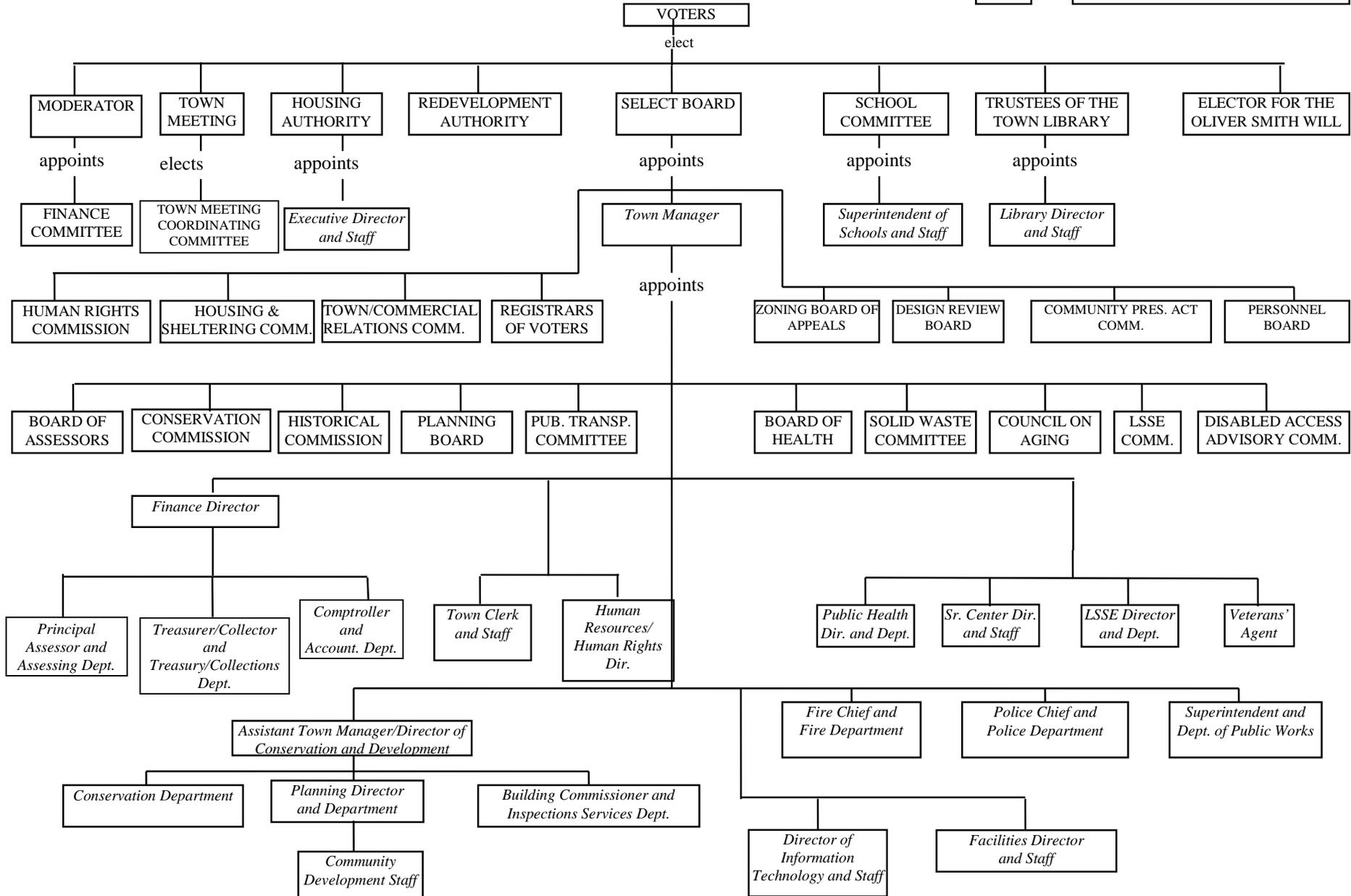
#### Acknowledgements

The development of the Town's budget plan is a team effort. I thank the Select Board for your support to me and all Town staff and your guidance on Town priorities. I thank the Finance Committee for their tireless dedication and focus on the long term fiscal health of our Town. I want to thank every Town employee, committee volunteer, citizen, Town Meeting member, our partners in the business community, and our three world class higher education institutions who contribute each day to make Amherst a great place to live and work. Our extraordinarily talented department heads have strived with the support and involvement from the community for the Town to try and be a leader in everything we do. Lastly, I want to acknowledge the amazing skills and work ethic of my principal support staff in the production of this proposal: Finance Director Sandy Pooler, IT/Financial Analyst Maria Racca, Comptroller Sonia Aldrich, and Human Resources and Human Rights Director Deborah Radway.

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**TOWN OF AMHERST  
ORGANIZATION CHART (as of 1/16/14)**

*Staff*      ELECTED AND APPOINTED BOARDS,  
COMMISSIONS AND COMMITTEES



## CONSOLIDATED RESOURCES/EXPENDITURES SUMMARY

	FY 16 General Fund	FY 16 Community Preserv. Act	FY 16 Water Fund
<b>REVENUES</b>			
Property Tax	46,674,579	TBD	0
Local Receipts	6,942,117	0	4,195,007
State Aid	14,611,440	TBD	0
Other Financing Sources	3,582,650	TBD	0
<b>TOTAL REVENUES</b>	<b>71,810,786</b>	<b>0</b>	<b>4,195,007</b>
<b>EXPENDITURES</b>			
<b>OPERATING BUDGET</b>			
Town	21,599,749	0	2,926,733
Elementary Schools	TBD	0	0
A-P Regional School District (Assessment)	TBD	0	0
Jones Library (Tax Support)	TBD	0	0
<b>Subtotal OPERATING BUDGET</b>	<b>21,599,749</b>	<b>0</b>	<b>2,926,733</b>
<b>CAPITAL BUDGET</b>			
Debt Service - Debt Exclusion	125,378	0	0
Debt Service - Current	1,746,371	TBD	362,100
Debt Service - Projected	221,314	0	0
Cash Capital (Tax Support)	1,523,505	0	0
<b>Subtotal Tax Funded Capital</b>	<b>3,616,568</b>	<b>0</b>	<b>362,100</b>
Community Preservation Act	0	TBD	0
Cash Capital (Non-Tax Support)	0	0	145,000
<b>Subtotal CAPITAL</b>	<b>3,616,568</b>	<b>TBD</b>	<b>507,100</b>
<b>MISCELLANEOUS</b>			
Assessment - Retirement System	4,528,702	0	218,855
Assessment - Regional Lockup Facility	35,928	0	0
Other	0	0	0
OPEB	200,000	0	79,000
Reserve Fund	100,000	0	0
<b>Subtotal MISCELLANEOUS</b>	<b>4,864,630</b>	<b>0</b>	<b>297,855</b>
<b>Total APPROPRIATIONS</b>	<b>30,080,947</b>	<b>TBD</b>	<b>3,731,688</b>
<b>UNAPPROPRIATED USES</b>			
Reserve for Abatements & Exemptions	465,492	0	0
State Assessments (Cherry Sheet)	2,288,874	0	0
Cherry Sheet Offsets	331,213	0	0
Other Amounts to be Raised	15,673	0	463,319
<b>Subtotal UNAPPROPRIATED USES</b>	<b>3,101,252</b>	<b>0</b>	<b>463,319</b>
<b>TOTAL BUDGET PLAN</b>	<b>33,182,199</b>		<b>4,195,007</b>
<b>\$ Change from Prior year</b>			<b>(61,060)</b>
<b>% Change from Prior Year</b>			<b>-1.4%</b>

**CONSOLIDATED RESOURCES/EXPENDITURES SUMMARY**

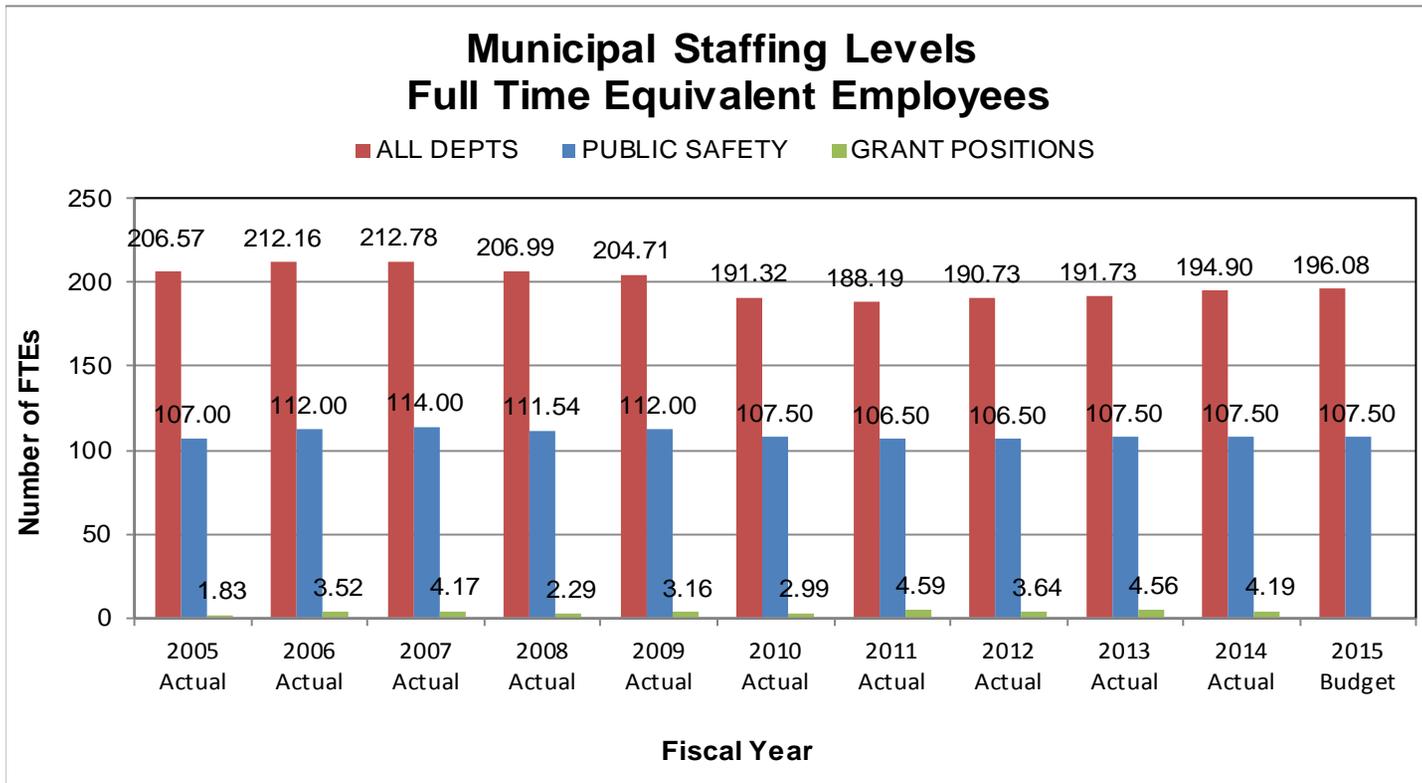
FY 16 Sewer Fund	FY 16 Solid Waste Fund	FY 16 Transportation Fund	FY 16 COMBINED FUNDS (memo only)	FY 15 COMBINED FUNDS (memo only)
0	0	0	TBD	45,292,428
4,211,650	474,298	966,650	TBD	16,732,191
0	0	0	TBD	14,448,731
0	0	0	TBD	3,767,568
<b>4,211,650</b>	<b>474,298</b>	<b>966,650</b>	<b>0</b>	<b>80,240,918</b>
2,851,774	432,117	559,687	28,370,060	27,785,641
0	0	0	TBD	21,490,563
0	0	0	TBD	14,463,908
0	0	0	TBD	1,788,533
<b>2,851,774</b>	<b>432,117</b>	<b>559,687</b>	<b>28,370,060</b>	<b>65,528,645</b>
0	0	0	125,378	171,480
386,158	0	56,313	2,550,942	2,674,470
0	0	0	221,314	20,000
0	0	0	1,523,505	1,663,200
<b>386,158</b>	<b>0</b>	<b>56,313</b>	<b>4,421,139</b>	<b>4,529,150</b>
0	0	0	TBD	421,985
250,000	0	55,000	450,000	480,000
<b>636,158</b>	<b>0</b>	<b>111,313</b>	<b>4,871,139</b>	<b>5,431,135</b>
219,578	42,181	45,751	5,055,067	4,696,362
0	0	0	35,928	35,928
0	0	0	0	0
150,000	0	0	429,000	400,000
0	0	0	100,000	100,000
<b>369,578</b>	<b>42,181</b>	<b>45,751</b>	<b>5,619,995</b>	<b>5,232,290</b>
<b>3,857,510</b>	<b>474,298</b>	<b>716,751</b>	<b>38,861,194</b>	<b>76,192,070</b>
0	0	0	465,492	447,209
0	0	0	2,288,874	2,212,350
0	0	0	331,213	322,839
354,140	0	249,899	1,083,031	1,066,450
<b>354,140</b>	<b>0</b>	<b>249,899</b>	<b>4,168,610</b>	<b>4,048,848</b>
<b>4,211,650</b>	<b>474,298</b>	<b>966,650</b>		<b>80,240,918</b>
<b>59,161</b>	<b>(16,835)</b>	<b>2,855</b>		
<b>1.4%</b>	<b>-3.4%</b>	<b>0.3%</b>		

## POSITIONS IN FULL TIME EQUIVALENTS

Department	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Budget	FY 16 Manager	Change FY 15 - 16
<b>MUNICIPAL BUDGET</b>							
Select Board/Town Manager	2.50	2.50	2.50	2.50	2.50	3.50	1.00
Finance	13.00	13.00	13.00	13.00	13.00	13.00	0.00
Human Resources/Human Rights	1.50	1.50	1.50	1.50	1.50	1.83	0.33
Information Technology	4.00	4.00	4.00	4.00	4.00	4.00	0.00
Town Clerk	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Elections/Registration	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Facilities Maintenance	4.88	4.88	4.88	4.88	4.88	4.88	0.00
<b>TOTAL GENERAL GOVERNMENT</b>	<b>28.88</b>	<b>28.88</b>	<b>28.88</b>	<b>28.88</b>	<b>28.88</b>	<b>30.21</b>	<b>1.33</b>
Police Facility	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Police	47.50	47.50	47.50	47.50	47.50	49.50	2.00
Fire/EMS	46.00	46.00	47.00	47.00	47.00	47.00	0.00
Communications Center	11.00	11.00	11.00	11.00	11.00	11.00	0.00
Animal Welfare	1.00	1.00	1.00	1.00	1.00	1.00	0.00
<b>TOTAL PUBLIC SAFETY</b>	<b>106.50</b>	<b>106.50</b>	<b>107.50</b>	<b>107.50</b>	<b>107.50</b>	<b>109.50</b>	<b>2.00</b>
Public Works Administration	3.73	3.73	3.73	3.36	3.36	4.04	0.68
Highway	13.00	13.00	13.00	13.00	13.00	13.00	0.00
Equipment Maintenance	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Town Cemeteries	0.50						0.00
Parks and Commons	4.50						0.00
Tree Care and Pest Control	1.50						0.00
Tree and Ground Maintenance		7.50	7.50	7.50	7.50	7.50	0.00
<b>TOTAL PUBLIC WORKS</b>	<b>26.23</b>	<b>27.23</b>	<b>27.23</b>	<b>26.86</b>	<b>26.86</b>	<b>27.54</b>	<b>0.68</b>
Conservation	3.63	4.30	4.30	4.30	4.50	4.50	0.00
Planning Department	3.35	3.82	3.82	3.82	4.80	4.40	-0.40
Inspections	3.00	5.00	5.00	8.00	8.00	10.00	2.00
<b>TOTAL CONSERVATION &amp; DEVELOPMENT</b>	<b>9.98</b>	<b>13.12</b>	<b>13.12</b>	<b>16.12</b>	<b>17.30</b>	<b>18.90</b>	<b>1.60</b>
Public Health	4.00	4.00	4.00	4.54	4.54	2.54	(2.00)
Senior Center	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Community Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Veterans' Services & Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Leisure Services & Supplemental Education	6.45	6.45	6.45	6.45	6.45	6.45	0.00
Pools	2.00	0.20	0.20	0.20	0.20	0.20	0.00
Golf Course	1.35	1.35	1.35	1.35	1.35	1.35	0.00
<b>TOTAL COMMUNITY SERVICES</b>	<b>16.80</b>	<b>15.00</b>	<b>15.00</b>	<b>15.54</b>	<b>15.54</b>	<b>13.54</b>	<b>-2.00</b>
<b>TOTAL GENERAL FUND</b>	<b>188.39</b>	<b>190.73</b>	<b>191.73</b>	<b>194.90</b>	<b>196.08</b>	<b>199.69</b>	<b>3.61</b>
Water Supply and Distribution	16.15	16.98	16.48	17.98	17.98	19.16	1.18
<b>TOTAL WATER FUND</b>	<b>16.15</b>	<b>16.98</b>	<b>16.48</b>	<b>17.98</b>	<b>17.98</b>	<b>19.16</b>	<b>1.18</b>
Sewer Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	0.00
Wastewater Treatment Plant	15.83	15.33	15.83	16.33	16.33	16.48	0.15
<b>TOTAL SEWER FUND</b>	<b>17.83</b>	<b>17.33</b>	<b>17.83</b>	<b>18.33</b>	<b>18.33</b>	<b>18.48</b>	<b>0.15</b>
Sanitary Facilities	4.00	4.00	4.00	3.40	3.40	3.00	-0.40
<b>TOTAL SOLID WASTE FUND</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>3.40</b>	<b>3.40</b>	<b>3.00</b>	<b>-0.40</b>
Parking Facilities	4.12	4.20	4.20	4.20	4.20	4.60	0.40
<b>TOTAL TRANSPORTATION FUND</b>	<b>4.12</b>	<b>4.20</b>	<b>4.20</b>	<b>4.20</b>	<b>4.20</b>	<b>4.60</b>	<b>0.40</b>
<b>TOTAL</b>	<b>230.49</b>	<b>233.24</b>	<b>234.24</b>	<b>238.81</b>	<b>239.99</b>	<b>244.93</b>	<b>4.94</b>

## POSITIONS IN FULL TIME EQUIVALENTS

### 13 - Municipal Staffing Levels



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

The Town has reduced its workforce by 11.67 positions since FY05, or -5.7%. Public Safety personnel have increased by 0.5 FTEs, or 0.5%, however, Police numbers are down from 2006-2009. Non-public safety positions have been reduced by 12.17 FTEs, or -12.2%.

*Town of*



# AMHERST *Massachusetts*

Town Hall  
4 Boltwood Avenue  
Amherst, MA 01002

SELECT BOARD  
Phone: (413) 259-3001  
Fax: (413)-259-2405  
Email: [selectboard@amherstma.gov](mailto:selectboard@amherstma.gov)

To: John Musante, Town Manager

From: Aaron Hayden, Select Board Chair

Date: December 16, 2014

Re: FY16 Budget Policy Guidelines

At our Monday, December 15, 2014, meeting the Select Board unanimously approved the following Budget Policy Guidelines for FY16. These guidelines are meant to accompany the Finance Committee's Preliminary Budget Guidelines.

**OVERALL PHILOSOPHY AND KEY CONCERNS FOR FY16:** Overall fiscal sustainability is the primary budget goal, so budgets including the FY16 revenue and expenditure plans must be viewed in a multi-year context. Growth in state aid and tax receipts continue to be less than needed to support the infrastructure and services the Town needs. We support maintaining a level services budget while recognizing that there may be opportunities to address additional key priorities - Some key concerns and notes:

- The Town's reserve funds must not be used to support additional initiatives - Recurring expenses require recurring revenue sources;
- Amherst relies very heavily on residential property taxes to fund Town services. The conditions of a low housing production rate, high housing demand, and rising housing costs, has caused a loss of socio-economic diversity among Amherst families. The pressure this creates on the tax base needs to be contemplated in planning future budgets;
- We continue to rely on regular annual growth in the property tax base;
- We are fortunate again this year, thanks to Town staff's good planning and Town Meeting's fiscal discipline, and current projected revenues to have no need for considering a Proposition 2 ½ operating override. An operating override was last sought in 2010 for FY11 when voters approved \$1.68 million that was phased in over two years. Since then important economies in providing for health care, reasonable contract renewals and efficiencies in operations have all been an important part of keeping within the Prop 2 ½ requirements;
- There are essential capital projects, long delayed and in the near future that may need a debt exclusion override;
- Continuation of the winter shelter is an important need again this year though we expect the program to reduce its dependence on Town funds;

- Revenue in excess of that necessary to support level services and any approved additional spending should be directed at increasing our investment in capital, decreasing our long-term retiree health care liability and shoring up our reserves. The Select Board welcomes a short and prioritized list of budget additions, should funds become available, with the rationale for prioritization;
- Intense evaluation of the current range of municipal services and their delivery methods is critical for ensuring that we are spending every dollar wisely.
- We appreciate support from UMass that help defray some of the costs the Town incurs from providing the unique services they require for their undergraduates;
- We appreciate the support we receive from all of the Academic institutions for regular Town operations and for the Schools, and Library;
- When the revenue projection changes significantly the Select Board will request prioritized recommendations for service adjustments.

**EXPENSE REDUCTION:** The Select Board continues to support a number of expense reduction strategies and initiatives including the responsible reassigning services outside of the general fund. Reassignment must be made with due consideration of the implications of reassignment and mindful of sections B-4 and B-8 of the Town’s “Financial Management Policies & Objectives:”\*

- Regionalization and reorganization that reduce costs and create efficiencies;
- Seeking funding from outside of the General Fund when it is a responsible option;
- Green initiatives that reduce expenses. We appreciate the benefits of the predictable power costs provided by comprehensive solar projects;
- Expense reduction via “ordinary” means such as aggressive cost-comparison, reducing waste and seeking greater efficiency;
- Negotiation of fair labor contracts that the Town can afford and sustain is a priority since salaries and benefits are the largest portion of our budget.

**ECONOMIC DEVELOPMENT:** We recognize that our largest source of revenue will be the property tax.

We strongly support pursuing responsible and appropriate expansion of our commercial sector, about 10%, and support expansion of the tax base in accordance with the community’s goals as expressed in the Master Plan.

- Growing our property tax base in net-positive ways is critical;
- We strongly support pursuing responsible and appropriate expansion of our commercial sector, which currently stands at about 10% of the Town valuation. Expansion of the tax base in accordance with the community’s goals as expressed in the Master Plan would benefit the support of future budgets;
- Pursuing solar power generation and other green initiatives as opportunities for economic development is important in supporting future budgets.

**OTHER NEW REVENUE:** Despite the restrictions on Towns on the means of generating revenue there are opportunities in Amherst for new revenue including advocacy for increased State support by sustained increases in transportation funding and more progressive taxation, including higher income tax, to increase funds available for local aid to all communities. These positions are consistent with sections B-9 and B-10 of the Town’s “Financial Management Policies & Objectives:”\*

With a better understanding of the real costs of providing services unique to large numbers of undergraduate students in Town we look for expanded arrangements with the University and Colleges to recover these costs. The Strategic Partnership Agreement with UMass provides an important opportunity to ensure that all relevant categories of costs incurred by the Town are included and updated;

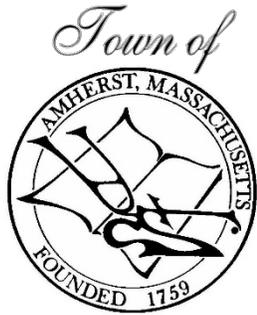
- Service fees need regular evaluation to assure they're in line with the costs;
- We appreciate and encourage the Town's aggressive pursuit of grants to off-set costs and expand services;
- We also continue to support advocating for State legislation that improves local taxation options, increases aid to Amherst, or mitigates onerous mandated costs;
- We support strong local advocacy for the State-wide effort to increase funding for road work and transit infrastructure;
- Additionally, we support advocating for increased State revenues, including vital and sustained increases in transportation funding, as well as more progressive taxation including higher income tax, in order to increase funds available for local aid to all communities.

**CAPITAL:** The Select Board recognizes the perils of inadequate investment in capital improvements, and remains committed to trying to incrementally increase the percentage of the property tax levy allocated to capital over time to achieve a goal of 10% and catch up on the growing backlog of capital infrastructure needs as outlined in section C-7 of the Town's "Financial Management Policies & Objectives:"\*

- The Select Board continues to support funding capital investments by means other than the capital budget, including through the use of Community Preservation Act funds, CDBG, the PARC grant program, and other grant opportunities and through shared purchasing and ownership with other towns or entities;
- Through bonding or borrowing for large long-term projects;
- In support of a key community concern, we would like to see additional money put toward road paving (where there is a significant backlog of needs);
- Additionally, the Select Board requests updated assessments about the relative priority of addressing significant capital considerations, specifically including a new fire station, downtown parking facility, public works garage, Jones Library, and Wildwood Elementary School.

**RESERVES:** The Select Board considers it imprudent to use reserve funds for ongoing expenses. We support careful and strategic reserve use as a source of bridge funding or start-up for programs that will generate new revenue or expense reductions. Maintaining a responsible reserve balance is prudent fiscal management and contributes to our strong bond rating, which in turn reduces the cost of borrowing. Reserves may be needed (again) for that rainy day when there is a loss of revenue or increase in expenses that could not be anticipated. Section B-3 of the Town's "Financial Management Policies & Objectives:"\* expands on this:

\* Town of Amherst "Financial Management Policies & Objectives," adopted January 2008 and updated in 2012; is available on the Finance Committee's page of the Town web site.



# Amherst Massachusetts

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FINANCE COMMITTEE

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Town Hall  
 4 Boltwood Avenue  
 Amherst, MA 01002-2301  
[www.amherstma.gov](http://www.amherstma.gov)

Phone: 413-259-3002  
 Facsimile: 413-259-2401  
[fincom@amherstma.gov](mailto:fincom@amherstma.gov)

November 1, 2014

To: Select Board, Town Manager, Amherst School Committee, Superintendent of Schools, Jones Library Trustees, and Library Director

From: Finance Committee

Re: Preliminary Fiscal Year 2016 Budget Guidelines

The Finance Committee asks you to develop operating budgets with an increase in Town support of 2.5%. That includes the Amherst-Pelham Regional School District assessment and the library's support from the Town. The budget increase for the Regional School District will then be determined by the assessment method that uses the current 5-year rolling enrollment average (assuming the method is approved, as it has been in past years, by each of the towns in the region). The actual amounts preliminarily proposed that the Town will raise and appropriate for each budget area are at the top of Page 2 of the General Fund Financial Projections, attached to these guidelines. These would be \$21,599,749 for the municipal budget; \$21,969,835 for the elementary schools; \$14,825,506 for Amherst's assessment to the regional schools; and \$1,833,246 for the Jones Library. (The apparently smaller percentage increase shown for the elementary schools, 2.2%, is due to a change in the method of accounting for charter and school choice charges and reimbursements from the State. The increase for the elementary school budget would effectively be 2.5% over the amount actually received for FY15.)

These are preliminary budget guidelines, based upon the projections that Finance Director Sandy Pooler presented at the Four Boards Meeting on October 16.

## Revenue

Pooler projected an overall revenue increase of 2.9% from FY15. The largest revenue source is the property tax, which is expected to increase by 3.7%, reflecting the allowable 2.5% increase plus revenue from taxes on new growth. This revenue is stable and predictable.

The second largest source of revenue is state aid. Pooler suggested using the assumption that state aid would increase by 2.1%. Every year this is an area of uncertainty. The state budget is developed after the Executive Office of Administration and Finance and the Chairs of the Ways and Means Committees reach consensus on a revenue estimate for the state. That estimate considers revenue history and economic trends that may affect income and sales taxes. Information about the federal budget and state revenue projections will influence the Governor's budget recommendation and

legislative decisions. The new Governor will propose a state budget in February 2015, which will be the first indication of the amount of state aid we might actually receive. The Finance Committee is using that cautious 2.1% projection for our preliminary budget guidelines.

At the Four Boards Meeting, the Finance Director also estimated revenues for FY16 from local receipts and other financing sources. Local receipts, such as motor vehicle excise, fines and fees, and payments in lieu of taxes, are estimated to increase by 2.1%. Other financing sources, which include reserves, decrease by 2.6%; the FY15 budget included \$125,000 from reserves, but none are projected to help finance the FY16 budget.

We ask the Town Manager, Superintendent, and Library Director to start developing operating budgets using these preliminary guidelines. We emphasize the word “preliminary.” As the budget process continues, this Committee, with input from the Budget Coordinating Group and using any additional information that becomes available, may need to make adjustments in its preliminary assessment of the amounts recommended for allocation from the General Fund. We will consider the needs of the town as a whole, including municipal functions, education, and libraries, as we develop final budgets.

### **The capital budget and mandatory expenses**

The capital budget includes debt service obligations and capital projects funded from current revenues. The Town’s Financial Policy specifies that the annual capital budget should equal at least 10% of the estimated property tax levy. This policy recognizes that it is essential to maintain and improve infrastructure, including town, school, and library buildings and the equipment required to provide services, as well as to invest in recreation fields and facilities, open space, and other Town priorities. When the policy was adopted in 2008, 7.2% of the tax levy was allocated to that purpose. As the needs of operating budgets took precedence, the amount allocated for capital spending dropped to a low of 5.64% in FY11. It has gradually increased to 7.5% of the levy for FY15. The Finance Committee recommends that it remain at 7.5% for FY16, with a greater percentage of the levy used in future years if financial circumstances allow.

Some appropriations that are not part of the operating budget, and not under our control, will increase. The assessment for the Retirement System, for instance, is expected to rise by 7.5% from FY15 levels. (This explains why, even with a 2.9% increase in overall revenue, we are recommending an overall spending increase of only 2.5%.)

### **Other Post-Employment Benefits (OPEB)**

We propose including an allocation of \$200,000 to the OPEB Trust in the FY16 budget, doubling the amount allocated for FY15. The June 30, 2012, actuary report estimated the Town of Amherst’s liability at \$93.7 million. By law, Amherst is required to fund pensions, but as of now, not its OPEB obligation. Town Meeting has begun to put money into the OPEB Trust, including \$585,342 at the Fall 2012 Special Town Meeting. Since then, Town Meeting has annually transferred into the OPEB Trust Amherst’s share of the Medicare Part D reimbursements received because the Town provides drug benefits to retirees through its health plan. For FY15, \$100,000 was allocated to OPEB as part of the operating budget. Given the size of the OPEB obligation, the allocation of \$200,000 for FY16, though double the FY15 contribution, may seem inconsequential. However, it is important that Town Meeting recognizes this debt and assumes responsibility by continuing to allocate funds for it.

Standard and Poor's included this unfunded liability in its last assessment of the Town's credit worthiness in February 2014, noting that the Town has begun funding its OPEB Trust Fund. At least in part because of that, the Town's credit rating was raised from AA to AA+, which reduces borrowing costs. Whether or not loan rates are reduced, the obligation to pay the health insurance costs for retired employees remains. Given the trend in federal and state budgets, we cannot expect significant help to meet that obligation. In prior years, the Town promised its employees to provide health care and life insurance after they retire without setting aside funds for that. It is sound financial policy to begin doing so now.

### **Reserve funds**

The Town Financial Policy is to maintain reserves at 5-15% of general fund operating revenues. The Department of Revenue has certified Free Cash at \$4,860,062 as of July 1, 2014. That plus the Stabilization Fund (\$4,292,283) comprise the Town's reserves of \$9,152,345 million, which is 13.1% of FY15 operating revenues. This Committee will propose that the November 5 Special Town Meeting allocate some of the free cash, the amount greater than 5% of General Fund operating revenues, to the Stabilization Fund. That action will not affect total reserves.

The Finance Committee believes that the Town is in a period when annual revenue growth cannot be expected to exceed 2.9%. With the uncertainty about state aid for FY16, we would not be wise to use any reserves to fund recurring expenses in FY16. The Committee seeks to limit the use of reserves to the establishment of new programs that will have known future revenue; as a transition to the loss of funding; or for unique one-time projects.

### **Requested budget information**

Budgets reflect changes in programs, services and staffing, which can be a combination of reductions and additions. The Finance Committee asks that you provide information about projected cost increases and changes in operations for FY16, the effect that a 2.5% increase in town funding will have on programs, and a description of what would be added with a small amount of additional funds. The Committee also requests that you describe anticipated or possible changes in grants and other revenue that are additional to the proposed allocation from the General Fund and how the changes might affect services. The Finance Committee needs this information to fulfill its responsibilities. Such information also will assist the Budget Coordinating Group in discussing overall priorities and will help prepare all of us to adjust budgets, if necessary.

The Finance Committee wants to achieve uniformity in the descriptions of programs and budgets in its report to the Annual Town Meeting. That report will present each operating budget with a five-part budget narrative:

1. Budget and Finance Committee recommendation,
2. Basic functions,
3. Summary for the next fiscal year, including changes from the current year,
4. Full-time-equivalent employees for the next fiscal year and change from current year,
5. Services provided by other departments and for other departments.

The Finance Committee recognizes the difficulty of defining "full-time-equivalent" employees in a uniform way that works well for all budget areas. The important thing is to strive for year-to-year uniformity within each budget area and explain the projected change for the next year. For example,

if the work force consists of salaried and hourly employees, the employee count might be projected as the number of FTE benefited staff and the number of hours of part-time staff.

For several years, the Finance Committee has been interested in the services provided by each department to assist other departments. This teamwork is important to Amherst. It helps all parts of the Town be efficient and effective. Town Meeting will appreciate this practice and the Committee wants to report it to them.

It would be helpful if you can provide this information with the written budgets you submit to the Finance Committee. If that is not possible, the Committee will ask for this information when you meet with us to present your budgets. As in prior years, we may have other questions as we review budgets and meet with you.

### **Schedule**

The Finance Committee requests that you submit budgets according to the Budget Coordinating Group's budget development calendar. We would like the Town Manager, Superintendent, and Library Director to present budgets to the Finance Committee no later than January 22. We understand that in some cases they may be executive budgets that require review by elected policy boards and are subject to revision.

### **Conclusion**

The Town provides high-quality schools, libraries, and municipal services, and the Committee expects that the modest increases in projected revenues will allow us to maintain this level of service across all sectors of Town government. Finding creative approaches to providing quality services economically is a challenge that will be with all of us for the foreseeable future.

Amherst is a model of responsible management and quality community services, due to your dedication and resourcefulness. The Finance Committee thanks you for that, for the cooperative spirit that all of you bring to your work, and for your willingness to work together so that we can present a responsible budget to Town Meeting.

Stephen Braun	549-4579
Bernard Kubiak	259-1285
Kay Moran, Chair	549-5767
Janice Ratner	253-7214
Anurag Sharma	549-1542
Douglas Slaughter	253-9920
Marylou Theilman, Vice Chair	253-7980

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**TOWN OF AMHERST, MASSACHUSETTS  
FINANCIAL PROJECTIONS - GENERAL FUND**

**DRAFT**  
**For Discussion Purposes Only**  
**Town Manager's Forecasted Budget**  
**Thursday, January 15, 2015**  
**Assumptions**

	<b>FY 14 Recap</b>	<b>FY 14 Actual</b>	<b>FY 15 Projected</b>	<b>FY 15 Recap</b>	<b>FY 16 Projected</b>	<b>\$ Chg</b>	<b>% Chg</b>	<b>FY 17 Projected</b>	<b>% Chg</b>	<b>FY 18 Projected</b>	<b>% Chg</b>	
<b>REVENUES</b>												
<b>PROPERTY TAX</b>												
Base Levy	41,550,978	41,550,978	43,044,827	43,044,827	44,828,489	1,783,662	4.1%	46,549,201	3.8%	48,312,931	3.8%	
2.5% Allowable Increase	1,038,774	1,038,774	1,076,121	1,076,121	1,120,712	44,591	4.1%	1,163,730	3.8%	1,207,823	3.8%	
Estimated New Growth	455,075	455,075	600,000	707,541	600,000	(107,541)	-15.2%	600,000	0.0%	600,000	0.0%	FY05 - FY15 avg \$560,628/year
Levy Limit	43,044,827	43,044,827	44,720,948	44,828,489	46,549,201	1,720,712	3.8%	48,312,931	3.8%	50,120,754	3.7%	
Debt Exclusion	213,522	213,522	171,480	171,480	125,378	(46,102)	-26.9%	83,239	-34%	37,330	-55%	High School debt
Maximum Allowable Levy	43,258,349	43,258,349	44,892,428	44,999,969	46,674,579	1,674,610	3.7%	48,396,170	3.7%	50,158,084	3.6%	
Excess Levy Capacity	(4,291)	(4,291)	0	(6,534)	0			0		0		
<b>Subtotal PROPERTY TAX</b>	<b>43,254,058</b>	<b>43,254,058</b>	<b>44,892,428</b>	<b>44,993,435</b>	<b>46,674,579</b>	<b>1,681,144</b>	<b>3.7%</b>	<b>48,396,170</b>	<b>3.7%</b>	<b>50,158,084</b>	<b>3.6%</b>	
<b>LOCAL RECEIPTS</b>												
Motor Vehicle Excise	1,484,344	1,540,811	1,484,344	1,494,225	1,531,581	37,356	2.5%	1,569,871	2.5%	1,609,117	2.5%	Car sales data shows increased sales.
Hotel/Motel and Meals Excise	733,297	796,176	751,629	767,029	786,204	19,175	2.5%	805,859	2.5%	826,006	2.5%	Assumes modest growth in meals tax
Penalties and Interest	208,125	303,430	208,125	208,125	208,125	0	0.0%	208,125	0.0%	208,125	0.0%	Strong collections of delinquent taxes
PILOT	940,958	947,025	944,358	944,358	946,976	2,618	0.3%	946,976	0.0%	946,976	0.0%	Largest source is Enterprise Funds PILOTs
Rentals	83,000	97,954	81,500	81,500	81,500	0	0.0%	81,500	0.0%	81,500	0.0%	No major changes in rentals
Departmental Revenue	1,201,209	1,092,364	1,249,420	1,131,791	1,186,260	54,469	4.8%	1,186,260	0.0%	1,186,260	0.0%	Only recurring department revenue
Licenses and Permits	968,441	1,102,441	1,038,213	1,038,213	1,032,336	(5,877)	-0.6%	1,032,336	0.0%	1,032,336	0.0%	FY14 showed upturn in building permits
Special Assessments	583,126	583,126	728,688	741,917	772,102	30,185	4.1%	772,102	0.0%	772,102	0.0%	PVTA assessment: UMass/5 College Inc.
Fines and Forfeits	227,033	232,437	227,033	227,033	227,033	0	0.0%	227,033	0.0%	227,033	0.0%	No major changes
Investment Income	70,000	53,610	70,000	70,000	70,000	0	0.0%	70,000	0.0%	70,000	0.0%	Low interest rates
Miscellaneous	1,123,341	1,153,087	100,000	100,000	100,000	0	0.0%	100,000	0.0%	100,000	0.0%	Amherst College and others
<b>Subtotal LOCAL RECEIPTS</b>	<b>7,622,874</b>	<b>7,902,461</b>	<b>6,883,310</b>	<b>6,804,191</b>	<b>6,942,117</b>	<b>137,926</b>	<b>2.0%</b>	<b>7,000,062</b>	<b>0.8%</b>	<b>7,059,455</b>	<b>0.8%</b>	
<b>STATE AID</b>												
Chapter 70	5,895,073	5,895,073	5,925,198	5,925,198	5,954,824	29,626	0.5%	5,984,598	0.5%	6,014,521	0.5%	FY16 Small increase in education aid
Charter Tuition Assessment Reimbursement	195,880	300,229	220,716	200,835	200,835	0	0.0%	200,835	0.0%	200,835	0.0%	Based on trend data
Unrestricted General Govt Aid	7,289,164	7,289,164	7,491,306	7,491,306	7,701,063	209,757	2.8%	7,855,084	2.0%	8,012,186	2.0%	FY16 Small increase in Unrestricted Aid.
Veterans Benefits	201,423	221,335	166,502	166,502	221,335	54,833	32.9%	221,335	0.0%	221,335	0.0%	FY16 matches FY14 actual aid.
Exempt: Vets, Blind, Surv. Spouses, Elderly	35,825	13,052	35,293	35,293	35,293	0	0.0%	35,293	0.0%	35,293	0.0%	No change
State Owned Land	155,965	155,965	166,877	166,877	166,877	0	0.0%	166,877	0.0%	166,877	0.0%	No change
Offset Receipts						0						
School Lunch	6,443	6,443	6,412	6,412	6,412	0	0.0%	6,412	0.0%	6,412	0.0%	Goes directly to School Department
School Tuition	219,624	255,276	246,902	246,902	255,276	8,374	3.4%	255,276	0.0%	255,276	0.0%	Goes directly to School Department
Public Libraries	67,103	67,485	69,525	69,525	69,525	0	0.0%	69,525	0.0%	69,525	0.0%	Goes directly to Jones Library
<b>Subtotal STATE AID</b>	<b>14,066,500</b>	<b>14,204,022</b>	<b>14,328,731</b>	<b>14,308,850</b>	<b>14,611,440</b>	<b>302,590</b>	<b>2.1%</b>	<b>14,795,235</b>	<b>1.3%</b>	<b>14,982,260</b>	<b>1.3%</b>	
<b>OTHER FINANCING SOURCES</b>												
Ambulance Fund	2,445,028	2,355,028	2,839,433	2,492,833	2,515,292	22,459	0.9%	2,578,174	2.5%	2,642,629	2.5%	FY16 renewed contracts with towns
Enterprise Fund Reimbursements	880,193	880,193	1,051,874	1,050,777	1,067,358	16,581	1.6%	1,067,358	0.0%	1,067,358	0.0%	Enterprise Funds reimburse Gen Fund
Overlay Surplus	0	160,028	0	0	0	0		0		0		
Free Cash	120,000	1,602,341	125,000	125,000	0	(125,000)	-100%	0		0		FY15 appropriation for Social Services
Stabilization Fund	0	0	0	0	0	0		0		0		
<b>Subtotal OTHER FINANCING SOURCES</b>	<b>3,445,221</b>	<b>4,997,590</b>	<b>4,016,307</b>	<b>3,668,610</b>	<b>3,582,650</b>	<b>(85,960)</b>	<b>-2.3%</b>	<b>3,645,532</b>	<b>1.8%</b>	<b>3,709,987</b>	<b>1.8%</b>	
<b>TOTAL REVENUES</b>	<b>68,388,653</b>	<b>70,358,131</b>	<b>70,120,776</b>	<b>69,775,086</b>	<b>71,810,786</b>	<b>2,035,700</b>	<b>2.9%</b>	<b>73,836,999</b>	<b>2.8%</b>	<b>75,909,786</b>	<b>2.8%</b>	

	<b>FY 14</b>	<b>FY 14</b>	<b>FY 15</b>	<b>FY 15</b>	<b>FY 16</b>	<b>\$</b>	<b>%</b>	<b>FY 17</b>	<b>%</b>	<b>FY 18</b>	<b>%</b>	
	<b>Recap</b>	<b>Actual</b>	<b>Projected</b>	<b>Recap</b>	<b>Projected</b>	<b>Chg</b>	<b>Chg</b>	<b>Projected</b>	<b>Chg</b>	<b>Projected</b>	<b>Chg</b>	
<b>EXPENDITURES</b>												
<b>OPERATING BUDGET</b>												
Town	20,260,192	20,282,649	21,072,926	21,072,926	21,599,749	526,823	2.5%	22,139,743	2.5%	22,693,236	2.5%	
Elementary Schools	21,989,199	21,989,199	21,490,563	21,490,563	21,969,835	479,272	2.2%	22,519,081	2.5%	23,082,058	2.5%	
A-P Regional School District (Assessment)	14,158,830	14,158,830	14,463,908	14,463,908	14,825,506	361,598	2.5%	15,196,144	2.5%	15,576,047	2.5%	
Jones Library (Tax Support)	1,741,512	1,741,512	1,788,533	1,788,533	1,833,246	44,713	2.5%	1,879,077	2.5%	1,926,054	2.5%	
<b>Subtotal OPERATING BUDGET</b>	<b>58,149,733</b>	<b>58,172,190</b>	<b>58,815,930</b>	<b>58,815,930</b>	<b>60,228,336</b>	<b>1,412,406</b>	<b>2.4%</b>	<b>61,734,044</b>	<b>2.5%</b>	<b>63,277,396</b>	<b>2.5%</b>	
<b>CAPITAL BUDGET</b>												
Debt Service - Debt Exclusion	213,522	213,522	171,480	171,480	125,378	(46,102)	-26.9%	83,239	-33.6%	37,330	-55.2%	ARHS debt funded via debt exclusion
Debt Service - Current	1,561,993	1,561,989	1,665,418	1,665,418	1,746,371	80,953	4.9%	1,536,560	-12.0%	1,491,708	-2.9%	Per JCPC 5-Year Capital Plan
Debt Service - Projected	20,000	0	20,000	20,000	221,314	201,314	1007%	249,897	12.9%	903,055	261.4%	Per JCPC 5-Year Capital Plan
Cash Capital (Tax Support)	1,431,455	1,451,459	1,663,200	1,663,200	1,523,505	(139,695)	-8.4%	2,078,577	36.4%	1,865,501	-10.3%	Per JCPC 5-Year Capital Plan
<b>Subtotal Tax Funded Capital</b>	<b>3,226,970</b>	<b>3,226,970</b>	<b>3,520,098</b>	<b>3,520,098</b>	<b>3,616,568</b>	<b>96,470</b>	<b>2.7%</b>	<b>3,948,273</b>	<b>9.2%</b>	<b>4,297,594</b>	<b>8.8%</b>	
<b>Tax Capital Less Debt Excl</b>	<b>3,013,448</b>	<b>3,013,448</b>	<b>3,348,618</b>	<b>3,348,618</b>	<b>3,491,190</b>	<b>142,572</b>	<b>4.3%</b>	<b>3,865,034</b>	<b>10.7%</b>	<b>4,260,264</b>	<b>10.2%</b>	
<b>% Net Tax Levy</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>0</b>			<b>8.00%</b>		<b>8.50%</b>		Town Financial Policy goal is 10% of tax levy
Cash Capital (Ambulance Fund)	144,000	144,000	346,600	0	0			0		0		
<b>Subtotal CAPITAL</b>	<b>3,370,970</b>	<b>3,370,970</b>	<b>3,866,698</b>	<b>3,520,098</b>	<b>3,616,568</b>	<b>96,470</b>	<b>2.7%</b>	<b>3,948,273</b>	<b>9.2%</b>	<b>4,297,594</b>	<b>8.8%</b>	
<b>MISCELLANEOUS</b>												
Assessment - Retirement System	3,925,567	3,899,242	4,204,149	4,203,983	4,528,702	324,719	7.7%	4,732,494	4.5%	4,945,456	4.5%	Hampshire County Retirement Board
Assessment - Regional Lockup Facility	31,323	31,323	35,928	35,928	35,928	0	0.0%	35,928	0.0%	35,928	0.0%	No change
Other	120,000	0	0	0	0	0		0		0		FY14 Social Services and Town/Gown
OPEB	0	114,090	100,000	100,000	200,000	100,000	100.0%	300,000	50.0%	400,000	33.3%	Building OPEB funding into annual budget
Reserve Fund	100,000	110,000	100,000	100,000	100,000	0	0.0%	100,000	0.0%	100,000	0.0%	Finance Committee Reserve Fund
<b>Subtotal MISCELLANEOUS</b>	<b>4,176,890</b>	<b>4,154,655</b>	<b>4,440,077</b>	<b>4,439,911</b>	<b>4,864,630</b>	<b>424,719</b>	<b>9.6%</b>	<b>5,168,422</b>	<b>6.2%</b>	<b>5,481,384</b>	<b>6.1%</b>	
<b>Total APPROPRIATIONS</b>	<b>65,697,593</b>	<b>65,697,815</b>	<b>67,122,705</b>	<b>66,775,939</b>	<b>68,709,534</b>	<b>1,933,595</b>	<b>2.9%</b>	<b>70,850,739</b>	<b>3.1%</b>	<b>73,056,373</b>	<b>3.1%</b>	
<b>UNAPPROPRIATED USES</b>												
Reserve for Abatements & Exemptions	426,042	426,042	447,209	448,285	465,492	17,207	3.8%	483,129	3.8%	501,208	3.7%	Target: 1% of tax levy
State Assessments (Cherry Sheet)	1,956,175	1,960,435	2,212,350	2,212,350	2,288,874	76,524	3.5%	2,346,096	2.5%	2,404,748	2.5%	Charter & Choice Tuition, PVTA
Cherry Sheet Offsets	293,170	329,204	322,839	322,839	331,213	8,374	2.6%	331,213	0.0%	331,213	0.0%	School Lunch and Choice tuition & Library aid
Other Amounts to be Raised	15,673	0	15,673	15,673	15,673	0	0.0%	15,673	0.0%	15,673	0.0%	PVPC and Tax Title
<b>Subtotal UNAPPROPRIATED USES</b>	<b>2,691,060</b>	<b>2,715,681</b>	<b>2,998,071</b>	<b>2,999,147</b>	<b>3,101,252</b>	<b>102,105</b>	<b>3.4%</b>	<b>3,176,111</b>	<b>2.4%</b>	<b>3,252,842</b>	<b>2.4%</b>	
<b>TOTAL BUDGET PLAN</b>	<b>68,388,653</b>	<b>68,413,496</b>	<b>70,120,776</b>	<b>69,775,086</b>	<b>71,810,786</b>	<b>2,035,700</b>	<b>2.9%</b>	<b>74,026,851</b>	<b>3.1%</b>	<b>76,309,215</b>	<b>3.1%</b>	
								<b>2,216,065</b>		<b>2,282,365</b>		
<b>SURPLUS / (SHORTFALL)</b>	<b>0</b>	<b>1,944,635</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>(189,851)</b>		<b>(399,430)</b>		