

Town of



AMHERST *Massachusetts*

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January 14, 2011

TO: Select Board
Finance Committee

FROM: John P. Musante, Town Manager

CC: Department Heads

SUBJECT: Town Manager's Proposed FY 12 Municipal Budget

Consistent with the Amherst Town Government Act, Section 5.1, *Annual Operating Budget*, I am pleased to submit my very first proposed budget as Town Manager for the fiscal year beginning July 1, 2011 (FY 12). My recommended FY 12 Town of Amherst Municipal Budget includes the following:

• General Fund	\$18,591,919	0.0%
• Water Fund	4,101,543	-2.4%
• Sewer Fund	3,763,199	-0.3%
• Solid Waste Fund	549,716	+3.3%
• Transportation Fund	1,062,688	+9.8%

Revenues

This budget is being prepared with the likelihood that the Commonwealth will reduce aid to towns and school districts for an unprecedented *fourth* consecutive year. Aid to Amherst has been cut by over \$4 million already since FY 08 and the Finance Committee and I conservatively (we hope) estimate an additional reduction of 12.5% in FY 12, or a cut of \$1.7 million, plus additional aid cuts directly to the Regional Schools. State aid to support Town and school services now comprises only 20% of annual operating revenues, its lowest level since the passage of Proposition 2 ½ in 1980. Conversely, the property tax is now at an all-time high, supporting 58% of the Town budget. *A state aid cut of -12.5% (-\$1.7 million) next year would effectively offset the entire property tax override increase of \$1.68 million approved by the voters in March 2010.* We must continue to work with our legislators to prioritize state aid for Town services, schools, and libraries in the context of the overall state budget.

It is assumed in this proposal that the Town will levy to the property tax levy limit allowed under Proposition 2 ½, or \$40.2 million. This includes the remaining \$427,000 of levy capacity not used in the current year following the passage of the \$1.68 million override last spring. New growth added to the levy is estimated by our assessors at only \$300,000, which is less than 50% of the 10-year average for new growth. Except for a modest increase in estimated revenues from local option hotel and meals taxes, local receipts are projected to be essentially unchanged from current levels. No reserves are utilized to support the budget.

Proposed Spending Plan

Over the past three years, the Town has confronted the fiscal challenges facing us directly. A citizen-led Facilitation of Community Choices Committee appointed by the Select Board reviewed short-term and long-term fiscal issues and issued a comprehensive set of recommendations in December 2008 (see full report at www.amherstma.gov/budget). They included a focus on reducing costs (or slowing their rate of growth) via regionalization or consolidation of services, containing health care costs for active and retired employees, eliminating services not defined as “core,” pursuing appropriate economic development consistent with the Town’s Master Plan to grow the tax base and reduce reliance on residential property taxes, adopting local option meals and lodging taxes, increasing user fees and financial support from UMass, Amherst, and Hampshire Colleges where possible, and passing a Proposition 2 ½ property tax override to support “core” services. Together, we have achieved full or partial progress on most of these initiatives, but there is more to do. The municipal workforce has been reduced by 25 positions, or 11.6%, over the past three years and some services have been reduced or eliminated.

Despite the persistent fiscal challenges facing the Town as a result of the deepest and longest economic downturn in seventy years, the Town is poised to make significant progress in a number of critical areas in the coming year. My proposed budget is consistent with the level funding preliminary budget guidelines for the Town’s General Fund budget issued by the Finance Committee in November and responsive to the Select Board’s FY 12 Budget Policy Guidelines to the Town Manager dated November 3, 2010 (both documents are included in the Introduction section of the budget). Some budget highlights:

- *Employee/retiree health insurance will be essentially level funded at \$2.6 million in FY 12, in contrast to a nearly +10% industry trend. 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. Plan design changes have generated estimated savings in excess of \$3 million since 2006. While these are positive indicators, employee benefits costs as a share of salaries and wages has still increased from 20% to 32% of the total over the past ten years (see “Financial Trend Monitoring Report, October 2010” at www.amherstma.gov/budget). Control of health care costs remains the single biggest fiscal challenge facing the Town over the long term;*
- *Due to an aggressive multi-year capital investment program to promote energy conservation, the municipal utilities budget will be decreased in FY 12 by 4.3%, or*

\$34,000. Investments in more energy-efficient HVAC systems, interior lighting, streetlights, traffic signals, and lower bid prices for natural gas are all responsible. In FY 12, the Town hopes to contract with a private company to install one of the largest solar arrays in Massachusetts at the old landfill on Belchertown Road to dramatically reduce electricity costs to the Town and generate new tax base growth over the next two years. Bids have been received and are currently under review. *My twin goals quite simply are for the Town of Amherst to be a leader in renewable energy and “green” best practices;*

- *Public Safety services (Police, Fire/EMS, Communications, Animal Welfare) remain at close to current service levels despite a 1.8% reduction in the recommended budget of \$8.44 million, although I am most concerned about my reluctant recommendation to reduce overtime funds to Police, Fire/EMS, and Communications by a total of \$51,000 to assist in achieving a level-funded overall municipal budget.* I have included overtime funds on a prioritized list of budget restorations or additions if additional funds become available later in the budget process (see entire list later in this Introduction section of the budget). No reductions in personnel are recommended. Turnover in staff, particularly in Police and Fire, has generated savings that are utilized to preserve staffing levels despite a budget cut. In FY 12, the Town plans to proceed with pre-construction work entirely funded by a state 911 grant to begin to create a regional public safety dispatch center following the expected formal commitments from a number of area communities to this initiative later this winter. It is hoped that a regional facility could be operational in two years;
- *Public Works services will be preserved at current levels, despite a reduction of 2.4% in a budget recommended at \$1.9 million, due to utilities and fuel savings and staff turnover.* Parks, commons, and trees personnel are reorganized. On my priority list for budget additions if funds later become available, I have included an additional position to help maintain our parks, fields, and street inventory. The DPW will oversee the completion this year of \$4.5 million in road improvements on many of the Town’s most heavily travelled roads pursuant to the bond authorization approved by Town Meeting in November. This will begin to address a \$21 million backlog of road repairs and maintenance that has accumulated over many years due to inadequate state and local funding. It is critically important that the state legislature and governor *double* funding for local road improvements this spring by passing a three-year \$300-million-a-year Chapter 90 bond authorization;
- *Conservation and Development budgets are recommended to increase by a modest \$35,944 (+4.8%) to a total of \$781,017 to replace one-time grant funds used in FY 11 to support staffing and to fund an increase from part-time to full-time for an administrative assistant.* Conservation, planning, and inspections services staff are in their second full year operating as a consolidated functional area on the second floor at Town Hall. The department’s ability to timely and effectively support the many regulatory boards it staffs, complete MUNIS and other streamlined permitting initiatives, administer the Community Development Block Grant, and support inspectional services is compromised without adequate and basic administrative support. A major initiative in the coming year will be a multi-department coordinated effort, in collaboration with the university, to improve neighborhood

quality of life focused on the neighborhoods closest to the university campus. I have included as my top priority on my prioritized list of budget restorations or additions, if additional funds become available later in the budget process, a new position of Housing/Code Enforcement Inspector that would focus on sanitary, housing, and zoning code compliance on rental properties. A more detailed proposal will be forthcoming later this spring;

- *I am recommending that Community Services budgets decrease by a net of 1.3%, or \$18,573, to a total of \$1.46 million. The Health Department is about to apply for state grant funds with other Hampshire County communities to explore the feasibility of merging and/or sharing services. This might entail an expansion of our successful sharing of a Sanitarian position with the City of Northampton implemented last year. I am grateful to the Friends of the Senior Center, a non-profit organization, for their decision to contribute \$4,000 to the Senior Center to prevent additional staffing and service reductions next year. My desire is for this to be a temporary solution until the Town is on more stable financial footing. The Veterans' Services budget is projected to increase by \$40,000 due to a rising caseload. These costs are eventually reimbursed 75% by the Commonwealth. The Town has made a successful transition to a new regional veterans' services district incorporating the City of Northampton and several smaller towns. The Leisure Services and Supplemental Education (LSSE) budget is recommended to decrease by an additional \$67,254, or -12.7%, to \$463,522 as LSSE continues a difficult, but I believe necessary, realignment of its program offerings and expenses with available tax support and user fees. A vacant Adult Education/Community Theater program coordinator is eliminated and the LSSE Community Theater program continues with the support of an incredibly talented and dedicated group of community members. LSSE continues to offer a diverse array of youth sports, camps, after school, and adult education programs. I am working with interim School Superintendent Maria Geryk, her staff, and LSSE Director Linda Chalfant on an initiative to improve after school programming for the 2011-2012 school year for all students, to be partially funded with CDBG funds. The 9-hole Cherry Hill Golf Course will continue to offer one of the best values in Western Massachusetts and expand its winter programming while continuing to cover its operating and employee benefits costs entirely from user fees;*
- *The Water Fund budget of \$4,101,543 is recommended to decrease by 2.4% and no water rate increase will be necessary for the second consecutive year. Major improvements to the Centennial Water Treatment Plant located in Pelham will be funded with a proposed bond authorization of \$4 million. This is an especially good time to issue debt for this project because of historically low interest rates and because previously authorized debt service for improvements to the Atkins Water Treatment Plant will be retired in FY12;*
- *The Sewer Fund budget of \$3,763,199 is recommended to decrease by 0.3% to support operating and capital expenses of the Town's sewer system. After no increase in the current fiscal year, the sewer rate is recommended to increase by \$0.10 to \$3.35 per 100 cubic feet, which would result in a \$12 annual increase (+3%) to the sewer bill of the average four-person household in Amherst. Town*

water and sewer rates remain well below many of our nearby communities and the state average;

- *The Solid Waste Fund budget of \$549,716 is recommended to increase by 3.3%. A major focus in the coming year will be the installation of a solar array at the old landfill, as described earlier in this transmittal letter. The Town continues to vigorously support recycling initiatives and the operation of the transfer station;*
- *The Transportation Fund budget of \$1,062,688 is recommended to increase by 9.8% and supports the operating and capital costs of the Town's public parking system and the Town's apportionment of costs for the PVRTA bus system and outreach routes. The capital plan of \$110,000 will be funded from surplus funds. In FY 12, the Town plans to replace pay/display machines in a number of Town parking lots with more customer friendly machines that also accept credit cards.*

As you can see from my recommendations, Town staff has not let the fiscal constraints we are operating under become an excuse not to pursue opportunities to improve services and the quality of life in our community. In fact, at a recent Select Board meeting I offered "13 Reasons to Stay Positive in 2011" as the pace of economic recovery hopefully accelerates:

1. Regionalization of public safety dispatch – better service, lower cost;
2. Exploration of regionalized and/or shared services for public health services;
3. Kendrick Park – a new public park for Amherst;
4. \$4.5 M of road improvements;
5. Atkins Corner road improvements and Atkins Farms Market expansion begins;
6. Lord Jeffrey Inn to re-open by mid-year;
7. Boltwood Place, a mixed use development, breaks ground in January;
8. Possible creation of a privately-led Business Improvement District (BID) to enhance services and marketing of our downtown;
9. Gateway Project, a mixed use development linking the UMass campus and the downtown;
10. Neighborhood stabilization/code enforcement initiatives;
11. North Amherst and Atkins Corner rezoning;
12. Solar Energy at the old landfill to position the Town as a regional leader in renewable energy;
13. New website and many, many e-government initiatives.

This week marks the 50th anniversary of President John F. Kennedy's only inaugural address to the nation. In that speech, he rallied the country and the world with these words:

"United, there is little we cannot do in a host of cooperative ventures. Divided, there is little we can do -- for we dare not meet a powerful challenge at odds and split asunder."

As we continue our work in local government on behalf of the citizens of Amherst to provide basic services such as public safety, public works, public health, education, and services and programs for our youth and our seniors, let's remember President Kennedy's words.

Acknowledgements

The development of the Town's budget plan is a team effort. I thank the Select Board for the opportunity to serve and for your support and 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 who contributes each day to make Amherst a great place to live and work. I want to acknowledge the creativity and "can do" attitude of our extraordinarily talented department heads who are embracing my call 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 two principal support staff in the production of this proposal: IT/Financial Analyst Maria Racca and Comptroller Sonia Aldrich. Their contributions were especially critical this year as I performed double duty as Finance Director temporarily after being appointed Town Manager on October 1.

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.

TOWN OF AMHERST - TOWN MANAGER'S PROPOSED FY 12 MUNICIPAL BUDGET
 FY 12 PRIORITIZED LIST OF BUDGET RESTORATIONS/ADDITIONS IF FUNDS AVAILABLE

Date Last Revised: 14-Jan-2011

DRAFT - For Discussion Purposes Only

Department	Description	# FTE	Personnel Services	Employee Benefits	Operating Expenses	\$ Total	Cumulative Restore/Add	Manager Budget	Change FY 11 - 12
								18,591,919	0.0%
								Recommended	
Inspections	Housing / Code Enforcement Inspector (new)	1.00	46,045	11,127		57,172	57,172		
Facilities Maintenance	East Street School O & M (from Schools)		12,000		22,200	34,200	91,372		
Veterans Services	Veterans Benefits (75% reimbursed by State)				50,000	50,000	141,372		
Conservation & Dev'p	Replace CDBG \$ for Staff Support with Town \$		30,000			30,000	171,372		
Police	Overtime		20,000			20,000	191,372		
Fire/EMS	Overtime		20,000			20,000	211,372		
Communications Center	Overtime		11,000			11,000	222,372		
Public Works	Parks, Commons, Rec Area Supervisor (new)	1.00	45,325	11,127		56,452	278,824		
Senior Center	1.75 hours Admin Assistant (Friends Grant)		4,000			4,000	282,824		
Employee Benefits	Health Insurance Co-Pays			52,000		52,000	334,824		
Conservation & Dev'p	Energy / Sustainability Coordinator (new)	1.00	45,000	11,127		56,127	390,951		
Information Technology	Backup Internet Services				2,520	2,520	393,471	18,985,390	2.1%

**TOWN OF AMHERST, MASSACHUSETTS
TOWN MANAGER'S PROPOSED FY 12 MUNICIPAL BUDGET
GENERAL FUND - SPENDING BY CATEGORY**

14-Jan-2011

	FY 09 Actual	FY 10 Actual	FY 11 Budget	FY 12 Manager	Dollar Change	Percent Change
<i>Personnel Services</i>						
Full time and part time (1)	10,199,506	10,044,216	10,298,248	10,168,591	(129,657)	-1.3%
Overtime	810,402	758,129	763,987	730,737	(33,250)	-4.4%
Longevity	217,706	221,579	223,547	218,317	(5,230)	-2.3%
Educ Incentive & Holiday	775,145	740,356	765,184	810,442	45,258	5.9%
Shift	46,260	44,724	38,900	43,900	5,000	12.9%
Extra Help	542,325	401,738	469,931	424,577	(45,354)	-9.7%
Other	553,344	481,932	552,364	733,205	180,841	32.7%
Health Insurance (2)	2,409,660	2,597,442	2,656,638	2,666,149	9,511	0.4%
Subtotal Personnel	15,554,348	15,290,116	15,768,799	15,795,918	27,119	0.2%
<i>Utilities (3)</i>						
Electric	358,076	283,038	339,748	331,275	(8,473)	-2.5%
Gas	45,087	41,629	37,095	37,176	81	0.2%
Oil	92,612	76,436	84,031	78,650	(5,381)	-6.4%
Gasoline	123,885	111,768	162,760	156,074	(6,687)	-4.1%
Diesel	124,407	89,015	160,502	147,289	(13,213)	-8.2%
Subtotal Utilities	744,066	601,887	784,135	750,464	(33,672)	-4.3%
<i>Other (4)</i>	2,175,424	2,327,151	2,038,985	2,045,538	6,553	0.3%
<i>Total Municipal General Func</i>	18,473,838	18,219,153	18,591,919	18,591,919	0	0.0%

TOWN OF AMHERST, MASSACHUSETTS
 CONSOLIDATED RESOURCES / EXPENDITURES SUMMARY - TOWN MANAGER'S PROPOSED FISCAL YEAR 2012 BUDGET

14-Jan-2011

	FY 12 General Fund	FY 12 Community Preserv. Act	FY 12 Water Fund	FY 12 Sewer Fund	FY 12 Solid Waste Fund	FY 12 Transportation Fund	FY 12 COMBINED FUNDS (memo only)	FY 11 COMBINED FUNDS (memo only)
REVENUES								
Property Tax	40,177,649	TBD	0	0	0	0	TBD	36,435,006
Local Receipts	7,787,722	0	3,857,000	3,524,800	537,000	940,000	16,646,522	16,196,216
State Aid	11,949,005	TBD	0	0	0	0	TBD	14,406,656
Other Financing Sources	3,203,413	TBD	244,543	238,399	12,716	122,688	TBD	4,856,301
TOTAL REVENUES	63,117,789		4,101,543	3,763,199	549,716	1,062,688		71,894,179
EXPENDITURES								
<u>OPERATING BUDGET</u>								
Town	18,592,919	0	2,689,762	2,618,182	514,954	760,402	25,176,219	24,571,726
Elementary Schools	TBD	0	0	0	0	0	TBD	20,381,768
A-P Regional School District (Assessment)	TBD	0	0	0	0	0	TBD	12,574,043
Jones Library (Tax Support)	TBD	0	0	0	0	0	TBD	1,468,029
Subtotal OPERATING BUDGET		0	2,689,762	2,618,182	514,954	760,402		58,995,566
<u>CAPITAL BUDGET</u>								
Debt Service - Debt Exclusion	305,688	0	0	0	0	0	305,688	400,837
Debt Service - Current	800,210	TBD	703,688	316,576	0	67,763	1,888,237	2,021,867
Debt Service - Projected	584,805	0	0	0	0	0	584,805	261,969
Cash Capital (Tax Support)	863,764	0	0	0	0	0	863,764	1,261,200
Subtotal Tax Funded Capital	2,554,467	0	703,688	316,576	0	67,763	3,642,494	3,945,873
Community Preservation Act	0	TBD	0	0	0	0	TBD	646,574
Cash Capital (Non-Tax Support)	97,000	0	150,000	336,000	0	110,000	693,000	960,200
Subtotal CAPITAL	2,651,467		853,688	652,576	0	177,763		5,552,647
<u>MISCELLANEOUS</u>								
Assessment - Retirement System	3,256,793	0	142,525	169,409	34,762	31,880	3,635,369	3,330,291
Assessment - Regional Lockup Facility	31,323	0	0	0	0	0	31,323	31,323
Other	0	0	0	0	0	0	0	63,674
Reserve Fund	100,000	TBD	0	0	0	0	100,000	100,000
Subtotal MISCELLANEOUS	3,388,116	0	142,525	169,409	34,762	31,880	3,766,692	3,525,288
Total APPROPRIATIONS		0	3,685,975	3,440,167	549,716	970,045		68,073,501
<u>UNAPPROPRIATED USES</u>								
Reserve for Abatements & Exemptions	398,720	0	0	0	0	0	398,720	332,415
State Assessments (Cherry Sheet)	2,864,893	0	0	0	0	0	2,864,893	2,603,164
Cherry Sheet Offsets	70,096	0	0	0	0	0	70,096	72,139
Other Amounts to be Raised	15,231	0	415,568	323,032	0	92,643	846,474	812,960
Subtotal UNAPPROPRIATED USES	3,348,940	0	415,568	323,032	0	92,643	4,180,183	3,820,678
TOTAL BUDGET PLAN			4,101,543	3,763,199	549,716	1,062,688		71,894,179
\$ Change from Prior year			(102,048)	12,782	17,442	94,855		
% Change from Prior Year			-2.4%	0.3%	3.3%	9.8%		

GENERAL FUND SUMMARY

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
General Government	\$ 5,708,397	5,732,499	5,703,574	5,830,363	6,012,376	182,013	3.1%
Public Safety	\$ 8,352,499	8,488,595	8,371,484	8,600,218	8,446,470	(153,748)	-1.8%
Public Works	\$ 1,820,205	1,812,364	1,798,478	1,941,540	1,895,905	(45,636)	-2.4%
Conservation & Development	\$ 859,004	818,578	805,773	745,073	781,017	35,944	4.8%
Community Services	\$ 1,733,734	1,472,316	1,539,844	1,474,725	1,456,152	(18,573)	-1.3%
TOTAL APPROPRIATION	\$ 18,473,838	18,324,352	18,219,153	18,591,919	18,591,919	0	0.0%

GENERAL FUND - BY FUNCTIONAL AREA

GENERAL GOVERNMENT

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Select Board/Town Manager	\$ 245,255	223,184	229,091	226,121	241,631	15,510	6.9%
Town Meeting/Finance Comm	\$ 448	800	580	800	800	0	0.0%
Finance Department	\$ 798,993	849,586	836,395	865,124	864,640	(484)	-0.1%
Legal Services	\$ 142,307	95,000	125,797	110,000	110,000	0	0.0%
Human Resources/ Human Rights	\$ 186,551	152,626	155,164	157,217	159,422	2,205	1.4%
Information Technology	\$ 491,576	472,999	478,780	485,266	480,269	(4,997)	-1.0%
Town Clerk's Office	\$ 158,551	162,069	161,039	170,441	176,655	6,214	3.6%
Elections & Registration	\$ 71,510	28,524	29,257	52,440	43,000	(9,440)	-18.0%
Facilities Maintenance	\$ 474,154	458,596	440,102	432,349	434,017	1,668	0.4%
General Services	\$ 374,468	410,321	378,822	379,721	365,721	(14,000)	-3.7%
SUBTOTAL	\$ 2,943,813	2,853,705	2,835,026	2,879,479	2,876,155	(3,324)	-0.1%
Employee Pay/Benefits	\$ 2,764,584	2,878,794	2,868,547	2,950,884	3,136,221	185,337	6.3%
TOTAL APPROPRIATION	\$ 5,708,397	5,732,499	5,703,574	5,830,363	6,012,376	182,013	3.1%

PUBLIC SAFETY

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Police Facility	\$ 198,787	210,791	196,498	187,520	187,607	87	0.0%
Police	\$ 3,904,939	3,899,208	3,863,374	3,932,030	3,847,537	(84,493)	-2.1%
Fire/EMS	\$ 3,613,303	3,775,048	3,771,709	3,872,977	3,811,900	(61,077)	-1.6%
Communications Center	\$ 588,458	551,703	490,783	553,381	546,945	(6,436)	-1.2%
Animal Welfare	\$ 47,013	51,845	49,121	54,310	52,481	(1,829)	-3.4%
TOTAL APPROPRIATION	\$ 8,352,499	8,488,595	8,371,484	8,600,218	8,446,470	(153,748)	-1.8%

PUBLIC WORKS

		FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Public Works Administration	\$	251,731	266,646	236,116	278,421	294,478	16,057	5.8%
Highway	\$	524,374	575,505	654,469	547,936	521,315	(26,621)	-4.9%
Snow & Ice Removal	\$	285,733	240,410	187,455	280,410	280,410	0	0.0%
Street & Traffic Lights	\$	110,564	112,248	128,037	139,650	139,650	0	0.0%
Equipment Maintenance	\$	248,467	259,244	226,039	285,565	260,186	(25,379)	-8.9%
Tree and Grounds Maintenance	\$	399,336	358,311	366,362	409,559	399,866	(9,693)	-2.4%
TOTAL APPROPRIATION	\$	1,820,205	1,812,364	1,798,478	1,941,540	1,895,905	(45,636)	-2.4%

CONSERVATION AND DEVELOPMENT

		FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Conservation	\$	216,596	238,369	224,045	227,991	224,366	(3,625)	-1.6%
Planning	\$	295,471	258,255	266,851	211,876	236,936	25,060	11.8%
Inspection Services	\$	346,937	321,954	314,876	305,206	319,715	14,509	4.8%
TOTAL APPROPRIATION	\$	859,004	818,578	805,773	745,073	781,017	35,944	4.8%

COMMUNITY SERVICES

		FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Public Health	\$	272,335	249,972	247,636	234,268	240,411	6,143	2.6%
Senior Center	\$	189,615	177,024	173,536	176,141	172,478	(3,663)	-2.1%
Community Development	\$	77,613	0	0	0	0	0	0.0%
Veterans' Services	\$	216,611	169,214	254,763	204,279	244,369	40,090	19.6%
Leisure Services & S.E.	\$	571,827	567,826	554,180	530,776	463,522	(67,254)	-12.7%
Pools	\$	193,193	89,898	90,734	105,246	103,119	(2,127)	-2.0%
Golf Course	\$	212,540	218,382	218,996	224,015	232,253	8,238	3.7%
TOTAL APPROPRIATION	\$	1,733,734	1,472,316	1,539,844	1,474,725	1,456,152	(18,573)	-1.3%

Water Fund Summary

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Operating Revenues	\$ 4,129,830	3,862,000	3,868,419	4,001,967	3,837,000	(164,967)	-4.1%
Interest	\$ 53,326	60,000	24,575	56,000	20,000	(36,000)	-64.3%
State Grants	\$ 0	0	0	0	0	0	0.0%
SUBTOTAL REVENUES	\$ 4,183,156	3,922,000	3,892,994	4,057,967	3,857,000	(200,967)	-5.0%
Borrowing							
Authorizations	\$ 0	0	0	0	0	0	0.0%
Other Available Funds	\$ 0	0	0	0	0	0	0.0%
Surplus Funds	\$ 250,000	385,684	385,684	145,624	244,543	98,919	67.9%
TOTAL RESOURCES	\$ 4,433,156	4,307,684	4,278,678	4,203,591	4,101,543	(102,048)	-2.4%
Operating Budget	\$ 2,472,918	2,564,680	2,496,513	2,743,259	2,832,287	89,028	3.2%
Gen. Fund Services	\$ 385,111	--	--	--	--		
Debt Service	\$ 920,559	811,988	779,773	703,716	703,688	(28)	0.0%
Capital Program	\$ 445,000	536,600	536,600	345,000	150,000	(195,000)	-56.5%
TOTAL APPROPRIATION	\$ 4,223,588	3,913,268	3,812,887	3,791,975	3,685,975	(106,000)	-2.8%
Indirect Costs Appropriated in General Fund	\$	394,416	394,416	411,616	415,568	3,952	1.0%
TOTAL EXPENDITURES	\$ 4,223,588	4,307,684	4,207,303	4,203,591	4,101,543	(102,048)	-2.4%

Sewer Fund Summary

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Operating Revenues	\$ 3,695,472	3,459,500	3,592,414	3,459,500	3,504,800	45,300	1.3%
Interest	\$ 57,861	31,000	22,150	42,000	20,000	(22,000)	-52.4%
Grants	\$ 0	0	0	0	0	0	0.0%
SUBTOTAL REVENUES	\$ 3,753,333	3,490,500	3,614,564	3,501,500	3,524,800	23,300	0.7%
Borrowing							
Authorizations	\$ 0	0	0	0	0	0	0.0%
Available Funds	\$ 0	0	0	0	0	0	0.0%
Surplus Funds	\$ 0	232,658	232,658	248,917	238,399	(10,518)	-4.2%
TOTAL RESOURCES	\$ 3,753,333	3,723,158	3,847,222	3,750,417	3,763,199	12,782	0.3%
Operating Budget	\$ 2,507,929	2,709,610	2,536,246	2,805,442	2,787,591	(17,852)	-0.6%
Gen. Fund Services	\$ 302,264	--	--	--	--	--	--
Debt Service	\$ 336,158	333,804	327,803	325,284	316,576	(8,708)	-2.7%
Capital Program	\$ 405,000	373,600	373,600	295,000	336,000	41,000	13.9%
Interfund Transactions	\$ 0	0	0	0	0	0	0.0%
TOTAL APPROPRIATION	\$ 3,551,351	3,417,014	3,237,649	3,425,726	3,440,167	14,440	0.4%
Indirect Costs Appropriated in General Fund		306,144	306,144	324,691	323,032	(1,659)	-0.5%
TOTAL EXPENDITURES	\$ 3,551,351	3,723,158	3,543,793	3,750,417	3,763,199	12,781	0.3%

Solid Waste Fund Summary

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Operating Revenues	\$ 416,059	476,000	390,341	485,575	535,000	49,425	10.2%
Interest	\$ 11,134	31,000	1,500	10,000	2,000	(8,000)	-80.0%
SUBTOTAL REVENUES	\$ 427,193	507,000	391,841	495,575	537,000	41,425	8.4%
Borrowing							
Authorizations	\$ 0	0	0	0	0	0	0.0%
Other Available Funds	\$ 0	0	0	0	0	0	0.0%
Taxation	\$ 0	0	0	0	0	0	0.0%
Surplus Funds	\$ 189,224	24,194	128,945	36,699	12,716	(23,983)	-65.4%
TOTAL RESOURCES	\$ 616,417	531,194	520,786	532,274	549,716	17,442	3.3%
Operating Budget	\$ 573,680	531,194	520,786	532,274	549,716	17,442	3.3%
Gen. Fund Services	\$ 0						
Debt Service	\$ 0	0	0	0	0	0	0.0%
Capital Program	\$ 88,000	0	0	0	0	0	0.0%
TOTAL APPROPRIATION	\$ 661,680	531,194	520,786	532,274	549,716	17,442	3.3%
Indirect Costs Appropriated in General Fund		0	0	0	0	0	0.0%
TOTAL EXPENDITURES	\$ 661,680	531,194	520,786	532,274	549,716	17,442	3.3%

Transportation Fund Summary

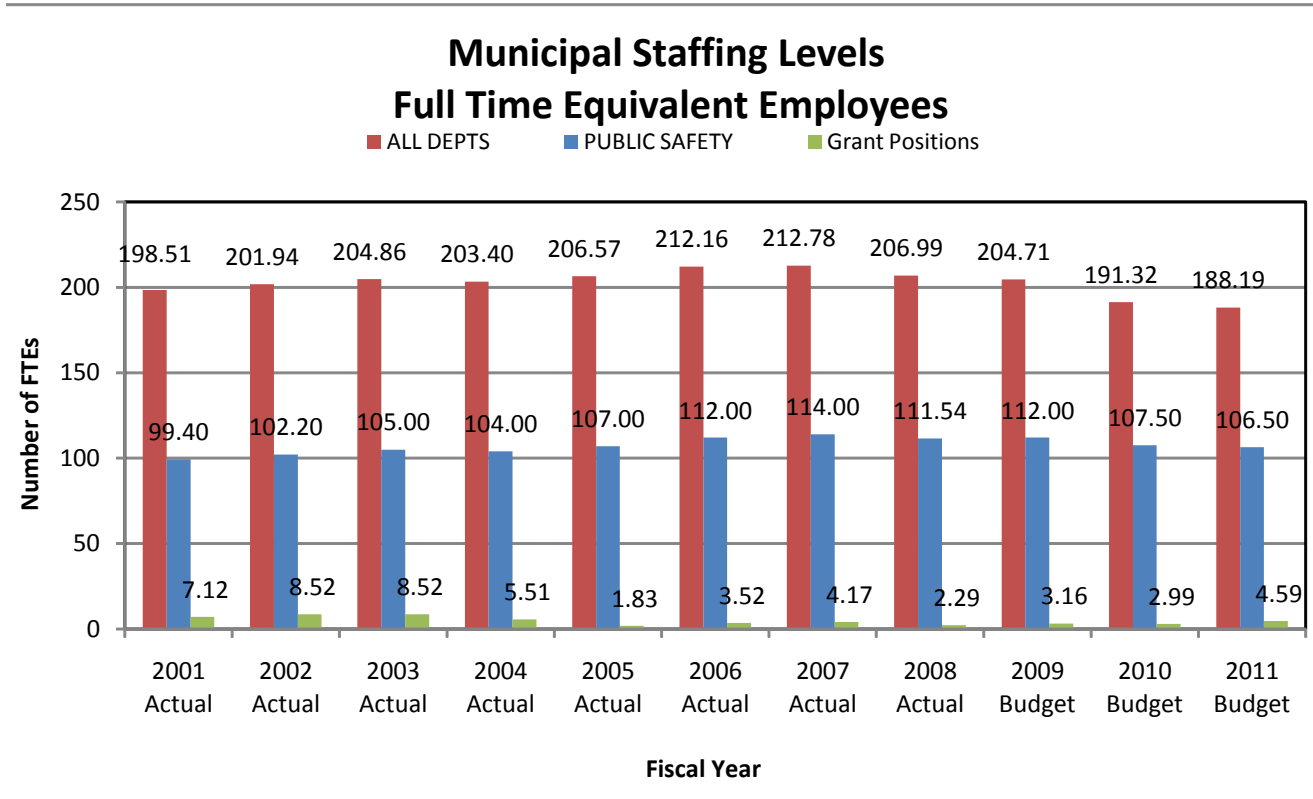
	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Operating Revenues	\$ 925,443	891,700	961,735	902,000	919,000	17,000	1.9%
Interest	\$ 8,012	12,000	2,136	10,000	21,000	11,000	110.0%
SUBTOTAL REVENUES	\$ 933,455	903,700	963,871	912,000	940,000	28,000	3.1%
Transportation Fund Surplus	\$ 98,754	84,323	84,323	55,833	122,688	66,855	119.7%
TOTAL RESOURCES	\$ 1,032,209	988,023	1,048,194	967,833	1,062,688	94,855	9.8%
Operating Budgets	\$ 731,298	764,328	764,998	728,019	792,282	64,262	8.8%
Gen. Fund Services	\$ 90,117	--	--	--	--		
Gen. Fund Loan Repayment	0	0	0	0	0	0	0.0%
Debt Service	\$ 79,288	76,788	64,019	71,032	67,763	(3,269)	-4.6%
Capital Program	\$ 85,000	50,000	50,000	75,000	110,000	35,000	46.7%
TOTAL APPROPRIATION	\$ 985,703	891,116	879,017	874,051	970,045	95,994	11.0%
Indirect Costs Appropriated in General Fund	\$	96,907	96,907	93,782	92,643	(1,139)	-1.2%
TOTAL EXPENDITURES	\$ 985,703	988,023	975,924	967,833	1,062,688	94,855	9.8%

POSITIONS IN FULL TIME EQUIVALENTS

Department	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12
MUNICIPAL BUDGET						
Select Board/Town Manager	3.00	3.00	2.50	2.50	2.50	0.00
Finance	13.00	13.00	13.00	13.00	13.00	0.00
Human Resources/Human Rights	2.00	2.00	1.50	1.50	1.50	0.00
Information Technology	4.50	4.50	4.00	4.00	4.00	0.00
Town Clerk	3.00	3.00	3.00	3.00	3.00	0.00
Elections/Registration	0.05	0.05	0.00	0.00	0.00	0.00
Facilities Maintenance	5.83	5.83	4.88	4.88	4.88	0.00
TOTAL GENERAL GOVERNMENT	31.38	31.38	28.88	28.88	28.88	0.00
Police Facility	1.00	1.00	1.00	1.00	1.00	0.00
Police	50.54	51.00	47.50	47.50	47.50	0.00
Fire/EMS	46.00	46.00	46.00	46.00	46.00	0.00
Communications Center	13.00	13.00	12.00	11.00	11.00	0.00
Animal Welfare	1.00	1.00	1.00	1.00	1.00	0.00
TOTAL PUBLIC SAFETY	111.54	112.00	107.50	106.50	106.50	0.00
Public Works Administration	3.40	3.40	3.40	3.73	3.73	0.00
Highway	13.00	13.00	13.00	13.00	13.00	0.00
Equipment Maintenance	3.00	3.00	3.00	3.00	3.00	0.00
Town Cemeteries	0.50	0.50	0.50	0.50	0.00	-0.50
Parks and Commons	4.50	4.50	4.50	4.50	0.00	-4.50
Tree Care and Pest Control	2.50	2.50	1.50	1.50	0.00	-1.50
Tree and Ground Maintenance					6.50	6.50
TOTAL PUBLIC WORKS	26.90	26.90	25.90	26.23	26.23	0.00
Conservation	3.72	3.72	3.83	3.63	3.63	0.00
Planning Department	5.00	5.00	4.00	3.35	3.80	0.45
Inspections	5.64	4.00	3.00	3.00	4.00	1.00
TOTAL CONSERVATION & DEVELOPMENT	14.36	12.72	10.83	9.98	11.43	1.45
Public Health	5.50	5.43	4.34	4.00	4.00	0.00
Senior Center	3.54	3.54	3.00	3.00	3.00	0.00
Community Development	0.68	0.20	0.00	0.00	0.00	0.00
Veterans' Services & Benefits	1.00	1.00	0.60	0.60	0.00	(0.60)
Leisure Services & Supplemental Education	10.79	10.05	8.82	7.95	6.45	(1.50)
Pools	0.35	0.44	0.00	0.20	0.20	0.00
Golf Course	0.95	1.05	1.05	1.05	1.35	0.30
TOTAL COMMUNITY SERVICES	22.81	21.71	17.81	16.80	15.00	-1.80
TOTAL GENERAL FUND	206.99	204.71	190.92	188.39	188.04	-0.35
Water Supply and Distribution	14.83	15.08	15.08	16.69	17.19	0.50
TOTAL WATER FUND	14.83	15.08	15.08	16.69	17.19	0.50
Sewer Maintenance	2.50	2.00	2.00	2.00	2.00	0.00
Wastewater Treatment Plant	15.25	15.50	15.50	14.83	15.33	0.50
TOTAL SEWER FUND	17.75	17.50	17.50	16.83	17.33	0.50
Sanitary Facilities	3.60	3.60	3.60	4.00	4.00	0.00
TOTAL SOLID WASTE FUND	3.60	3.60	3.60	4.00	4.00	0.00
Parking Facilities	4.00	4.00	4.00	4.12	4.20	0.08
TOTAL TRANSPORTATION FUND	4.00	4.00	4.00	4.12	4.20	0.08
TOTAL	247.17	244.89	231.10	230.03	230.76	0.73

POSITIONS IN FULL TIME EQUIVALENTS

Municipal Staffing Levels

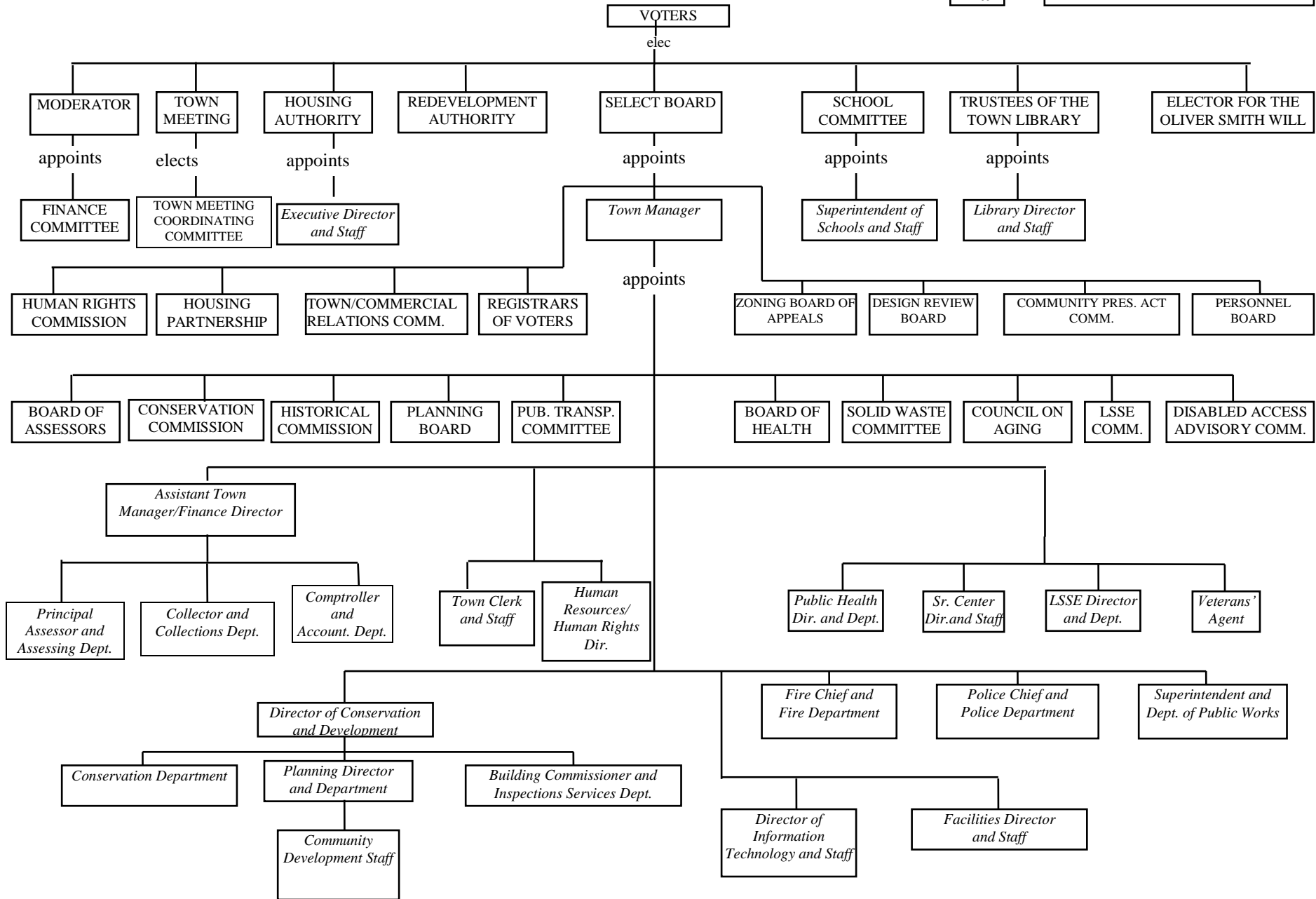


Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

The Town has reduced its workforce by 24.59 positions since FY 07, or 11.6%. Public Safety personnel have decreased by 7.5 FTEs, or 6.6%, while non-public safety positions have been reduced by 17.09 FTEs, or 17.5%. Since FY 01, there has been a net staffing decrease of 10.32 FTEs, or 5.2%.

**TOWN OF AMHERST
ORGANIZATION CHART (as of 1/10)**

Staff ELECTED AND APPOINTED BOARDS,
COMMISSIONS AND COMMITTEES



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

To: John Musante, Town Manager
From: Stephanie O’Keeffe, Select Board Chair
Date: November 3, 2010
Re: FY12 Budget Policy Guidelines

At our Monday, November 1, 2010 meeting, the Select Board unanimously approved the following Budget Policy Guidelines for FY12.

OVERALL PHILOSOPHY FOR FY12: Fiscal sustainability continues to be the budget goal, so FY12 revenue and expenditure plans must be viewed in a multi-year context. The Select Board recognizes that further reductions in service scope across many or all departments will be necessary to balance the FY12 budget, and we consider broad reductions across departments preferable to elimination of any specific program categories. We consider intense evaluation of the current range of municipal services and their delivery methods to be critical for making decisions with the highest budget impact and lowest citizen impact. We are again willing to consider distribution of cuts across the Town, School and Library budgets in other than the traditional “equal” distribution, if we believe the identified gains and losses would better serve the community. We recognize the necessity of including long-term obligations, such as the enormous cost of retiree health care, as part of our fiscal sustainability planning, and we look forward to recommendations in this challenging area as we go forward.

PRIORITIZATION AND FEEDBACK: Following two particularly challenging years of identifying core services, cutting back to that core and working to protect it going forward, the current (FY11) budget represents the best approximation of minimally-acceptable service levels for our community. Facing this fourth year of reductions in State Aid, on the heels of our carefully-crafted and successful override last spring, the Select Board needs to be able to weigh in on the cuts that will be necessary to balance the FY12 budget. We no longer have the luxury of identifying beforehand particular programs or service sectors for either protection or acceptable reduction, because that approach is too broad for this stage of now-annual budget cutting. We need an opportunity to respond to the Town Manager’s recommendations. To ensure the budget is one we can support at Town Meeting, it must reflect our best estimate of the community’s priorities in current circumstances, with due consideration given to what would be kept or lost at different levels of levy capacity and overall available revenues. The Select Board supports continuing the model of the Town Manager presenting a prioritized list of expenditures at

different revenue levels, allowing the Select Board and community to consider the recommended prioritization and relative necessity.

EXPENSE REDUCTION: The Select Board continues to support appropriate regionalization and reorganization when such initiatives would reduce costs and realize efficiencies. We also continue to support reassigning services outside of the general fund where responsible, and with due consideration of the implications of funding loss, mindful of sections B-4 and B-8 of the Town's "Financial Management Policies & Objectives."* We recognize that without new revenue, broad-based cuts to programs and services are necessary. *We consider the negotiation of labor contracts that the Town can afford and sustain to be of highest priority.*

ECONOMIC DEVELOPMENT: We recognize that our most reliable revenue source is property tax, and that growing our property tax base in net-positive ways is critical. We strongly support pursuing responsible and appropriate expansion of our commercial sector. We strongly support pursuing residential sector growth through private student housing, senior housing and mixed-use development. It is important to clearly articulate to the Select Board and the wider community the cost-benefit analysis of such pursuits, as well as their consistency with the Master Plan.

OTHER NEW REVENUE: We continue to support the pursuit of new revenue through expanded arrangements with the University and Colleges. Where possible and practical, we support consideration of new service fees and increasing existing ones. We also continue to support advocating for State legislation that improves local taxation options, increases aid to Amherst, or mitigates onerous mandated costs. Additionally, we support advocating for increased State revenues, such as more progressive taxation including higher income tax, in order 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."*

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%, per section C-7 of the Town's "Financial Management Policies & Objectives."* But we believe that the extenuating circumstances of the current financial situation will likely not allow for any increase this year. Additionally, we believe prudence requires that there be no decrease from the FY11 percentage. The Select Board continues to support funding capital investments by means other than the capital budget where possible, including through the use of Community Preservation Act funds, through shared purchasing and ownership with other towns or entities, and through bonding or borrowing for large long-term projects.

RESERVES: The Select Board opposes reserve use to fund ongoing expenses. We support careful and strategic reserve use only as a bridge to either anticipated revenue or a planned expense reduction. We support maintaining a responsible reserve balance, as outlined in section B-3 of the Town's "Financial Management Policies & Objectives."*

* Town of Amherst "Financial Management Policies & Objectives," adopted January 2008; this document is available on the FY12 Budget page of the Town web site.

Town of



AMHERST *Massachusetts*

November 15, 2010

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

From: Finance Committee

Re: Preliminary Fiscal Year 2012 Budget Guidelines

Amherst faces another challenging year for the development of a budget. While our community supports the vital services provided by the Town, schools and library, as evidenced by the vote on the property tax levy override last year, we face the extraordinary reality that the state will once again reduce local aid to cities and towns. Consequently, we are asking you to develop operating budgets with the same amount of town appropriation as provided in FY 11. Because of the formula that allocates assessments among the four towns, Amherst's assessment will increase by an estimated 3% to achieve a level budget for the Regional Schools.

At the Four Boards Meeting on October 14, we learned that when estimates of FY 12 income are combined with the increased cost of providing the same level of services as those provided in FY 11, the Town will confront a projected deficit for FY 12 of \$2,168,166. Assuming that taxes are levied to the full amount allowed by the 2010 override vote, total municipal revenues are expected to increase by \$320,140. Some appropriations must increase, most notably the Assessment for the Retirement System. As a result, even if we restrain expenditures for the Capital Budget to 5.64% of the property tax levy, level-funded operating budgets for FY 12 will still leave us with a projected deficit of \$301,893. These estimates are responsible, cautious, and preliminary.

The uncertainty about state aid

While local property taxes have been predictable and stable, state aid has been unpredictable and varies from year to year. In prior periods when state revenue declined, we could use reserves to supplement that revenue source. We did so through FY 09. We used a small amount of reserves in FY 10 and none in FY 11. In any event, reserves remain at a level that is near the low end of our identified range. This is an unprecedented period. With the expectation of further reductions in FY 12 we will have experienced four years of successive state aid reductions.

Massachusetts voters recognized that the state must have revenues to support the state and local services that provide education, safety, enrichment, and the desired quality of life. On November 2, they rejected Question 3 which would have substantially cut the sales tax and required a draconian cut in state aid to municipalities. But even without the loss of that revenue,

the state confronts an estimated deficit of at least \$2 billion, and it has neither the reserves nor the additional stimulus funds to continue to provide local aid at the present level.

While there is consensus that local aid will again be reduced in FY 12, the estimates vary about the amount of that reduction. At a meeting of the Local Government Advisory Committee on November 9, the Secretary for Administration and Finance, the Governor's chief budget officer, declined to estimate the amount of the reduction, while the Massachusetts Taxpayers Foundation estimated that a reduction of 5-10% would be likely. The MTF previously projected a 12.5% reduction, which is the estimate used for these guidelines. The October 2010 state revenue collections are 9.5% greater than in the previous year. State tax revenues are exceeding the year-to-date benchmark by \$413 million which is an encouraging trend that may help to shrink the estimated deficit of \$2 billion. However, there are tremendous pressures on the state from Medicaid funding needs, the depletion of the "rainy day" reserve fund, and the certainty, after the November 2 Congressional elections, that we can expect no new federal stimulus. Furthermore, as previously noted, these guidelines still leave us with a projected deficit of \$301,893. A 12.5% reduction in state aid is a realistic "worst-case" estimate.

The Capital Budget

The Town's Financial Policy specifies that the annual budget should include a Capital Program that includes debt service obligations and cash-funded capital projects funded from current revenues equal to at least 10% of the estimated property tax levy. This policy recognizes that it is essential to maintain and improve our infrastructure, including our school, town 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, only 7.2% of the tax levy was allocated to that purpose. Since then the allocation has decreased. In FY 11, it is 5.64%. This is a matter of great concern because at some point the deterioration of our infrastructure will be so great that the Town will confront very steep costs to correct the problems.

Nevertheless, the baseline assumptions that create the foundation for these preliminary estimates and guidelines again allocate 5.64% of the estimated property tax levy for capital. The 5.64% allocation is not the amount that was originally proposed for capital expenditures in FY 11 and budgeted by the Joint Capital Planning Committee. JCPC had allocated \$120,000 for the acquisition of easements for what has been referred to as "the Patterson property." After former Town Manager Larry Shaffer withdrew that request for FY 11, those funds were not reallocated for other capital purposes, which reduced the allocation from 6% to 5.64%.

We would like to be clear, that if revenue is greater than the "worst case" scenario from preliminary estimates, the first priority for additional expenditures should be to restore the allocation to capital to at least 6% of the estimated property tax levy, which is the true level funding from FY 11.

Reserve funds

The Department of Revenue notified the Town last month that it had certified the "free cash balance" on July 1, 2010 at \$3,330,986, an approximate \$700,000 increase from the previous year. Together with a Stabilization fund of \$1,421,401 the reserve funds total \$4,752,387, about 7% of revenues. The Town Financial Policy is to maintain Reserves at 5-15% of general fund operating revenues.

It would not be wise to use any reserves to supplement operating budgets in FY 12. While the Massachusetts economy is beginning to recover from the recession, as evidenced by the increase in the latest State tax revenue collections, projected increases for State aid in FY 13 and FY 14 are likely to be in the range of 1.5-2.5%. Reserves are close to the bottom of the targeted range, and it is unlikely that there will be much capacity to increase them. The Town will have other challenges, including addressing the backlog of capital needs and funding the OPEB Trust Fund. The Finance Committee will develop a policy for the future use of reserves that is likely to be similar to the policy adopted for the FY 10 budget process. That policy limited the use of reserves to implement bona fide plans to move toward models of service provision that will provide net savings to the town in the future while providing acceptable levels of service, and to leverage outside revenue in order to maintain existing core services. That policy enabled us to use reserves to support the orderly closing of the Marks Meadow elementary school and provide a bridge to new revenue from optional meals and lodging taxes.

Requested budget information

The Finance Committee wants to understand the policy choices you are making in submitting a budget for level funding. A budget always reflects changes in programs, services and staffing, which can be a combination of reductions and additions. We therefore ask that you provide a prioritized list of expenditures. This will help us: 1) understand the budget, 2) determine whether we can recommend it, and 3) explain it to Town Meeting. If there is additional revenue that enables some operating budgets to increase in FY 12, this information will be essential for discussing the overall priorities at the Budget Coordinating Group and to permit the Finance Committee to make appropriate decisions.

PLEASE NOTE: In response to requests from Town Meeting, the Finance Committee is implementing a new process for the development and presentation of the 2012 budget. The Finance Committee will present each operating budget with a 6 part budget narrative:

1. Budget and Finance Committee recommendation
2. Basic Functions
3. Current fiscal year summary
4. Summary for the next fiscal year, the year for which a budget is considered
5. Full-time-equivalent employees for the next fiscal year, showing change from the current fiscal year
6. Services provided by other departments and for other departments

The Finance Committee recognizes that it has not been possible to define “full-time-equivalent” in a uniform manner that works well for all budget areas. It is more important that we achieve 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 for the present year might be projected as the number of FTE benefited staff and the number of hours of part-time staff. For FY 12, the budget might envision a change in each, which we want to understand and present to Town Meeting.

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 to be efficient and effective. Town Meeting will appreciate this practice and we want to try to report it to them.

It would be helpful if you can provide this information with the budgets you submit to the Finance Committee. If that is not possible, we will ask for this information when you meet with us to present your budgets.

Schedule

The Finance Committee requests that you submit budgets according to the Budget Coordinating Group's Budget Development Calendar. We ask that the Town Manager present his executive budget to the Finance Committee no later than Tuesday, January 18. The Amherst Town Government Act specifies that this budget should be presented to the Finance Committee by January 16, which will be the Saturday of a holiday weekend in 2011. We ask that the executive budgets for the Schools (Region and elementary) and the library be submitted to us by January 27.

Conclusion

The Finance Committee values the quality schools, libraries, and municipal services that the Town provides, and we would clearly like to have more resources to support them. Regrettably for all of us who volunteer in Town government or work for the Town, and most importantly for the people who rely on the Town for these services, our resources continue to be affected by the recession and long-term structural challenges. We project that the revenues will improve modestly after FY 12, but only modestly. The challenge to find creative new approaches to economically provide quality services will be with us for the foreseeable future.

Amherst is a model of responsible management and quality community services. That works because of your dedication and resourcefulness. Equally important is the cooperative spirit that all of you bring to your work, and your willingness to work with us so that we can present a responsible budget, a plan for Amherst, to Town Meeting. Thank you.

Gary Abbott 775-813-8339
Philip Jackson 549-2619
Kay Moran, Vice Chair 549-5767
Robert Saul 253-4059
Douglas Slaughter 253-9920
Andrew Steinberg, Chair 549-6826
Marylou Theilman 253-7980

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

**DRAFT For Discussion Purposes Only
4-Nov-2010
FY 12 Preliminary Guidelines - Finance Committee**

	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 11 Recap	FY 12 Projected	\$ Chg	% Chg	FY 13 Projected	% Chg	FY 14 Projected	% Chg	Assumptions
REVENUES												
PROPERTY TAX												
Base Levy	34,439,142	34,439,142	35,666,757	35,666,757	38,595,867	2,929,110	8.2%	39,860,764	3.3%	41,257,283	3.5%	
2.5% Allowable Increase	860,979	860,979	891,669	891,669	964,897	73,228	8.2%	996,519	3.3%	1,031,432	3.5%	
Estimated New Growth	366,636	366,636	350,000	357,000	300,000	(57,000)	-16.0%	400,000	33.3%	400,000	0.0%	FY 12 est only \$300,000; FY 00 - 08 avg \$600,000/year
General Override	0	0	1,680,441	1,680,441	0	(1,680,441)	-100.0%	0		0		FY 11: Override approved by voters March 2010
Levy Limit	35,666,757	35,666,757	38,588,867	38,595,867	39,860,764	1,264,897	3.3%	41,257,283	3.5%	42,688,715	3.5%	
Debt Exclusion	400,837	400,837	352,466	352,466	305,688	(46,778)	-13.3%	259,373	-15.2%	213,522	-17.7%	High School debt.
Maximum Allowable Levy	36,067,594	36,067,594	38,941,333	38,948,333	40,166,452	1,218,119	3.1%	41,516,656	3.4%	42,902,237	3.3%	
Excess Levy Capacity	(8,588)	0	(505,803)	(415,212)	0	0	0.0%	0		0		FY 11: Budgets adopted by Town Meeting will not require entire \$1.68M tax increase in the first year.
Subtotal PROPERTY TAX	36,059,006	36,067,594	38,435,530	38,533,121	40,166,452	1,633,331	4.2%	41,516,656	3.4%	42,902,237	3.3%	
LOCAL RECEIPTS												
Motor Vehicle Excise	1,350,000	1,355,180	1,350,000	1,350,000	1,350,000	0	0.0%	1,383,750	2.5%	1,418,344	2.5%	FY 10+: negatively impacted from economic downturn
Hotel/Motel and Meals Excise	370,000	343,042	600,000	465,000	540,000	75,000	16.1%	553,500	2.5%	567,338	2.5%	FY 11: first full year of increase; FY 12: Lord Jeffrey Inn reopens
Penalties and Interest	132,000	179,980	132,000	132,000	132,000	0	0.0%	135,300	2.5%	138,683	2.5%	Continued strong collections of delinquent taxes (tax title)
PILLOT	918,458	937,568	918,458	918,458	918,458	0	0.0%	941,419	2.5%	964,955	2.5%	Enterprise Fund reimbursements to Gen Fund
Rentals	56,500	57,732	56,500	56,500	56,500	0	0.0%	56,500	0.0%	56,500	0.0%	
Departmental Revenue	1,193,768	1,292,870	1,175,767	1,175,767	1,175,767	0	0.0%	1,205,161	2.5%	1,235,290	2.5%	FY 10: LSSE fee increases
Licenses and Permits	790,550	808,840	790,550	790,550	790,550	0	0.0%	810,314	2.5%	830,572	2.5%	FY 10+: negatively impacted from economic downturn
Special Assessments	669,517	855,146	705,929	705,929	692,954	(12,974)	-1.8%	710,278	2.5%	728,035	2.5%	PVTA assessment contributions from UMass/5 College Inc
Fines and Forfeits	169,000	178,086	169,000	169,000	169,000	0	0.0%	173,225	2.5%	177,556	2.5%	
Investment Income	200,000	159,206	200,000	150,000	150,000	0	0.0%	150,000	0.0%	150,000	0.0%	Lower interest rates
Miscellaneous	1,523,223	1,535,615	1,709,804	1,596,680	1,915,925	319,245	20.0%	2,011,721	5.0%	2,112,307	5.0%	Amherst College, Charter/Choice reimbursements (APS)
Subtotal LOCAL RECEIPTS	7,373,016	7,703,266	7,808,008	7,509,884	7,891,154	381,271	5.1%	8,131,169	3.0%	8,379,579	3.1%	
STATE AID												
Chapter 70	6,141,373	6,141,373	5,895,718	5,782,594	5,059,770	(722,824)	-12.5%	5,135,666	1.5%	5,212,701	1.5%	FY 12: MA Taxpayers Foundation estimates -12.5% cut if Sales Tax Rollback Q.3 fails; -30% if passes!
Charter Tuition Assessment Reimbursement	320,491	323,191	324,886	279,365	235,000	(44,365)	-15.9%	235,000	0.0%	235,000	0.0%	A & F est. -6.5% if Q.3 fails; -18% if passes Per charter school funding formula
Lottery												
Additional Assistance												
Unrestricted General Govt Aid	7,417,544	7,417,544	7,120,842	7,120,842	6,230,737	(890,105)	-12.5%	6,324,198	1.5%	6,419,061	1.5%	Formerly Lottery Aid & Additional Assistance
Police Career Incentive	33,348	33,796	33,348	16,788	16,788	0	0.0%	16,788	0.0%	16,788	0.0%	FY 10: State reimb. cut. Net Town cost increase +\$133,000
Veterans Benefits	91,069	120,555	91,069	152,021	152,021	0	0.0%	155,822	2.5%	159,717	2.5%	
Exempt: Vets, Blind, Surv. Spouses, Elderly	39,754	38,335	39,754	38,266	38,266	0	0.0%	38,266	0.0%	38,266	0.0%	
State Owned Land	163,254	163,254	163,254	146,327	146,327	0	0.0%	146,327	0.0%	146,327	0.0%	
Offset Receipts												
School Lunch	6,866	6,866	6,866	6,018	6,018	0	0.0%	6,018	0.0%	6,018	0.0%	
Public Libraries	65,273	65,273	67,522	64,078	64,078	0	0.0%	64,078	0.0%	64,078	0.0%	
Subtotal STATE AID	14,278,972	14,310,187	13,743,259	13,606,299	11,949,005	(1,657,294)	-12.2%	12,122,163	1.4%	12,297,956	1.5%	FY 12: if 30% cut, then reduction of \$3.7M
OTHER FINANCING SOURCES												
Ambulance Fund	2,094,262	2,094,262	2,307,878	2,307,878	2,303,473	(4,405)	-0.2%	2,395,612	4.0%	2,491,436	4.0%	FY 11 & 12: includes capital purchases
Reserve for Debt Service - WW Roof	49,990	49,990	44,844	44,844	44,844	0	0.0%	41,107	-8.3%	0	-100.0%	MSBA grant for Wildwood School Roof for FY 10-13 debt
Community Preservation Act (debt service only)	83,774	83,774										FY 11+ CPA accounted for in separate fund
Enterprise Fund Reimbursements	797,467	797,467	830,089	830,089	854,992	24,903	3.0%	880,641	3.0%	907,061	3.0%	
Overlay Surplus	0	0	0	0	0	0	0.0%	0		0		
Miscellaneous	0	0	57,665	57,665	0	(57,665)	-100.0%	0		0		FY 11: Old capital article balances reallocated to new projects
Free Cash	1,044,833	1,044,833	0	0	0	0	0.0%	0		0		FY 11+: No use of reserves for operating budget
Stabilization Fund	0	0	0	0	0	0	0.0%	0		0		
Subtotal OTHER FINANCING SOURCES	4,070,326	4,070,326	3,240,476	3,240,476	3,203,309	(37,167)	-1.1%	3,317,360	3.6%	3,398,497	2.4%	
TOTAL REVENUES	61,781,320	62,151,373	63,227,273	62,889,780	63,209,919	320,140	0.5%	65,087,348	3.0%	66,978,269	2.9%	
\$ Change from Prior year					(17,354)			1,877,428		1,890,921		

TOWN OF AMHERST, MASSACHUSETTS
FINANCIAL PROJECTIONS - GENERAL FUND

DRAFT For Discussion Purposes Only
4-Nov-2010
FY 12 Preliminary Guidelines - Finance Committee

	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 11 Recap	FY 12 Projected	\$ Chg	% Chg	FY 13 Projected	% Chg	FY 14 Projected	% Chg	Assumptions
EXPENDITURES												
OPERATING BUDGET												
Town	18,331,553	18,219,153	18,592,919	18,592,919	18,592,919	0	0.0%	19,150,707	3.0%	19,725,228	3.0%	
Elementary Schools	20,381,768	20,349,445	20,407,534	20,294,410	20,294,410	0	0.0%	20,903,242	3.0%	21,530,340	3.0%	FY 11: Reduced by \$113,124 fed grant offset per 11/8/10 STM
A-P Regional School District (Assessment)	12,574,043	12,574,043	13,112,795	13,112,795	13,506,179	393,384	3.0%	14,316,550	6.0%	15,175,543	6.0%	Does not include federal stimulus funds
Jones Library (Tax Support)	1,468,029	1,467,093	1,541,736	1,541,736	1,541,736	0	0.0%	1,587,988	3.0%	1,635,628	3.0%	FY 11: MAR estimate = \$1,521,879
Subtotal OPERATING BUDGET	52,755,393	52,609,734	53,654,984	53,541,860	53,935,244	393,384	0.7%	55,958,487	3.8%	58,066,738	3.8%	
CAPITAL BUDGET												
Debt Service - Debt Exclusion	400,837	400,837	352,466	352,466	305,688	(46,778)	-13.3%	259,373	-15.2%	213,522	-17.7%	ARHS debt funded via debt exclusion. Earmarked prop tax.
Debt Service - Current	799,287	799,287	872,564	872,564	800,210	(72,354)	-8.3%	770,319	-3.7%	680,781	-11.6%	Per JCPC 5-Year Capital Plan - October 2010 Estimates
Debt Service - Projected	261,969	69,195	85,314	85,314	584,805	499,491	585.5%	575,125	-1.7%	565,444	-1.7%	FY 12+: includes 10-year \$4.5M road improvements bond
Cash Capital (Tax Support)	1,261,200	1,261,200	1,340,135	1,220,135	863,132	(357,003)	-29.3%	1,129,993	30.9%	1,315,098	16.4%	
Subtotal Tax Funded Capital	2,723,293	2,530,519	2,650,479	2,530,479	2,553,835	23,356	0.9%	2,734,810	7.1%	2,774,845	1.5%	
Tax Capital Less Debt Excl	2,322,456	2,129,682	2,298,013	2,178,013	2,248,147	70,134	3.2%	2,475,437	10.1%	2,561,323	3.5%	
% Net Tax Levy	6.51%	5.97%	5.96%	5.64%	5.64%			6.00%		6.00%		JCPC: phase in restoration to 10% of levy over 5 years
Community Preservation Act (debt service only)	83,774	83,774	-	-	-	0		-		-		FY 11+ CPA accounted for in separate fund
Cash Capital (Non-Tax Support)	0	0	247,665	247,665	97,000	(150,665)	-60.8%	0	-100.0%	0	#DIV/0!	FY11: Ambulance Fund, old articles; FY 12: Ambulance
Subtotal CAPITAL	2,807,067	2,614,293	2,898,144	2,778,144	2,650,835	(127,309)	-4.6%	2,734,810	3.2%	2,774,845	1.5%	
MISCELLANEOUS												
Assessment - Retirement System	3,000,652	3,190,355	3,190,355	3,190,355	3,445,583	255,228	8.0%	3,721,230	8.0%	3,851,473	3.5%	FY 12 & 13: worst case scenario; new funding schedule soon
Assessment - Regional Lockup Facility	31,323	31,323	31,323	31,323	31,323	0	0.0%	31,323	0.0%	31,323	0.0%	
Other	63,674	0	0	0	0	0		0		0		
Reserve Fund	100,000	100,000	100,000	100,000	100,000	0	0.0%	100,000	0.0%	100,000	0.0%	Finance Committee Reserve Fund
Subtotal MISCELLANEOUS	3,195,649	3,321,678	3,321,678	3,321,678	3,576,906	255,228	7.7%	3,852,553	7.7%	3,982,796	3.4%	
Total APPROPRIATIONS	58,758,109	58,545,705	59,874,806	59,641,682	60,162,985	521,303	0.9%	62,545,849	4.0%	64,824,378	3.6%	
UNAPPROPRIATED USES												
Reserve for Abatements & Exemptions	333,200	332,415	369,344	369,344	398,608	29,264	7.9%	412,573	3.5%	426,887	3.5%	Goal: budget 1% of tax levy
State Assessments (Cherry Sheet)	2,603,164	2,603,164	2,893,504	2,792,740	2,864,893	72,153	2.6%	3,008,138	5.0%	3,158,544	5.0%	Retired Teachers Health Ins., Choice/Charter Tuition, PVTA
Cherry Sheet Offsets	72,139	72,139	74,388	70,096	70,096	0	0.0%	70,096	0.0%	70,096	0.0%	School Lunch and Public Libraries; offsetting state aid
Other Amounts to be Raised	15,493	15,231	15,231	15,918	15,231	(687)	-4.3%	15,231	0.0%	15,231	0.0%	
Subtotal UNAPPROPRIATED USES	3,023,996	3,022,949	3,352,467	3,248,098	3,348,828	100,730	3.1%	3,506,037	4.7%	3,670,759	4.7%	
TOTAL BUDGET PLAN	61,782,105	61,568,654	63,227,273	62,889,780	63,511,813	622,033	1.0%	66,051,887	4.0%	68,495,137	3.7%	
\$ Change from Prior year					284,540			2,540,074		2,443,250		
SURPLUS / (SHORTFALL)	(785)	582,719	0	(0)	(301,893)			(964,539)		(1,516,868)		FY 12 gap: add \$2M if Question 3 Sales Tax Rollback passes