

Watertown's FY2013 Budget Policy Guidelines

As Approved by Town Council (Sections III and IV are ranked)

December 6, 2011

The Town Council is adopting these budget policy guidelines pursuant to Section 5-1 of the Watertown Home Rule Charter. Based on these guidelines, the Town Manager will develop budgetary goals and the Town budget for Fiscal Year 2013.

I. FINANCIAL POLICIES

- A. **Unreserved fund balance:** In order to respond to emergencies and other unanticipated needs, preserve financial flexibility, and maintain favorable bond ratings, the Town should seek to maintain an unreserved fund balance (including stabilization funds) equal to 7-10% of the annual operating budget. The Council and the Town Manager will work to develop a formal multi-year policy on the unreserved fund balance, including the use of free cash if the unreserved fund balance is above the 7-10% target.
- B. **Capital Expenditures:** In order to maintain and improve its infrastructure, facilities, and equipment, the Town should seek to make annual capital expenditures (including debt and exclusive of enterprise funds) equal to at least 7.5-8% of the operating budget.
- C. **Pension Liability and Other Post Employment Benefits:** In order to achieve long term financial stability, meet the Town's obligations to its employees and retirees, and maintain favorable bond ratings, the Council, the Retirement Board and Town Manager will work to address the Town's unfunded pension liability and other post-employment benefits (OPEB). As was done with the unfunded Pension Liability, create a long-range financial plan for addressing the unfunded OPEB liabilities, including the converting the OPEB stabilization fund to an OPEB Trust Fund. Continue dialog with Retirement Board and State representatives to consider options for pension reforms for new hires.

II. ONGOING BUDGET PRACTICES

In preparing the budget for FY13 and future years, the Town Manager should continue to use the following budget practices.

- A. Continue the Town's efforts within all departments to obtain grant funding from federal, state, and other sources, including the use college interns.

- B. Continue to analyze the Town's charges for licenses, permits, penalties, and fees to determine whether they should be increased or new ones instituted, while adhering to the principal that fees should not exceed the cost of services provided.
- C. Review the possibilities and cost implications of contracted services vs. staffing in various departments.
- D. Support the possibilities of providing more services on a regional or inter-municipal basis in accordance with the council resolution.
- E. All department heads should seek to identify line items within their existing budgets where costs can be controlled and not increased. Look at other possible scenarios including spending freezes, level dollar and reduction budgets. Review the use of overtime in each department and monitor consistent Town-wide practices and related utilization.
- F. Continue to enhance the Town's website and use other technologies as cost effective means of delivering information and services, increasing public awareness, and encouraging public feedback.
- G. Explore cost savings by sharing personnel across Town departments. Work towards merging or combining the following functions to better serve both Town and School Departments: facilities management, human resources, finance, and information technology.
- H. Meet annually in Executive Session(s) to discuss strategies on pending collective bargaining agreements and the potential impact on upcoming and future budgets.

III. COST-SAVINGS/REVENUES

Note: The items in this section were ranked in order of priority by the Town Council on 12/12/11.

The Town Council believes that identification of cost savings and/or new revenues should be a precondition to additional expenditures. To this end, in developing the FY13 budget, the Town Manager should:

- A. Public safety: Police, Fire and Dispatch together represent the Town's biggest expenditure after education. Proceed with a review of the Public Safety study recommendations to determine how to best deliver the level of service citizens want, more efficiently.
- B. Implement marketing and outreach recommendations of the Strategic Framework for Economic Development with a long-term goal to increase town revenue.
- C. Working with Town's selected Energy Services Company (ESCO) develop and implement a plan towards reducing municipal baseline energy usage by 20% in 5 years. Having been certified a Green Community, continue to pursue energy-related grants.

- D. Actively seek Payment In Lieu Of Taxes (PILOT) agreements with each non-profit organization owning or purchasing property in Watertown.
- E. Investigate the feasibility of increasing revenue from local meals taxes and hotel room taxes, including the possible increase in the number of liquor licenses.
- F. Explore the feasibility of a standardized system of impact fees for projects subject to site plan review. Consider mitigation monies for larger scale projects.
- G. Review recommendations of the study on the feasibility of putting cell antennas on public buildings/land and determine next steps.

IV. PROGRAM ENHANCEMENTS/EXPENDITURES

Note: The items in this section were ranked in order of priority by the Town Council on 12/12/11.

To the extent that resources allow, in light of the financial policies stated above, and adhering to the principle of first identifying cost-savings and/or new revenue, the following program enhancements and, if necessary, new expenditures should receive priority in the FY13 budget. Education program enhancements and expenditures should be considered subsequently in light of the recommendations of the School Committee.

- A. Create a Comprehensive Plan for the Town dealing with a broad spectrum of issues, including development, zoning, and transportation, in order to encourage Town government and its citizens to work in concert towards common goals. Incorporate all previous resources, such as the Economic Development Study, the Open Space Plan, the Pleasant Street Corridor District Study, etc. Include traffic, transportation resources, and public parking improvements, and a review of the Zoning Ordinance.
- B. Update the Roadway Management Study to develop a priority list and funding schedule for the improvements of the Town's streets and sidewalks. Implement infrastructure recommendations from the Strategic Framework for Economic Development and pursue state/federal funding such as the Transportation Improvement Program (TIP) and School Safety Zone funding to improve traffic and safety.
- C. Examine the staffing structure of the Public Works Department and implement changes to improve the ability to perform routine maintenance, complete work order requests in a timely manner, and strengthen the capacity to supervise contractors.
- D. Finalize non-municipal re-use of the former branch libraries, and finalize the plans for re-use of the former police station.

- E. Examine changes in staffing and/or processes needed to better handle enforcement of non-criminal ordinances and regulations such as snow removal, improper trash disposal, permit violations, and the like.
- F. Determine the need for and how to fund future sewer and storm water infrastructure improvements.
- G. Explore the need and determine feasibility for a full-time community social services coordinator with funding through a public/private partnership.

V. BUDGET AND FINANCIAL MONITORING

- A. In order to improve its ability to monitor the implementation of the Town budget, the Town Council will receive quarterly reports on the revenues and expenditures during the fiscal year.
- B. The Town Council will receive a report on the use and balance of monies in the Council reserve upon each transfer, and a report each month when there is a change in Town Councilors' expense line items.
- C. An early-warning system will be established to alert the Town Council if revenues fall below projections.
- D. The Town Council will receive quarterly updates on progress in addressing the recommendations in the annual audit report.