



**TOWN OF EASTON**  
MASSACHUSETTS  
*Office of the Town Administrator*

**DAVID A. COLTON**  
Town Administrator

**Fiscal Year 2010  
Amended Preliminary Budget Memorandum  
Town of Easton  
David A Colton  
Town Administrator**

**April 6, 2009**

On February 9, 2009 I prepared a preliminary budget memorandum which projected total general fund revenue of \$59,820,972 and expenses of \$61,859,153 leaving a deficit of \$2,038,181. To make up the deficit I proposed several measures:

1. **Town government reorganization**
2. **Six-Month Wage Freeze**
3. **Health Insurance Plan Changes**
4. **Increase use of stabilization funds**
5. **Adopt the 1% local option meals tax if enacted by the legislature**
6. **Departmental Reorganization**

Unfortunately our financial situation has worsened since February. First, our budget deficit has risen by \$249,184 due to snow and ice costs incurred during February and March. Second, it has become very unlikely that the legislature will enact both the state wide and local option meals tax increases. Third, negotiations regarding concessions from the unions over wages and health benefits have not progressed. Therefore the Town must consider alternatives to the plan proposed in February.

Presently, the projected deficit is \$2,287,365. If we continue to utilize stabilization funds at the previously proposed level our deficit drops to \$1,650,955. To make up the loss of the 1% meals tax and the increased snow and ice deficit the following actions are recommended:

- Reduce the School Department Increase from 3% to 2% or \$305,684
- Reduce the Town Government Budget by \$250,000

The Town government reduction would be accomplished by an across the board reduction in clerical personnel hours from 35 to 27 per week, additional expense budget reductions and staff reductions in Public Works.

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The most troublesome aspect of the proposed union concessions is the change to the health insurance plan. The plan change is expected to reduce the deficit by \$357,000. If this is not agreed deeper cuts would be made. Assuming a 60/40 school district/town government split the Town cut would be equivalent to a layoff of the last five firefighters hired. This action would reduce the deficit by \$147,000.

In Summary, the proposed plan reduces the projected deficit as follows: The next union concession is the six month wage delay. This delay would reduce the deficit by \$160,000. This reduction is borne entirely by town government employees and therefore the implications of failing to agree should not be shouldered by the school department. To make up this shortfall, the Town would need to lay off an additional firefighter and four police officers for a total of \$163,000. Reaching this level of reduction in firefighters would almost certainly result in the permanent closure of one of our three fire houses.

• Additional use of stabilization/free cash	\$ 636,410
• Reduce school budget increase from 3% to 2%	305,684
• Reduce town government/clerical hour reduction etc.	250,000
• Fire staffing reduction (5)	147,000
• Additional school budget reduction	210,000
• Additional fire reduction (1) and police (4)	163,000
• PPO contribution change	195,000
• Town departmental reorganization	182,939
• Adjusted deficit	<b>(\$ 197,332)</b>

Finally, the unions have been asked to change the contribution rate they pay towards the PPO or preferred health plan. This measure would save \$195,000. Hopefully this proposal will be accepted since it impacts a relatively small number of current employees. Therefore I am keeping it in the plan for the present time. Additionally, the Town Government Reorganization will remain in the proposal.

This doesn't eliminate the deficit completely. We continue to work on **additional** measures to reduce the deficit; they include significant reductions in library, recreation, council on aging, changes in the Town's contribution to *retiree* health insurance plans, incentives to reduce participation in *employee* health insurance plans, and changes in our risk management strategy. Details on these measures are in development and will be released as they are completed.