



TOWN OF EASTON
MASSACHUSETTS
Office of the Town Administrator

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Town Administrator

Introduction. When we look back at fiscal year 2013 I hope we remember it as the beginning of a sustained economic recovery for the Town of Easton. After three years of reorganizing, cutting back, and draining reserves, FY13 offers some hope for a brighter future. Many of the cuts made in town services such as public safety and education will not stand the test of time and must be reversed to insure the adequacy of these vital services. However, the challenge will be to avoid overreaching. To restore cuts in ways that outpace growth will be unsustainable and only lead to deeper cyclical cuts.

A Look Back. Before addressing FY13, I'd like to review the actions taken to meet the challenges of the great recession:

- Reserve Position
 - The stabilization fund balance peaked in 2009 at \$2.9 million, but finished 2011 at \$814,440. A measured drawdown of the fund over three years helped bridge the gap created by cuts to local aid and diminished local revenues.
- Reorganization
 - Since 2009 four departments (Health, Planning, Recreation and Inspectional Services) were reorganized to produce budget savings and greater efficiency.
- Public Safety
 - Police and Fire have the largest budgets on the non-school side of the town and therefore took the largest cuts. In fiscal year 2009 the two departments had a combined 71 uniformed personnel. This fell to 64 in FY2012 representing a 10% reduction in response capability.
- Education
 - The School Department was not spared its share of the cuts. 16 Positions were reduced or eliminated including classroom teachers, paraprofessionals, and other staff.
- General Government and Public Works
 - Nearly every town department made reductions in force.
- Union Participation
- Every town labor union made some form of concession to reduce cost to the town and preserve service levels. In 2010 all town and school unions agreed to change the employee health insurance plan to one that did not increase the town's cost by shifting increased costs to employees. In addition, during the same year many employees accepted a six-month delay in the implementation

of a previously negotiated cost of living increase or took some other form of pay reduction.

- Local Option Meals Tax
 - The Town adopted a local option meals tax of .75% which has produced \$442,802 since 2009.

Revenue Projections. General fund revenue from all sources is expected to increase by 2.89% or approximately \$1,699,451. Projected at just over 3%, the property tax levy will only increase the amount allowed by proposition 2 ½. This statutorily limited tax levy will account for approximately 82% of the total increase in revenue. The remaining 18% will come from local receipts, most notably motor vehicle excise and ambulance fees. State aid has been level funded in the Governor's budget for FY13.

Total operating revenue (general fund, enterprise, and use of reserves) for fiscal year 2013 is projected to be \$68,296,681 which is \$1,427,516 or 2.13% more than FY2012. This is less than the general fund revenue increase because we have reduced our use of reserves by \$250,265. The use of reserves has been an important part of our ability to survive the recession; however, continued over-use of the reserves will only imperil future financial stability.

Expense Projections. Expenses are projected to rise to \$69,115,857 or 3.36% more than FY2012. Town departments were asked to submit budgets which restored them to FY 2011 service levels. This resulted in departmental requests of \$13,715,454. Unfortunately, I cannot recommend complete restoration of FY 2012 cuts and have cut this request by \$267,535. When this is compared with the fiscal 2012 funding level we see a proposed increase in town operating budgets of \$522,129 or 4.04%. For purposes of preparing this preliminary budget, I have added the same percentage increase to the school department budget understanding that their budget process rests with the School Committee and is not complete.

In terms of town departments, Police and Fire have been given priority and I am recommending full funding of the request of the Fire Chief and partial funding of the request of the Police Chief. This will bring the number of uniformed personnel to 67 which remains approximately 6% below the pre-recession high of 71, but above the current low of 64. This means that the fire department will be 2 shy of the optimal number of firefighters to fully staff all three fire houses, but will have enough staff to keep all three stations open. Police will add one patrol officer and forego for another year the restoration of a detective position.

DPW and the smaller departments will remain, with a few small exceptions, at the FY 2012 service level and should consider those cuts to be sustained for the foreseeable future.

Next Steps. Obviously, the budget is not yet balanced having a projected deficit of \$819,176; however, I am confident that with continued effort the gap will be bridged successfully. Fortunately, at this point in the process we have more information than usual. For example, the Southeastern Massachusetts Health Group (SMHG) has already

voted rates for FY13 at 2.8% above the current year and the Bristol County Retirement System has established our contribution for FY13 at \$2,867,679. Bristol County has not, however, established the early payment discount percentage that Easton always takes advantage of and the Southeastern Regional School has not yet announced its budget.

The most important next step is for the School Committee to complete its budget process, as the expense projection I have made is merely a place holder based on available revenue and parity with town operating departmental increases. It is the responsibility of the School Committee to adopt a budget that meets the various needs of their department. In addition, we must monitor the Massachusetts budget process as it moves from the Governor to the House and Senate. At any point in this process projected local aid could be revised in either direction. We will continue to monitor expense categories that have not been finalized (e.g. Southeastern Regional School) and our local revenue projections for opportunities to capture more funding.

Finally, an important on-going process is collective bargaining. Union participation in controlling the cost of services has been a very important part of our efforts in getting through this recession in reasonably good shape. This needs to continue in a couple of important ways. First, five of the six town unions agreed to a zero percent cost of living adjustment for 2012. The sixth, fire union, is under contract and has not begun to bargain. They will be asked to make the same concession as the other unions. Failure to do so will undermine our efforts to bring the department to full staff at the earliest possible date. Second, the same request should be made of the school bargaining units. Without agreement on this basic premise, the rate of increase for school department budgets will outpace other departments putting pressure on other departments to make further sacrifices in important programs and services for the purpose of funding salary increases. Third, the collective bargaining units who have agreed to zero cost of living will be asked to recognize that we are not out of the woods yet and as such future agreements will need to be limited in scope.

I look forward to working with you over the next few months to, once again, bring a balanced budget to Town Meeting for approval in May.