

Town Manager

FY11 Budget Message

The following Mission Statement and statement of values were adopted by the Board of Selectmen in 2008, and guide the Town in developing its annual goals and spending plan.

The Town of Reading strives for excellence in all its services – from education to government – and seeks to enhance and enrich the social, intellectual, and leisure life of the community.

In support of the Town of Reading Mission, Reading Municipal Government will:

- help residents identify with their community by supporting volunteerism and civic engagement,
- create opportunities for public discourse about community issues and encourage citizen participation in planning and decision-making
- commit itself to community-responsive services that incorporate best practices and a strong orientation to customer service
- support open and transparent government with convenient avenues for communication and access
- enhance the integrity and livability of its many fine neighborhoods by supporting community initiatives for preservation and improvements
- uphold the character of Reading by actively encouraging efforts to document and preserve the history of the community, its historic buildings and areas, and prized open spaces.
- embrace diversity by striving to provide varied housing choices and diversifying the municipal workforce by recruiting, hiring, and promoting persons of all backgrounds and races

- enhance the social, civic, and intellectual life of residents by offering a broad range of services and programs

In meeting its vision and addressing its mission, the municipal government of the Town of Reading will be guided by the following values:

Integrity and Transparency

- Reading municipal government and its employees and officials will be guided by the highest standards of ethics and integrity.
- Municipal business will be conducted in an open manner with opportunities for public discussion and input into decisions.
- The community will be kept informed with open communication.
- All official business will be conducted in a civil, professional, and mutually respectful manner.

Excellence

- Excellence will be the standard for all municipal services, with continuous review and evaluation of best practices, incorporating new methods and technologies, striving for efficiency and cost effectiveness.
- Reading municipal government will make decisions based on careful planning consistent with town-wide goals.

Diversity

- Municipal government will encourage diversity and respect for differences in the conduct of its business and in recruiting and hiring personnel and in providing enrichment opportunities for the community.

Community

The following are values that the community holds in high regards:

- Social, Environmental, and Financial Sustainability
- Tolerance, Civility and Cultural Diversity

- Volunteerism and Civic Engagement
- Historic Preservation and Open Space
- Recreational, Cultural, and Educational Opportunities

The FY11 budget was built using the following:

Guiding Principles

- Avoid Gimmicks;
- Maintain necessary levels of Public Safety and Public Health;
- Maintain necessary levels of local services to assist those in need during difficult economic times;
- Retain the ability to take advantage of opportunities;
- Retain the Town’s strong financial capability;
- Maintain the Town’s ability to emerge from the current economic circumstances in a strong position (Economic Development);
- Understand and respect the impact of local government decisions regarding increasing costs on our residents and taxpayers;
- Explore short and long range efficiencies, regional opportunities, organizational changes, and outsourcing of services;
- Determine what things we are currently doing that don’t add value to the community, and what changes (state law) need to be made to avoid doing them;

Common Assumptions

- Capital and Debt Service will remain at 5% of the budget;
- 0% increases in salaries for municipal employees from 6-30-10 levels for FY 2011

Fees/Revenues

Generally we are not recommending major changes in fees to address the budget shortfalls, but there are several areas that we will be amending:

- Smoke Detector Fees – ours are very low (Board of Selectmen);
- Underground Storage Tank registration fees – ours are very low (Board of Selectmen);
- Site plan waiver fee – new (CPDC);
- Broader use of re-inspection fees for more than the initial inspection and one re-inspection (Board of Selectmen, Conservation Commission, Board of Health);
- Consider un-bundling the Community Access fee (Board of Selectmen)
 - Commuter parking – our fees are very low
 - Compost center

The final FY11 Town Manager budget presented to FINCOM once again is a product of a strong collaborative effort between the town and school administrations, boards and committees. Total expenses are up 2.3% while recurring revenues are increasing at +1.2%. The gap between expenses and revenues is filled by using less than a million dollars from our cash reserves as per the Finance Committee.

	FY11	Change(\$)	Change(%)
Municipal government	\$18,114,426	+\$222,463	+1.2%
School Department	\$36,390,308	+\$394,061	+1.1%
Town Facilities	\$740,693	none	none
Debt, Capital, Benefits	\$19,191,030	+\$976,146	+6.3%
TOTAL	\$74,436,457	+\$1,592,670	+2.3%
*State Assessments	\$568,602	-\$11,404	-2.0%
TOTAL	\$75,005,059	\$1,581,266	+2.2%

**Not voted by Town Meeting*

The total municipal government costs are up \$222,463 or 1.2%, while total school department costs are up \$394,061 or 1.1%, as shown above. Further details are found throughout the following pages.

Budget Changes	Operating	Accommodated	Total
Municipal government	+\$164,280 +1.1%	+\$58,183 +1.9%	+\$222,463 +1.5%
School Department	+\$520,531 +1.7%	-\$126,470 -2.3%	+\$394,061 +1.1%
Town Facilities	+\$9,100 +2.3%	-\$9,100 -2.6%	\$0 0.0%
Debt, Capital, Benefits	none	+\$976,146	+\$985,102 +6.3%
TOTAL	+\$693,911	+\$898,759	+1,592,670

Operating costs under the FINCOM budget model were initially set to match FY10 levels during the budget process that began formally last October. In January, conservative assumptions regarding recent state plus federal aid for FY11 showed an improvement in projected FY11 revenues by about \$700,000. This allowed the operating budgets to increase by 1% to 2%, with the funds allocated towards reducing or eliminating the areas of projected layoffs and service reductions to the community.

Accommodated costs are once again led by increases to health insurance. However it should be noted that the employees and retirees of the Town (including RMLD) agreed to a major change in their health insurance program beginning in June 2009, which actually reduced health insurance rates for employees and the Town in FY 2010. While health insurance rates are increasing for FY 2011, this rate increase is on a significantly smaller cost base that would be the case if the changes in health insurance had not been made in FY 2010.

The Town of Reading is in somewhat better financial shape than many of our neighbors across the Commonwealth. This should not mask the fact that the FY11 budget is being balanced by significant use of cash reserves, and an early look at the FY12 budget suggest even more reserves will be needed to deliver a balanced budget that may not hold current service levels. Economic dislocations at the national and state level have an impact on our community, even while we do the best we can to manage at the local level.

Peter Hechenbleikner
Town Manager

Bob LeLacheur
Assistant Town Manager

FY11 Municipal Government

The operating costs of the municipal government increased by \$164,280 (+1.1%) compared to FY10. The budget includes no salary increases for municipal employees (neither COLA nor step increases) beyond what an employee was entitled to before June 30, 2010. The one exception is if a new employee is hired or if an employee is promoted, the employee would be entitled to a 1-step increase upon the successful completion of their probationary period.

The increase in the salary budgets can be attributed to two factors:

- The permits revolving fund in FY10 funded two Community Services positions (Staff Planner and Permits Coordinator). Due to the lack of any large development projects replenishing the fund, as well as draw downs due to landfill monitoring costs, insufficient funds are available in FY11 to fund either position. In FY11 each position is funded from the tax rate for an additional \$98,501. These positions are critical to maintain strong customer services, and provide the resources to maintain the Town's ongoing economic development efforts.
- In the fire department, contractual salary increases on 6/30/10 (part of the FY 208 – 2010 contract) requires an increase in the salary budget for that Department. The increase on June 30 was part of the 3 year contract that had the first salary increase deferred 6 months from a normal salary increase cycle.

On the expense side of the budget, DPW equipment maintenance was increased to be closer to historic levels. Additional mid-year spending on new capital equipment has helped slow the growth in this area. Library materials funding was increased by nearly \$10,000 in order for the Town to meet the 15% state requirement. Private fundraising has met any shortfall in the past, but at present the prospects are uncertain. Contractual increases in rubbish collection & disposal

(\$36,143); an increase in street lighting (\$11,500), fuel (\$10,540) and more funding for snow & ice (\$25,000) round out the major changes from FY10's budget. Increased elections expenses for FY11 have been funded by other savings found in the Finance budget.

	FY11	Change(\$)	Change(%)
Town Admin.	\$683,646	-\$199	-0.0%
Accounting	\$157,320	\$0	0.0%
Finance	\$1,642,210	-\$245	-0.0%
FINCOM Reserves	\$150,000	\$0	0.0%
Community Services	\$1,086,572	+\$48,767	+4.7%
Library	\$1,229,678	+\$9,480	+0.8%
Public Works	\$3,090,149	+\$45,250	+1.5%
Snow/Lights/Trash	\$2,327,270	+\$72,643	+3.2%
Police	\$3,716,421	\$0	0.0%
Fire	\$3,583,672	+\$46,767	+1.3%
Dispatch	\$447,488	\$0	0.0%
TOTAL	\$18,114,426	+\$222,463	+1.1%

Across the entire municipal government, the Full Time Equivalent Employees (FTEs) are 205.8 in FY11 or 0.6 lower than in FY10. This change reflects the elimination of the Coordinator of Volunteers position, as many of the duties have been reassigned to other departments.

FTEs	FY11	FY10	FY09	FY08	FY07
Town Admin.	2.4	2.4	2.5	2.5	2.5
Accounting	2.5	2.5	2.5	2.5	2.5
Finance	19.5	19.5	18.3	18.4	18.6
Comm Svcs	16.9	17.5	19.2	19.2	17.4
Library	19.7	19.7	19.7	19.7	19.7
Public Works	43.0	43.0	43.5	43.5	43.5
Public Safety	101.8	101.8	101.8	99.8	98.8
TOTAL	205.8	206.4	207.5	205.6	203.0