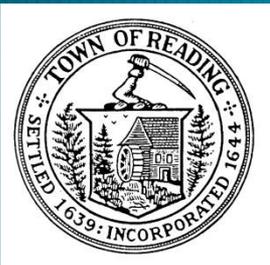


# Town of Reading Community Listening Meetings

~~Wednesday June 1<sup>st</sup> 7:00pm Coolidge MS Multipurpose Room~~

~~Tuesday June 7<sup>th</sup> 1:00pm Pleasant Street Center~~

Thursday June 16<sup>th</sup> 7:00pm Parker MS Auditorium



# Summer/Fall 2016 Discussions

## Late June through early August

Board and Committee public meetings to review what was heard at the initial CLMs and draft a response.

## Tuesday August 16<sup>th</sup>

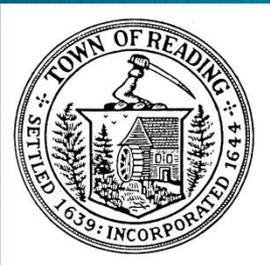
Board of Selectmen decide – call for a Special Election/Override vote?

If YES:

Thursday September 1<sup>st</sup>      Community Financial Forum 7:00pm RMHS PAC

Monday September 12<sup>th</sup>      Special Town Meeting

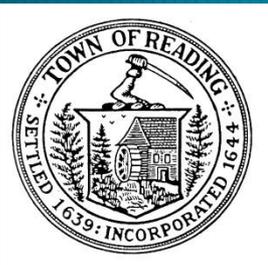
Tuesday October 18<sup>th</sup>      Special Election



# Financial Overview: 13 yrs

Since the last Override (13 years ago), annual REVENUES have grown at these rates:

- +3.6% Taxes (2.5% limit plus new growth, which is slowing lately)
- +2.7% State Aid (some good years but < +2% recently)
- +0.1% Local Receipts (+1.4% growth plus much less interest earnings)
- +1.3% Other Receipts (RMLD dividend only +1.9%)
- +3.1% TOTAL



# Financial Overview

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- +3.1% TOTAL**

The annual forecast for the next three years is:

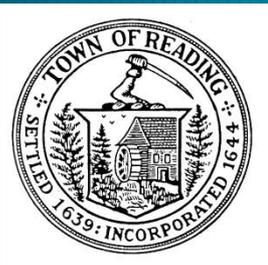
*Using Cash Reserves*

- +2.9% Taxes
- +2.5% State Aid
- +2.6% Local Receipts
- +0.4% Other Receipts

**+2.6% TOTAL**

*Not using Cash Reserves*

**+2.1% TOTAL**



# Financial Overview

Since the last Override, annual SPENDING has grown at these rates:

+3.2% Schools

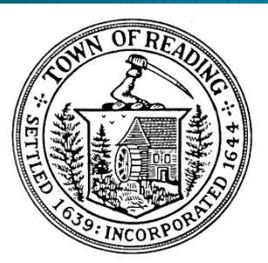
+3.1% Town

-0.9% Capital & Debt

+5.2% Shared Benefits

+3.1% TOTAL

- Debt reduced inside the tax levy (Barrows & Wood End should have been excluded)
- Capital increased, far better planned and helping reduce annual operating costs
- Benefits: Reading has done far better than national averages for Health Insurance
  - **Premiums paid +5.2%** (+7.7% National trends - PwC Health Research Institute)
  - Employees and Retirees took on more costs in order to preserve jobs for the organization
  - Result comparatively good but increases far exceed 3% revenues



# Financial Overview

Since the last Override , annual SPENDING have grown at these rates:

**+3.2% Schools**

**+3.1% Town**

-0.9% Capital & Debt

+5.2% Shared Benefits

**+3.1% TOTAL**

The annual forecast for the next three years is:

*Using Cash Reserves*

**+0.7% Schools**

**+0.7% Town**

+3.9% Capital & Debt

+7.0% Shared Benefits

**+2.6% TOTAL**

*Not using Cash Reserves*

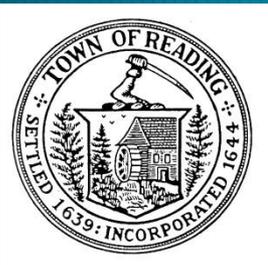
**-0.3% Schools**

**-0.3% Town**

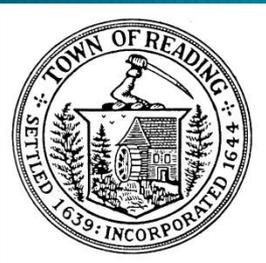
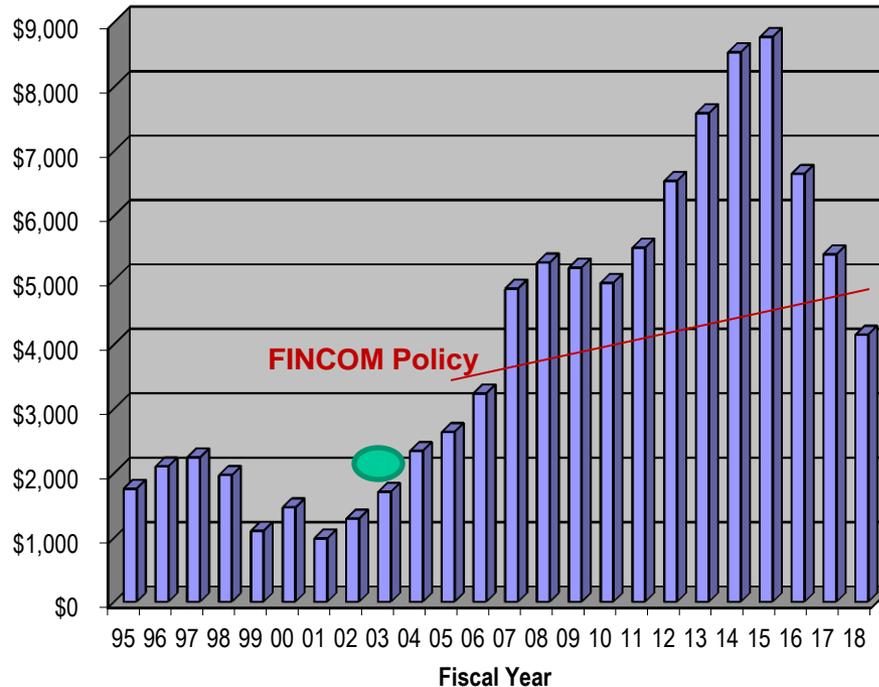
+3.9% Capital & Debt

+7.0% Shared Benefits

**+2.1% TOTAL**

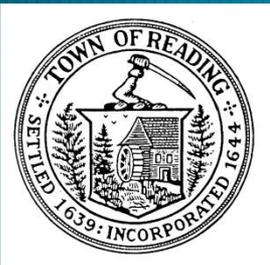
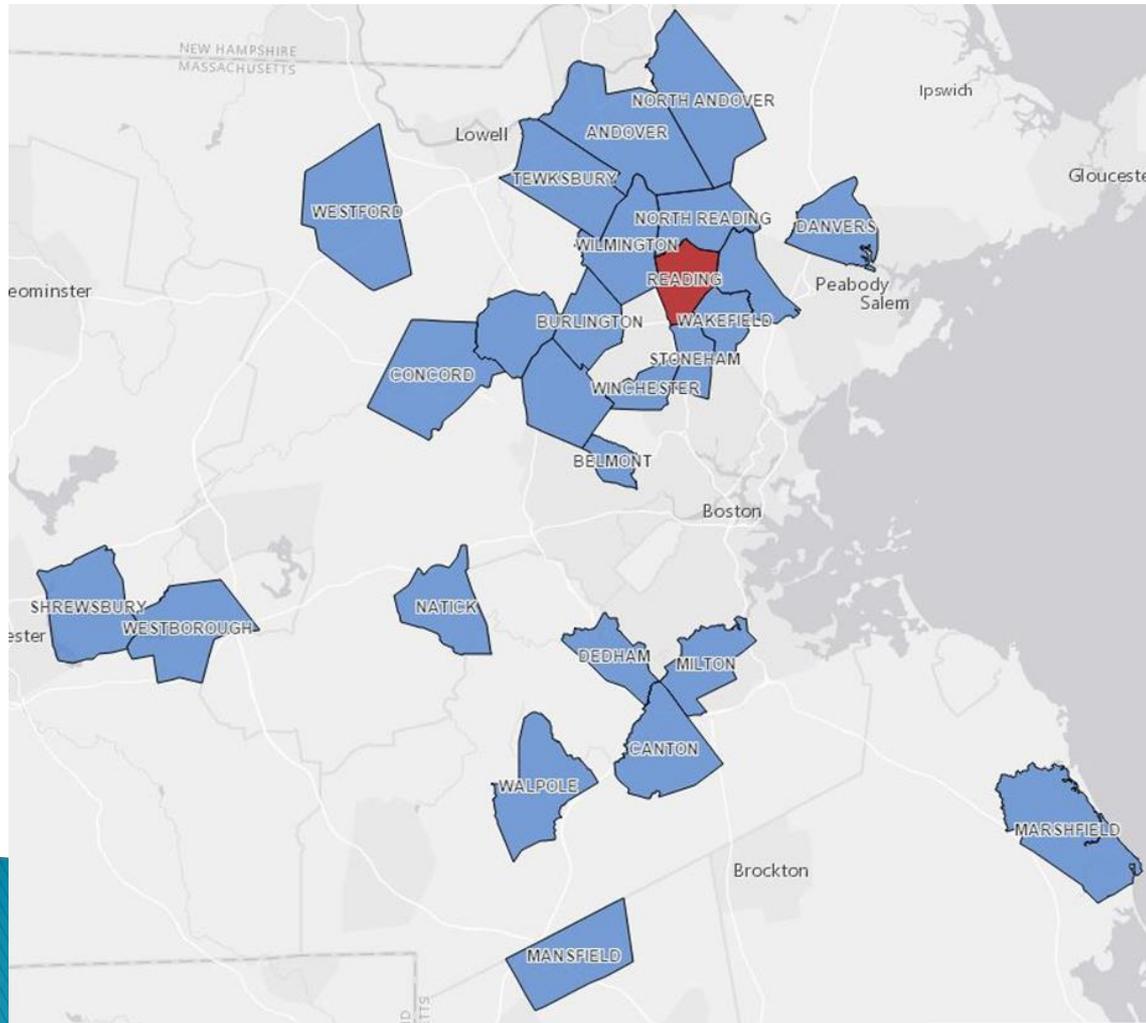


# Rainy Day Fund aka 'Free Cash'



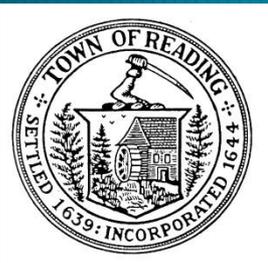
*The Town is involved in ongoing litigation involving past construction of the Reading Memorial High School. At this time it is anticipated that the remaining unspent construction funds will not cover the ultimate settlement costs, and that the Town will need to use cash reserves or debt financing to do so. A resolution of this litigation is anticipated within the next year.*

# Peer Communities



# Peer Revenues

	Reading	Peer Communities
Tax Levy	60.5%	66.6%
<i>Residential</i>	91.4%	76.9%
<i>Residential</i>	<i>\$53.8 mil.</i>	<i>\$54.8 mil.</i>
<i>CIP</i>	8.6%	23.1%
<i>CIP</i>	<i>\$5.0 mil.</i>	<i>\$17.3 mil.</i>
State Aid	13.7%	11.0%
Local Receipts	21.6%	17.5%
Other	4.2%	4.9%



*Source: MA DOR – budgets include Enterprise Funds  
Reading \$97 mil.; Peers average is \$108 mil.*

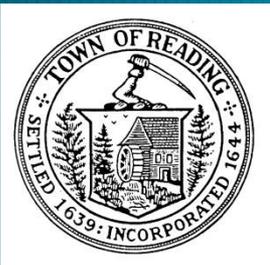
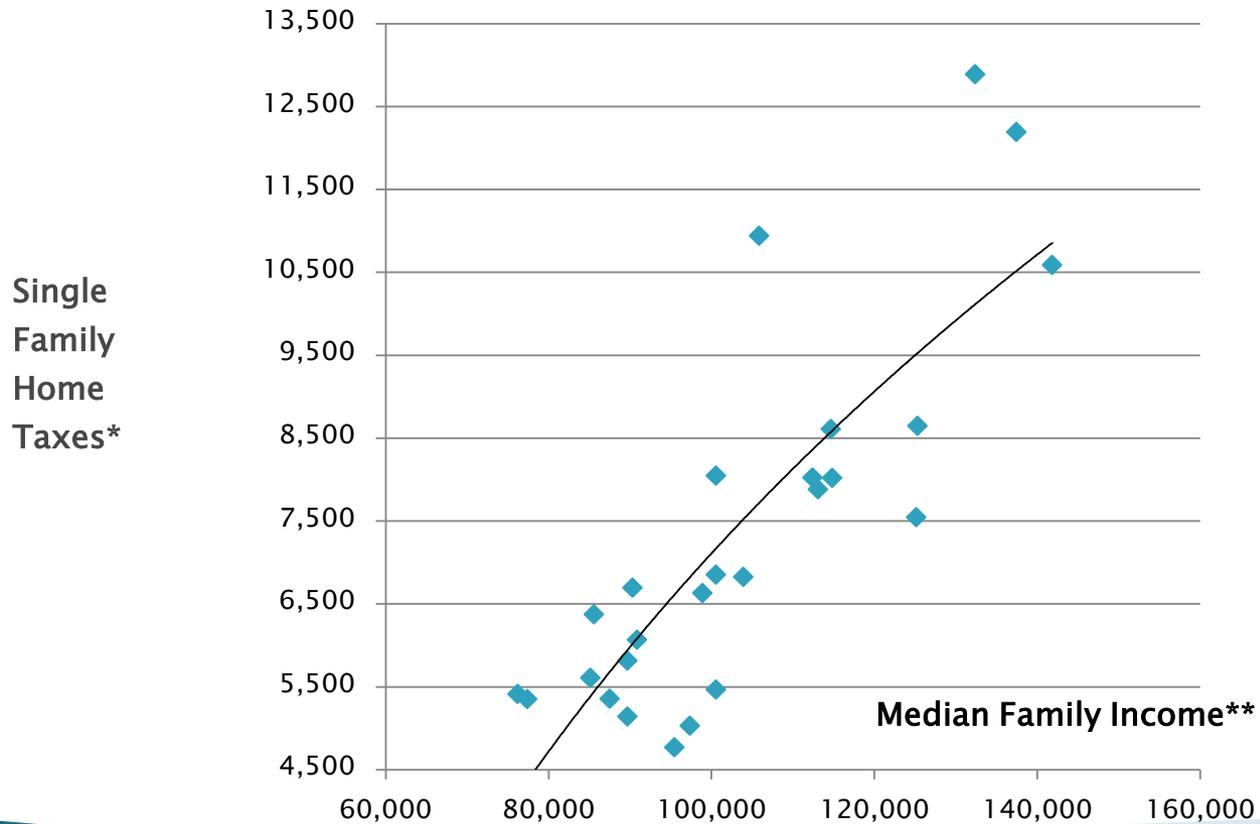
# State Aid – not keeping up

State Spending	FY01 (mil.)	FY16 (mil.)	Change
Education	\$8,881	\$7,740	-12.8%
Environ & Recr	355	212	-40.1%
Health Care	11,810	19,401	+64.3%
Human Service	4,409	4,109	-6.8%
Infrastructure	2,389	2,323	-2.8%
Law/Pub Safety	3,056	2,655	-13.1%
<b>LOCAL AID</b>	<b>2,090</b>	<b>1,022</b>	<b>-51.1%</b>
Other	5,513	5,012	-9.1%
<b>TOTALS</b>	<b>38,501</b>	<b>42,473</b>	<b>+10.3%</b>



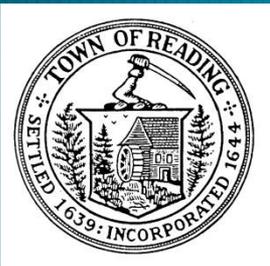
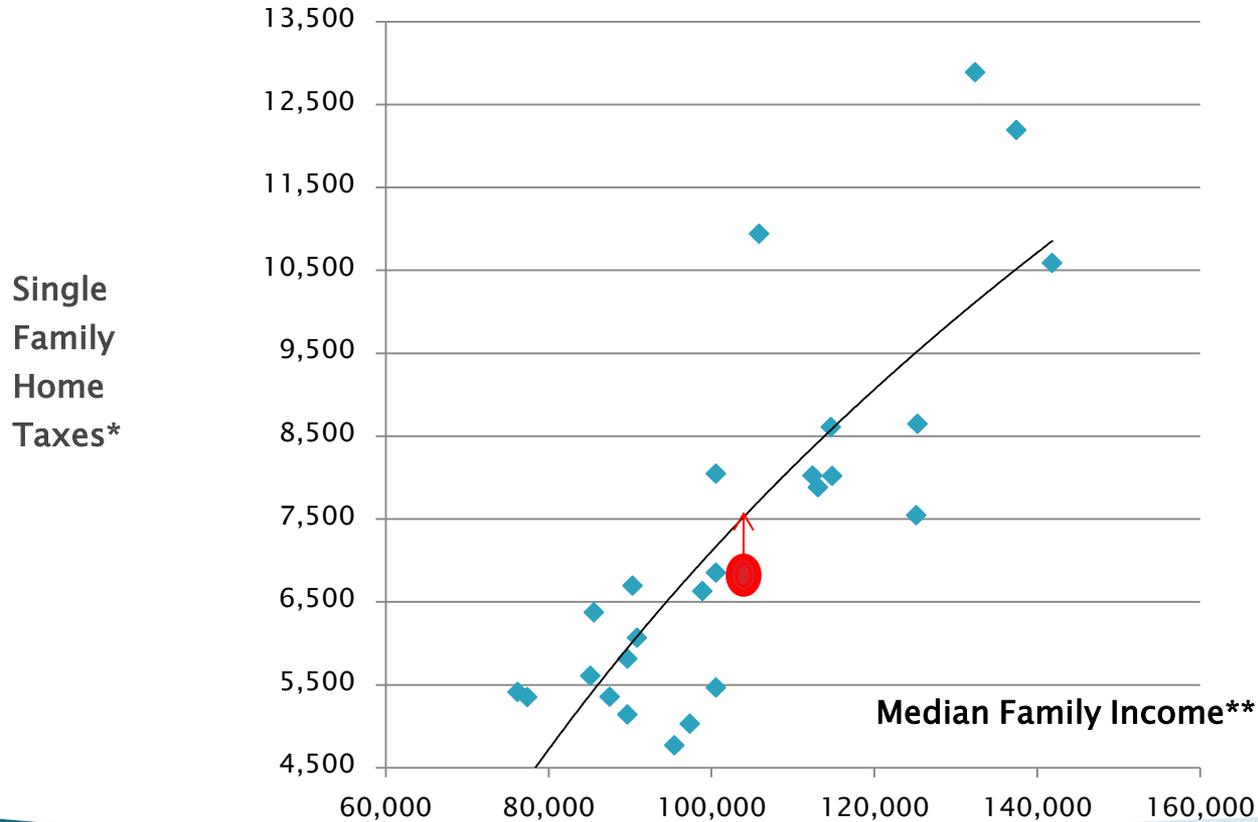
Source: Massachusetts Budget & Policy Center – data adjusted for inflation

# Peer Residential Tax Burden



Sources: \* DOR 2015 \*\*Boston Globe 2010-2014

# Peer Residential Tax Burden

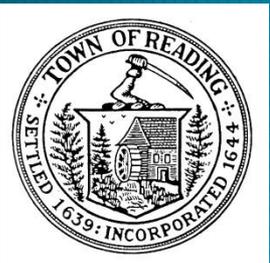


Reading \$103,913 Income \$6,824 Taxes  
 Peers \$103,552 Income \$7,357 Taxes

Sources: \* DOR 2015 \*\*Boston Globe 2010-2014

# Peer Expenses

% of Budget Spending	Reading	Peer Communities	Difference
Public Safety	9.2%	8.7%	+0.5%
Culture & Recreation	2.1%	1.7%	+0.4%
Education	39.3%	39.1%	+0.2%
DPW	5.1%	4.9%	+0.2%
Human Service	0.6%	0.7%	-0.1%
Fixed Costs & Debt	17.7%	17.8%	-0.1%
Other (Ent Funds)	22.4%	22.8%	-0.4%
Gen'l Gov't	3.6%	4.3%	-0.7%

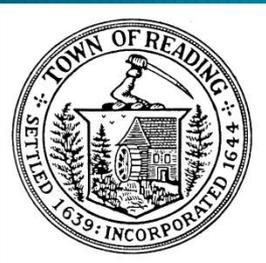


# Peer Education Expenses

Peer average is 15.8% enrollments/population; Reading is higher at 17.4%

	Pop.	Enroll	% Enroll	% Budget		Pop.	Enroll	% Enroll	% Budget
Westford	23,265	5,139	22.1%	45.0%	North Andover	29,217	4,795	16.4%	41.0%
Lexington	32,650	6,785	20.8%	36.0%	Walpole	24,818	3,946	15.9%	41.9%
Winchester	22,079	4,505	20.4%	36.8%	Natick	35,214	5,368	15.2%	34.2%
Westborough	18,630	3,624	19.5%	44.4%	Canton	22,221	3,326	15.0%	35.8%
Bedford	13,975	2,522	18.0%	39.7%	Wilmington	23,147	3,448	14.9%	44.0%
Lynnfield	12,395	2,205	17.8%	43.9%	Milton	27,270	4,011	14.7%	38.3%
Andover	34,477	6,076	17.6%	42.3%	Burlington	25,463	3,499	13.7%	39.7%
Mansfield	23,566	4,144	17.6%	44.9%	Wakefield	26,080	3,439	13.2%	31.7%
<b>Reading</b>	<b>25,327</b>	<b>4,407</b>	<b>17.4%</b>	<b>39.3%</b>	Danvers	27,483	3,588	13.1%	31.9%
Belmont	25,332	4,283	16.9%	34.2%	Tewksbury	30,107	3,658	12.1%	36.3%
Marshfield	25,509	4,267	16.7%	44.4%	Dedham	25,299	2,776	11.0%	31.5%
North Reading	15,377	2,556	16.6%	38.8%	Concord	19,285	2,114	11.0%	50.2%
Shrewsbury	36,309	6,016	16.6%	43.4%	Stoneham	21,734	2,317	10.7%	35.2%

Source: MA Department of Education 2014-15



# Conclusions

## Reading

- is a bedroom community with a low commercial tax base
- has residential property taxes that are below Peer averages
- has a large student population to educate
- desires a high quantity and quality of services from town & schools

Revenues are constrained below 3% for the foreseeable future

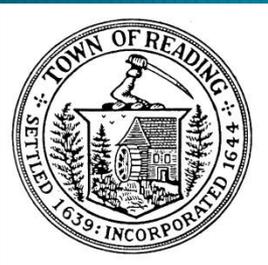
- economic development efforts are underway but will take ~ 5 years

Non-Town/School Expenses are projected to increase by 5% annually

=> Town/School budgets will need to **increase at 0.7% annually**

Reserves are projected to decline

- \$2 million annual Reserves support to Town/School budgets will need to stop
- => Town/School budgets will need to **decrease by 0.3% annually**



**Town and Schools will need to reduce staffing & services under either scenario**

# Conclusions

An Operating Override can moderate or eliminate the need for the Town & Schools to curtail staffing & services

Selectmen concerns:

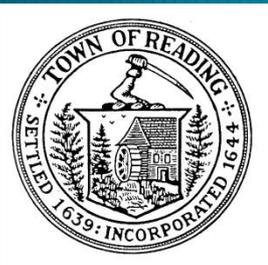
- Increasing gap in expectations of the community

- Elderly residents ability to pay

- Maintaining quality of services – no more creative cost cuts

- Maintaining quantity of services

- Any proposed Override should project to last for many years

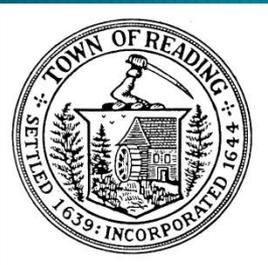


# Conclusions

## Elderly residents ability to pay

A top priority of the Board is to encourage seniors to ‘age in place’ in their homes, and the community we all call home. This issue is becoming a national challenge, especially in suburbs near urban centers as a new generation moves in.

The town has already taken some proactive steps – for example the recently enacted ‘inlaw apartment’ zoning change is now being considered state-wide by the MA Senate. Our economic development planning efforts have the interests of our senior population front & center. This segment of the population has the highest projected growth rate over the next 20 years.

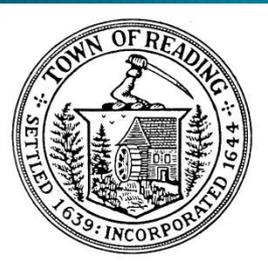


# Conclusions

## Elderly residents ability to pay – actions at a future Town Meeting

1. Accept Optional Cost of Living Increases for Seniors and Surviving Spouses (IGR 15-206) affects about 20 residents but that may grow
2. Increase the Elderly Exemption from \$750 to \$1000 (IGR 02-209; MGL ch 59 s 5 cl 41c) **NOT the tax work-off program which is already \$1,000**
3. Lower the interest rate on those who qualify to defer taxes on their homes from 8% to 4%. Note the state law penalty of 16% if the owner passes away while living in the home

*Possible – MA National Guard/Reservist deferral; Veteran's work-off program*



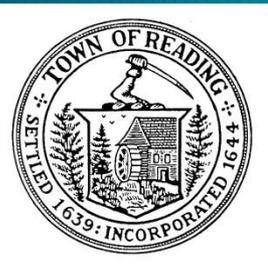
# Conclusions

## Elderly residents ability to pay – actions at a future Town Meeting

4. **Home Rule Petition to shift taxes to other taxpayers.** Likely qualification will be those that are eligible for the state tax circuit breaker (about 650 households) and the tax benefit would be graduated depending on income levels.

Sudbury has a framework we like, but we will customize it to work in Reading. We have met with our legislators and they will be fully supportive. Other communities are aware of our efforts and very interested – this may also evolve to a state-wide effort.

Further discussion by the Selectmen for the next six weeks, meeting jointly with the Board of Assessors in July.

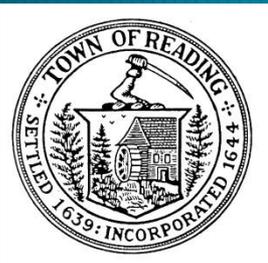


# Overrides – what do our Peers do?

Sorted by reliance on Residential Tax Base:

	TOT	Most Recent	t YES	Res%	SPLIT
Milton	8	2009 YES	6/09	96.1	1.61
Winchester	10	2015 NO	3/07	95.0	0.94
Belmont	6	2015 YES	4/15	94.4	1.0
Marshfield	15	2008 YES/NO	4/07	92.1	1.0
<b>READING</b>	5	<b>2003 YES</b>	<b>4/03</b>	<b>91.4</b>	<b>1.0</b>
Concord	22	2006 YES	4/06	91.0	1.0
Stoneham	6	2011 NO		88.9	1.70
Lexington	19	2007 YES	6/07	87.6	1.96
North Reading	14	2009 NO	2/05	87.3	1.0
Lynnfield	4	2011 YES	6/11	87.2	1.19
North Andover	8	2007 YES	6/07	87.2	1.41
Shrewsbury	6	2014 YES	6/14	87.0	1.0
Walpole	4	2012 YES	6/12	86.4	1.33

	TOT	Most Recent	t YES	Res%	SPLIT
Wakefield	1	1990 YES	3/90	84.9	2.02
Westford	21	2006 NO	3/99	84.7	1.01
Tewksbury	2	2007 NO		81.8	1.69
Dedham	0			80.5	2.14
Andover	2	2003 NO		80.2	1.65
Bedford	0			78.6	2.20
Canton	2	2008 YES	5/08	77.4	2.06
Natick	4	2008 YES	3/08	77.4	1.0
Mansfield	2	2000 YES	4/00	76.5	1.34
Wilmington	3	1995 NO		76.4	2.28
Danvers	0			74.0	1.44
Westborough	0			64.5	1.0
Burlington	0			62.7	2.59



# Overrides – what have we done?

Conservative Financial Practices Earned an upgrade to AAA by S&P

Today: “ ... we believe the Town can maintain better credit characteristics than the U.S. (Federal government) in a stress scenario ...”

Spent money in order to save money

Reduce Out of District Special Education; Energy Improvements; Capital Equipment upgrades; Modern Technology infrastructure

Intra-regionalization

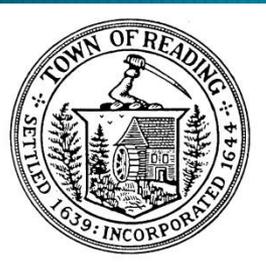
Town/Schools share software systems & personnel

Regionalization

Share staff & resources with several communities

Spent one-time money on one-time expenses

Warned Town Meeting for several years of the underlying Financial Condition



Last Override expected to last for ‘only’ 8 to 10 years

# School Department Budget Reductions Over Last 3 Years

Fiscal Year	Level Service Budget Reduction	Personnel Reductions	Non-Personnel Reductions/Offset and Grant Increases
FY15	\$285,000	\$170,000	\$115,000
FY16	\$849,620	\$135,000	\$714,620
FY17	\$658,193	\$403,000	\$255,193

# FY17 Personnel Reductions

Level	Reduction/Impact
Elementary	<u>2.0 Classroom Teachers</u> <ul style="list-style-type: none"><li>• Higher Class Sizes in Grades 3 and 5 at Killam</li></ul>
Middle	<u>.5 Teacher</u> <ul style="list-style-type: none"><li>• Equalize reading services across the district</li></ul>
High School	<u>4.6 Classroom Teachers</u> <u>1.0 Paraeducator</u> <ul style="list-style-type: none"><li>• Elimination of Freshman Advisory Classes</li><li>• Reduction of course sections across all departments except for special education and guidance</li><li>• Reduced RMHS library hours during school day and after school</li></ul>

# A possible glimpse into FY18

*If the operating budget increases at .7% and current expenses are moved forward with current increases*

<b>FY17 Superintendent Recommended Budget</b>	<b>\$40,697,666</b>
<b>Estimated Increase for FY18 Budget</b>	<b>.70%</b>
<b>Dollar amount of Increase</b>	<b>\$284,884</b>
<b>Estimated Operating Budget for FY18</b>	<b>\$40,982,550</b>
<b>Estimated Projected Expenses for FY18</b>	<b>\$42,932,633</b>
<b>Estimated FY18 Budget Shortfall</b>	<b>(\$1,950,083)</b>

# Listen to the Community

## For example: FY18 School department budget (estimated)

Wages \$35.78 million

Expenses \$ 7.15 million

**CUTS: \$ 1,950,083**

## Expenses by Cost Center

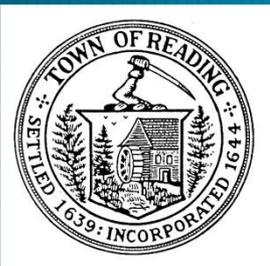
\$0.21 Administration (legal, audit, employee physicals, licensing)

\$1.25 Regular Day (text and materials, supplies, pd, classroom technology)

\$4.81 Special Education (transportation, OOD Tuitions, adaptive text and materials)

\$0.38 School Facilities (Contracted cleaning services and supplies)

\$0.50 Districtwide Programs (Health, extra curricular, athletics, technology infrastructure)



# Possible Breakdown of FY18 Reduction

Area	Amount
Expenses	<b>\$300,000</b> <ul style="list-style-type: none"><li>• Professional Development</li><li>• Technology Purchases</li><li>• Curriculum materials</li><li>• Classroom supplies</li><li>• Miscellaneous Expenses</li></ul>
Wages	<b>\$1,650,083</b> <ul style="list-style-type: none"><li>• Combination of teacher, support staff, and administrator reductions</li><li>• Higher Class Sizes</li><li>• Program Elimination</li><li>• Reduced student support</li></ul>

# Town Departments

## Recent Unfunded Requests

Fiscal Year	Not Funded	Below Level Service	New Services
FY15	\$684,195	<i>\$225,000 est.</i>	<i>\$459,195 est.</i>
FY16	\$984,544	<i>\$310,000 est.</i>	<i>\$674,444 est.</i>
FY17	\$1,533,013	\$668,385	\$864,628

**Positions eliminated in FY17: (7 total; 6 part-time)**

Engineer; Engineering Intern; Planning Intern; Health Inspector;  
RCASA Youth Coordinator; Animal Control Officer; Crossing Guard

# Listen to the Community

## For example: Town departments

Wages \$17.2 million

Expenses \$ 8.2 million

Run rate +3.2%

**If available -0.3%**

**CUTS: \$890,000**

\$1.3 Admin Services (\$0.6 mil insurance & legal; \$0.4 mil technology)

\$0.4 Public Services (\$0.3 mil Veterans & health)

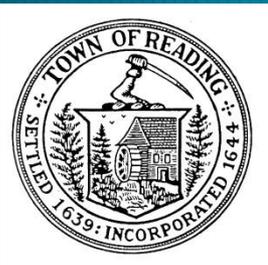
\$0.1 Finance

\$0.5 Public Safety

\$3.2 Public Works (\$2.3 mil is rubbish/snow/street lights)

\$0.3 Library

\$2.4 Facilities (\$1.5 mil energy; \$0.8 mil maint.)



# Possible Breakdown of FY18 Reduction

Area	Amount
Expenses	<b>\$200,000</b> <ul style="list-style-type: none"><li>• Professional Development</li><li>• Technology Purchases</li><li>• One of two Police Cruisers</li><li>• Library Expenses</li><li>• Facilities Maintenance &amp; Repairs</li></ul>
Wages	<b>\$690,000</b> <ul style="list-style-type: none"><li>• Average wages ~ \$50,000</li><li>• Eliminate 13.8 FTEs<ul style="list-style-type: none"><li>• Public Safety depth</li><li>• Public Works depth</li><li>• Library hours</li><li>• Town Hall – specific services</li></ul></li></ul>

# Listen to the Community

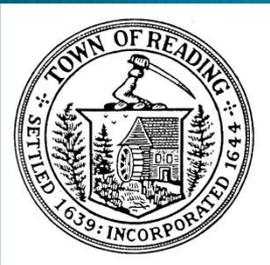
What Services should be added?

What Services that are provided should be eliminated?

What Services do you use that you would be willing to give up?  
(past community forums have had difficulty with this request)

Would you prefer to target fees instead of taxes?  
(for example, a trash fee)

What are you concerned about as a resident of Reading?



# Town of Reading Community Listening Meetings

~~Wednesday June 1<sup>st</sup> 7:00pm Coolidge MS Multipurpose Room~~

~~Tuesday June 7<sup>th</sup> 1:00pm Pleasant Street Center~~

~~Thursday June 16<sup>th</sup> 7:00pm Parker MS Auditorium~~

**Thank you for your interest!!**

