

Town Council FY09 Budget Policy Guidelines

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 FY09.

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 Town Manager will work to develop a formal policy on the unreserved fund balance, including the use of free cash in excess of the target for the unreserved fund balance.

- B. Capital expenditures: In order to maintain and improve its infrastructure, facilities, and equipment, the Town should seek to make annual capital expenditures (exclusive of enterprise funds) equal to at least 7.5-8% of the operating budget.
- C. Post-employment benefits: In order to achieve long-term financial stability and meet the Town's obligations to its employees and retirees, the Council and Town Manager will work to address the Town's unfunded pension liability and other post-employment benefits (OPEB). Dialogue should continue with the Retirement Board on the options for investing pension funds, including through the Pension Reserves Investment Trust. The Council and Town Manager will look for opportunities to make additional transfers to the OPEB stabilization fund.

II. Cost-Savings/Revenues

The Town Council believes that identification of cost-savings and new revenues should be a precondition to additional expenditures. To this end, in developing the FY09 budget, the Town should:

- A. Continue efforts to control health insurance costs. To this end, the Council believes it is essential to have an open dialogue on all options, including joining the Group Insurance Commission.
- B. Identify savings in energy costs through an energy audit of Town buildings, facilities, and equipment (including street and traffic lights) and establishment of an energy efficiency plan.

- C. Continue to analyze whether adding Building Department inspectional staff would generate sufficient revenue to cover or exceed the incremental cost.
- D. Strengthen the Town's efforts (including use of new Planning Department staff and other personnel) to obtain grant funding from federal, state, and other sources.
- E. 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 principle that fees should not exceed the cost of services provided.
- F. In cooperation with the Planning Board, explore the establishment of a standardized system of impact fees for projects subject to site plan review.
- G. Analyze the possibilities and cost advantages of expanding the use of contract services in various departments.
- H. Analyze the possibilities and cost advantages of providing various services on a regional basis.
- I. Reduce costs of the Town's motor vehicle fleet by purchasing the most fuel-efficient vehicles at replacement time, and limiting mileage by reducing personal usage to state public-safety need or contractual obligation. Create a framework for future cost savings by establishing a baseline annual cost, by vehicle, including acquisition, fuel, and maintenance.
- J. All department heads should seek to identify line-items within their existing budgets where costs can be controlled and not increased by 2.5%.

III. Program Enhancements/Expenditures

To the extent that resources allow, in light of the financial policies stated above and the principle of first identifying cost-savings and new revenues, the following program enhancements and, if necessary, new expenditures should receive priority in the FY09 budget. Education program enhancements and expenditures should be considered subsequently in light of the recommendations of the School Committee.

- A. Repair and improve the Town's streets and sidewalks and enhance its trees and planting strips. Consideration should be given to funding such repairs, improvements, and enhancements from a variety of sources, including tax revenues, debt, and a betterment program. Strengthen capacity (including staffing) to carry out routine maintenance of street trees and other trees on public land and, through the joint efforts of the Tree Warden and Department of Public Works, develop a comprehensive Tree Program.
- B. Strengthen the Town's capacity to address issues of energy efficiency, through regular staffing or contract services.

- C. Strengthen the Town's capacity to address issues of facilities management, through regular staffing or contract services.
- D. Strengthen the capacity (including staffing) of the Recreation Department in order to provide more recreational opportunities to Town residents.
- E. Continue to enhance the Town's website as a cost-effective means of delivering information and services, increasing public awareness, and encouraging public feedback.
- F. Analyze how the chief administrators of others cities and towns allocate their professional responsibilities in order to enhance the services and oversight provided to the community.
- G. Explore the establishment of a "customer service" system to log, monitor, and analyze inquiries and requests to Town offices and departments.
- H. Explore the need and possible funding for a social worker/community health outreach worker.

IV. 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 revenues and expenditures during the fiscal year. In addition, the Council will receive monthly reports on the use and balance of monies in the Council Reserve and other Council personnel and expense line items.
- B. The Town Council will receive quarterly updates on progress in addressing the recommendations in the annual independent audit report.