

Town Council FY10 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 FY10.

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 the Town Manager will work to develop a formal multi-year policy on the unreserved fund balance, including the use of free cash if the unreserved fund balance is above the 7-10% target.

- 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. **Other 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). The Council and the Town Manager will continue to look for opportunities to make additional transfers to the OPEB stabilization fund.

II. ONGOING BUDGET PRACTICES

In preparing the budget for FY10 and future years, the Town manager should continue to utilize the following budget practices.

- A. 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.
- B. 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 principal that fees should not exceed the cost of services provided.
- C. Analyze the possibilities and cost implications of contracted services vs. staffing in various departments.
- D. Analyze the possibilities and cost implications of providing more services on a regional basis.
- E. All department heads should seek to identify line-items within their existing budgets where costs can be controlled and not increased by 2.5%. Look at other possible scenarios including spending freezes and level dollar budgets.
- F. Continue to enhance the Town's website as a cost effective means of delivering information and services, increasing public awareness, and encouraging public feedback.

III. 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 FY10 budget, the Town should:

- A. Complete an energy use baseline inventory for municipal buildings, vehicles, and street and traffic lighting and create a plan to reduce energy use by 20% in 5 years.

B. Public safety: Police, Fire and dispatch together represent the Town's biggest expenditure (after education). Examine how to best deliver the level of service citizen's want, more efficiently.

C. Institute a formal Economic Development Program for the newly rezoned Pleasant Street Corridor District, with a long-term goal to increase town revenue. The Program should include a marketing plan to prospective developers as well as the use of state and federal grants and redevelopment programs.

D. Explore the establishment of a standardized system of impact fees for projects subject to site plan review. Consider mitigation monies for larger scale projects.

E. Continue to analyze whether adding Building Department inspectional staff would generate sufficient revenue to cover or exceed the incremental cost.

IV. 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 revenue, the following program enhancements and, if necessary, new expenditures should receive priority in the FY 10 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 enhances 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) and carry out routine maintenance of the 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 facilities management, through regular staffing or contract services. The Council and Town Manager will continue discussions on reorganizing the staffing structure of the Public Works Department to include a facilities manager/engineer.
- C. Explore the need and possible funding for a social worker/community health outreach worker, including reaching out to the private sector for funding.
- D. Explore the budget implications of the re-use of the former branch libraries
- E. Determine the need for, and how to fund future sewer and storm water infrastructure improvements.

V. 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 the 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. An early warning system will be established to alert the Council if revenues fall below projections.

B: The Town Council will receive quarterly updates on progress in addressing the recommendations in the annual audit report.