Watertown's FY2017 Budget Policy Guidelines

As Approved and Ranked by the Town Council

December 8, 2015

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 Fiscal Year 2017. Both *Watertown's Ongoing Budget Policy Guidelines* Resolution 2012-72 and *Watertown's Ongoing Capital Project Budget Guidelines* Resolution 2013-76 are hereby incorporated by reference.

I. COST-SAVINGS/REVENUES

Note: The items in this section were ranked in order of priority by the Town Council on 12/17/14.

The Town Council believes that identification of cost savings and/or new revenues should be a precondition to additional expenditures. To this end, in developing the FY17 budget, the Town Manager should:

A. Continue to proceed with the guidelines of the Strategic Framework for Economic Development, with the long-term goal to promote a diversified and growing tax base.

B. Public safety: Police, Fire and Dispatch together represent the Town's biggest expenditure after education. Continue with a review of the Public Safety study recommendations to determine how best to deliver the level of service citizens want, more efficiently.

C. Continue pursuing mitigation monies for larger scale projects.

D. Actively seek Payment In Lieu Of Taxes (PILOT) agreements with each non-profit organization owning or purchasing property in Watertown.

E. Review and raise parking meter rates to offset costs as allowed under General Law Chapter 40 Section 22c.

F. Explore the feasibility of joining the Commonwealth's Community Compact program.

Note: Items I.B and I.C were both ranked equally. Items I.E and I.F were both ranked equally.

II. PROGRAM ENHANCEMENTS/EXPENDITURES

Note: The items in this section were ranked in order of priority by the Town Council on 12/17/14.

To the extent that resources allow, in light of the financial policies stated above, and adhering to the principle of first identifying cost-savings and/or new revenue, the following program enhancements and, if necessary, new expenditures should receive priority in the FY17 budget. Education program enhancements and expenditures should be considered subsequently in light of the recommendations of the School Committee.

A. Continue to work collaboratively with the Watertown Public Schools to develop a comprehensive 5-year educational budget that assures sustainable funding for our schools and the successful education of our children. Seek to accommodate the Manager's forecast 5% school operating budget increase for the next three fiscal years (FY17-19), subject to preparation of budget requests by the School Committee, and subject to the validation of revenue and expenditure assumptions in the October 27, 2015 Preliminary Budget Overview. Continue to work with the WPS to identify school curriculum initiatives, and identify funds that can be used to meet these identified needs.

B. Enhance the capabilities of the Department of Community Development and Planning by adding resources, and/or redeploying existing resources, to provide inspectional services and enforcement.

C. Enhance the capabilities of the Department of Community Development and Planning by adding resources to manage transportation and parking issues.

D. Develop a five year plan and funding schedule for the integrated improvements of the Town's streets and sidewalks, water-sewer-stormwater infrastructure, and underground utilities. The plan should show status of ongoing projects, identify future projects including those with no funding source, and include upgrade of all water meters, identify sources of stormwater and sewage outflow to the Charles River, and coordination with water-sewer-stormwater projects and underground utility projects.

E. Work with the School Committee and Administration to develop long-range plans, including budget, timeline, and identification of funding sources and mechanisms to address school building requirements in order to meet the identified needs for enrollment and programs.

F. Incorporate the four SAFER Grant firefighters in the Town Budget in order to move forward with the Town's implementation of ALS Service, and continue to pursue the COPS hiring grant or other grant possibilities.

G. Redesign the Town's web site and social media presence to better communicate with residents. Assess the resources needed to manage communications, including online, email, and print.

H. In anticipation of the expiration of the five-year contract on April 30, 2017, continue to review the performance data on the automated trash collection/single stream recycling program; and explore ways to continue to reduce costs including increasing recycling, organic waste composting, and the like.

I. Continue to implement the recommendations in the Staffing and Operational Assessment of the Public Works Department and implement changes to improve the operational efficiency, flexibility, and capacity of the Department to meet the Town's growing needs to manage contractors, respond to work order requests, oversee development projects, and plan and implement infrastructure improvements. Consider what technology platforms are needed to support the Department.

J. Incorporate the Social Service Resource program and related services in the town budget.

K. Examine expanding existing programs that foster youth engagement and development. Examples of such programs include but are not limited to the "Cops and Kids Program", "Summer Parks and Grounds Maintenance Program" and internships for WHS students in town departments.

L. Fund an updated Facility Assessment Study that details the repairs and improvements needed to maintain the existing municipal facilities.

M. Finalize non-municipal re-use of the former branch libraries, and finalize the plans for re-use of the former police station.

Note: Items II.K and II.L were both ranked equally.

Watertown Town Council
Administration Building
149 Main Street
Watertown, MA 02472
Phone: 617-972-6470

ELECTED OFFICIALS:

Mark S. Sideris,
Council President

Stephen P. Corbett,
Vice President

John A. Donohue,
Councilor At Large

Susan G. Falkoff,
Councilor At Large

Anthony Palomba,
Councilor At Large

Angeline B. Kounelis,
District A Councilor

Cecilia Lenk,
District B Councilor

Vincent J. Piccirilli, Jr.,
District C Councilor

Kenneth M. Woodland
District D Councilor

Resolution# 2012- 72

Resolution: Watertown's Ongoing Budget Policy Guidelines

WHEREAS the Town Council adopts budget policy guidelines each year pursuant to Section 5-1 of the Watertown Home Rule Charter, so that the Town Manager can develop budgetary goals and the Town budget for the next fiscal year, and

WHEREAS for the past several years, annual budget policy guidelines have included three sections of ongoing budget practices, namely Section I. FINANCIAL POLICIES, Section II. ONGOING BUDGET PRACTICES, and Section V. BUDGET AND FINANCIAL MONITORING, and

WHEREAS the budget policy guidelines in these three sections have reached a point of maturity whereby they have become standard operating procedure, and do not need to be revised each year.

NOW THEREFORE BE IT RESOLVED that the Town Council of the City known as the Town of Watertown hereby establishes the following budget policy guidelines as permanent policy guidance, to be followed annually:

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 (including debt and exclusive of enterprise funds) equal to at least 7.5-8% of the operating budget.

C. Pension Liability and Other Post Employment Benefits: In order to achieve long term financial stability, meet the Town's obligations to its employees and retirees, and maintain favorable bond ratings, the Council, the Retirement Board and Town Manager will work to address the Town's unfunded pension liability and other post-employment benefits (OPEB). As was done with the unfunded Pension Liability, create a long-range financial plan for addressing the unfunded OPEB liabilities, including the converting the OPEB stabilization fund to an OPEB Trust Fund. Continue dialog with Retirement Board and State representatives to consider options for pension reforms for new hires.

II. ONGOING BUDGET PRACTICES

A. Continue the Town's efforts within all departments to obtain grant funding from federal, state, and other sources, including the use college interns.

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. Review the possibilities and cost implications of contracted services vs. staffing in various departments.

D. Support the possibilities of providing more services on a regional or inter-municipal basis in accordance with the council resolution.

E. All department heads should seek to identify line items within their existing budgets where costs can be controlled and not increased. Look at other possible scenarios including spending freezes, level dollar and reduction budgets. Review the use of overtime in each department and monitor consistent Town-wide practices and related utilization.

F. Continue to enhance the Town's website and use other technologies as cost effective means of delivering information and services, increasing public awareness, and encouraging public feedback.

G. Explore cost savings by sharing personnel across Town departments. Work towards merging or combining the following functions to better serve both Town and School Departments: facilities management, human resources, finance, and information technology.

H. Meet annually in Executive Session(s) to discuss strategies on pending collective bargaining agreements and the potential impact on upcoming and future budgets.

III. 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.

B. The Town Council will receive a report on the use and balance of monies in the Council reserve upon each transfer, and a report each month when there is a change in Town Councilors' expense line items.

C. An early-warning system will be used to alert the Town Council if revenues fall below projections.

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

BE IT FURTHER RESOLVED that this resolution shall be incorporated by reference into the annual budget policy guidelines that are adopted each year.

_____
Council Member

I hereby certify that at a regular meeting of the Town Council for which a quorum was present, the above Resolution was adopted by a vote of 9 for, 0 against and 0 present on December 11, 2012.

_____
Valerie Papas
Council Clerk

_____
Mark S. Sideris
Council President

Watertown Town Council
Administration Building
149 Main Street
Watertown, MA 02472
Phone: 617-972-6470

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District B Councilor

Vincent J. Piccirilli, Jr.,
District C Councilor

Kenneth M. Woodland
District D Councilor

Resolution# 2013- 76

Resolution: Watertown's Ongoing Capital Project Budget Guidelines

WHEREAS the Town Council adopts budget policy guidelines each year pursuant to Section 5-1 of the Watertown Home Rule Charter, so that the Town Manager can develop budgetary goals and the Town budget for the next fiscal year, and

WHEREAS in the Fiscal Year 2014 budget policy guidelines, Attachment A "ADDITIONAL RECOMMENDATIONS ON CAPITAL PROJECTS" was included to use the Town's capital project funds in the most efficient manner, and to improve the efficiency and transparency of the Capital Improvement Program (CIP) process, and

WHEREAS these recommendations have become standard operating procedure for the Town of Watertown, and do not need to be revised each year.

NOW THEREFORE BE IT RESOLVED that the Town Council of the City known as the Town of Watertown hereby establishes the following recommendations on capital projects as permanent budget policy guidance, to be followed annually:

1. Status of existing capital funds and projects: As part of the January CIP submission by the Town Manager, include from each department, a listing of all existing unspent capital funds (including Chapter 90, developer mitigation, grant funds, etc.) and a status on each project or acquisition, including how and when remaining funds will be spent, effective November 30th.

a. Include project funds appropriated by the Town Council to the School Department.
b. Include Water/Sewer Enterprise Fund reporting of capital projects & funds as a new section of the CIP separate from the General Fund.

2. Details on new projects: As part of the January CIP submission by the Town Manager, provide details for all items in the CIP that have been previously shown as annual lump sums in a single line.

a. Include the School Department's "various school improvements".
b. Include "highway reconstruction" and "sidewalk reconstruction", with a forecast of streets to be done each year.
c. Include Water/Sewer Enterprise Fund capital projects as a new section of the CIP separate from the General Fund, with a forecast of streets to be done each year.

d. Include transportation or water/sewer and stormwater projects which have or will be proposed in the future, with no funding source yet identified.

3. Coordination Issues Related to Public Works projects: The increasing volume and complexity of public works projects requires a rethinking of how the Town does its planning to maximize the use of capital funds and departmental resources, as well as providing information to the public in a timely, readily accessible fashion.

a. To this end, the CIP needs to have a five-year forecast of what water/sewer/stormwater, road reconstruction, and sidewalk reconstruction are planned, by specific street, which will:

i. Insure that work is sequenced to obtain the maximum life from road and sidewalk reconstruction without major water/sewer work compromising their integrity.

ii. Allow utility companies adequate time to plan underground service replacements prior to road and sidewalk reconstruction, to avoid compromising their integrity.

iii. Allow time for the Zoning Enforcement Office to notify property owners of non-conforming driveways, while giving the owners adequate time to seek a variance.

iv. Allow developers time to plan their projects in coordination with the Town, and avoid digging up newly installed roads and sidewalks.

v. Allow abutting homeowners, who may want to pay for granite curbs on streets scheduled for asphalt curbs, time to arrange contracting and payment.

vi. Allow time for the Tree Warden to notify abutters who may want a street tree in front of their property, to allow for the placement of a tree pit prior to the installation of a new sidewalk.

vii. Provide more transparency to citizens on public works projects and spending.

viii. Allow the Public Works Committee or other appropriate committee adequate time to review the proposed work and provide policy guidance on the above as it relates to Watertown's goals.

b. Issues of coordination and timing need to be improved to insure the most efficient use of funds, and bonding of annual street construction projects should be coordinated with bidding such that contractors can begin by April and be completed by November.

c. The Public Works Department should address, on an ongoing basis:

i. Assure adequate supervisory capacity to eliminate decision bottlenecks and improve timeliness of responses for construction work.

ii. Notification to the public of what construction is happening and where and when it will occur must be improved, and should be available on the website and updated regularly.

iii. Improve completion of punch list items on projects needs to be improved, including painting of roadway markings, installation of traffic signs, removal of temporary construction signs, cleanup of construction debris, etc.

4. Protection of investments: With millions of dollars being spent each year in Watertown on street and sidewalk construction, the administration should take a more aggressive

role to protect the value of these investments to insure that maximum life is obtained from the new surfaces.

BE IT FURTHER RESOLVED that this resolution shall be incorporated by reference into the annual budget policy guidelines that are adopted each year.

Council Member

I hereby certify that at a regular meeting of the Town Council for which a quorum was present, the above Resolution was adopted by unanimous voice vote on December 9, 2013.

Valerie Papas, Council Clerk

Mark S. Sideris, Council President