


To: All Depts, Boards and Commissions
From: R. A. Mercier, Town Administrator 
Re: Operating Budget Guidelines for FY 2013
Date: January 4, 2012

I am writing to present to you the adopted guidelines regarding operating budgets for FY 2013. We delayed an early vote to gather as much information as possible concerning our projections for the next fiscal year given the uncertainty of State Aid, the potential loss of federal funds for the School Dept, the current unresolved status of our Collective Bargaining contracts (except the School teachers) and the stated goal of limiting our tax levy increases to no more than 4% for the second consecutive year. After discussions between the Administration, the Selectmen, the School Administration, the School Committee and the Ways and Means Committee a formal vote was taken in early December by the Ways and Means Committee followed by a vote of the BOS to adopt a maximum 4% operating budget increase for all Depts (Town and Schools) as we look to balance our budget for FY 2013. Even as we limit the operating budget increases (*expenses*) and concurrently limit the levy (*revenues*) to the stated goal of 4%, we are faced with a **\$670,000** projected deficit going into FY2013 that must be addressed before we can present a balanced budget to the Town Meeting in May. We continue to make a number of conservative assumptions regarding our revenue anticipation for next year. Our projections of the revenue side assume **level funding in State Aid** to the community based upon a slightly improving economy in Massachusetts and the States steadfast commitment to Chap 70 funding. This represents a small glimmer of hope that the State will attempt to slowly rebuild its commitment to local aid that in Burlington's case has resulted in approximately \$1,700,000 in reductions since FY2009! Additionally, we have projected an increase of 5% for local receipts based upon the prior year receipts (FY 2011) that exceeded our expectations. We do, however, caution that the receipts generated in the prior year included "one time" revenues from the meals tax that we will not see in future years so we needed to "back-out" this amount for any future projections. Finally, by capping the levy increase to "no more than 4%" we are able to generate approximately \$3,400,000 in "new" revenues to account for our operating budget increases as well as our increases in the budget busters within our accommodated accounts that we are forecasting to increase about 5% in FY2013 (Health Insurance, SPED, Pensions, Shawsheen Tech etc etc).

As you prepare your budgets, the following criteria should be used in this process.

1) The total dollars requested for all salaries and expenses within your Dept should be increased by no more than 2.5% for FY2013. This amount should be considered in the aggregate and the decision about where the money should be spent within the Dept is at the discretion of the Dept Head. The reason we are recommending 2.5% overall for your Dept is due to the fact that I anticipate wage adjustments for all employees in 2013 that will need to be funded through our "Negotiated Settlements" line item that will need to be increased for 2013.

2) You should calculate your utility (electricity) cost for next year by taking the previous 12 months of expenses (December 2010 to November 2011) in total and adjust 30% of

the total bill by a factor of 3% to account for delivery, transmission, RMR, etc. etc charges not related to supply. Natural gas cost should be **level funded** because we have entered into a new contract that will reduce the "therm" charges in FY2013. Gasoline/Diesel should be level funded unless the Dept manager can justify an increase based upon usage, price etc. Obviously, given the uncertainty within the world oil markets, we will watch this item very closely over the next 6-12 months and make adjustments accordingly.

3) All salaries should be level funded unless steps are warranted. We currently have no settled contracts with our employee groups for FY 20123 and beyond. I further request all Overtime Budgets be level funded except for our two major Public Safety Depts which will need some adjustments for FY 2013. I suggest both Chief's evaluate o.t. needs within the context of the Dept budget increases and allocate your resources accordingly.

4) I would ask that all Depts submit a list to me of any expected vacancies, retirements, leaves etc anticipated to occur within your Dept during FY 2013. There is no question that our aging employee population is beginning to consider retirement at an accelerated pace. With our obligations for buy-back accumulated time, it is more difficult for our finance team to find appropriate resources to meet these obligations. Early notice allows us to better plan for these obligations.

5) The budget cover sheet **must accompany** all submittals to my office. Budgets without these cover sheets will be rejected. We have found these overviews to be very important to the public as well as our Town Meeting representatives

6) All Depts should budget their employees salaries for FY 2013 (and for all future years) at 52.2 weeks for the year. In other words, the formulas within our excel spread sheets should simply calculate this difference for all Depts. As you recall, we have been planning for this to avoid the one time "adjustment" for all Depts that this past year exceeded \$400,000 in one time cost.

7) All budgets under the Selectmen's jurisdiction with supporting documents must be submitted to my office by Friday **January 27th at 4:00 p.m.** All other budgets under separate jurisdictions should attempt to comply with this schedule.

8) Finally, all Depts are required to submit their revised and amended 10 year Capital plans to my office with their budget submittal. A failure to provide this document may result in no funding for the upcoming year.

9) To be consistent with an initiative begun a few years ago, I am asking all Depts. to submit to me under a separate cover sheet their Dept needs regarding IT/Computer needs (normal office replacement, printer, P.C, laptops, monitors etc) rather than place the item in their budget as a Capital expense. Again, any "**specialized**" equipment should remain in your budget.

Thank you