



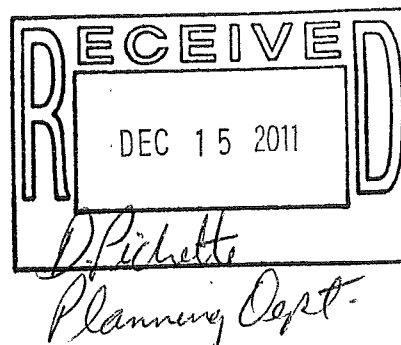
**TOWN OF WAREHAM**

54 Marion Road  
Wareham, Massachusetts 02571

Town Administrator  
Mark J. Andrews  
(508) 291-3100, ext. 3126

# BUDGET MESSAGE

**TO:** Board of Selectmen  
**FROM:** Mark J. Andrews, Town Administrator  
**DATE:** December 15, 2011  
**RE:** **FY2013 BUDGET MESSAGE  
OPERATING BUDGET AND CAPITAL PLAN**  
**CC:** Finance Committee



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Pursuant to Article 5 of our Town of Wareham Charter, I am hereby submitting the Town Administrator's Budget Message, my proposed budget (Operational and Capital) and accompanying budgetary supporting documents for your review. As you know, my top primary financial goal for FY2012 was to gain substantial ground in attaining fiscal stability while maintaining key municipal services for all our residents.

Our Nation faces an uncertain economic future. We are dealing with high unemployment and a lack of consumer confidence. Yet, we will continue to work hard to deal with federal cutbacks.

As you know, FY2012 was a difficult budget year at both the State and Local levels of government. This fact has been confirmed by the Massachusetts Taxpayers Foundation report of December 7, 2011 entitled "Municipalities Weathering worst two-year stretch since passage of Proposition 2 1/2". This report indicated that Massachusetts cities and towns endured the most difficult two-year period in the Proposition 2 1/2 era in fiscal 2010 and 2011 with property taxes rising to their highest share of local spending in 30 years, according to the Massachusetts Taxpayers Foundation's 41<sup>st</sup> annual Municipal Financial Data report.

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With pressure on all local revenue sources, municipal budgets expanded by just 0.1 percent and 1.1 percent in fiscal 2010 and 2011, respectively. At 1.2 percent, the combined two-year growth rate was less than half of the state's previous two-year low between fiscal 1990 and 1992 when towns and cities saw revenue rise by 2.6 percent.

Among the report's other highlights:

- State funding for municipalities in the form of cherry sheet aid was cut for the third consecutive year in fiscal 2011, falling by \$39 million. Since the original fiscal 2009 budget, total cherry sheet aid has been cut by \$534 million. Unrestricted local aid has suffered the brunt of the cuts, decreasing by 32 percent, or \$415 million, to \$899 million in fiscal 2011, compared to \$1,314 billion in the original 2009 budget.
- Local receipts, the third largest revenue source behind property taxes and state aid, recorded a two-year decline for the first time in at least 30 years. Local receipts include economically sensitive revenues such as investment income, which totaled \$33.4 million in fiscal 2011, a 72 percent drop from the \$118.9 million collected in fiscal 2009.
- Revenues from new construction, in the form of additions to local property tax levies, increased by a negligible \$8 million in fiscal 2011 on the heels of a \$42 million decline the prior year. Since fiscal 2009, new construction-related revenue is off 15.4 percent, the worst stretch since the 18.3 percent contraction recorded between 1991 and fiscal 1993.
- A large majority of the state's 351 cities and towns are operating at or near their property tax levy limits. Nearly 75 percent of local municipalities have less than 1 percent "excess capacity," or the amount by which property tax levies can increase without a Proposition 2½ override. Fewer than 20 communities passed overrides in fiscal 2011, the lowest level in over a decade.
- Dozens of communities, including Wareham, have taken advantage of new local option meals and hotel taxes approved by the Legislature in 2009. The 0.75 percent meals tax was adopted by 140 communities and produced \$61 million in fiscal 2011. A total of 89 communities increased their hotel tax rates, producing \$126 million in fiscal 2011, compared to \$87.5 million in fiscal 2009.

However, the State did pass Chapter 142 of the Acts of 2011 that restored \$121,001 to unrestricted local government aid for our Town. This followed through on a commitment to further assist Cities and Towns with one-half of state reserves left over at the close of FY2011. I have been conservative to the degree to place the \$121,001 in a special stabilization account for future use.

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There are bright spots at the State level of revenue collections. Five months into FY2012, overall collections are up \$356 million or 4.7 percent from a year ago, and are \$40 million above the revised (as of mid-October) benchmark of \$20,010 billion.

Two big revenue months, December and January, will provide a better understanding of the direction of that State revenues are heading into the second half of FY2012. Those months in which fourth-quarter income tax estimated payments which reflect taxes paid on capital gains and on interest and dividends recorded in tax year 2011 start to be tallied (with the final accounting coming in April-June).

Also, as you know, the Governor's FY2013 budget plan will be key to maintaining our estimated local aid for our schools and general government.

I have challenged our Leadership Team of Department Heads to bring strategic planning to the FY2013 budget process. This is a critical element in bringing new and creative budgetary and strategic thinking to maximize limited resources across Town governance. Lastly, I will continue to seek your advice and counsel along with the Finance Committee's guidance in developing a solid financial blueprint for the FY2013 budget blueprint. I look forward working with you in the coming months.

## FY2013 BUDGET HIGHLIGHTS

### Revenue

- Budgeting FY2013 revenues 1% below FY2012.
- Maintaining Local Aid projections according to FY2012 Chapter 70 School Aid and General Government Local Aid.
- Drafting our Revenue Budget with extremely conservation projections, below the FY2012 levels.
- Continue to use Smart Growth for our overall economic and business development planning.
- New growth increased by \$96,901.
- Levied to the maximum level allowed by Proposition 2½.

### Expenditures

- Funding collective bargaining agreements and other personnel expenses.
- Funding stabilization at \$200,000 or \$50,000 above FY2012 level of \$150,000. This is a 25% increase and meets the Board of Selectmen

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policy guidelines.

- Funding Debt Service at +\$272,575.
- Funding our Retirement contribution at +16.74% or +\$392,113 per requirements of county system.
- Funding Health Care at +28% or + \$1,180,765.
- Per Town Meeting vote, funded Capital Outlay at \$386,114 with \$100,000 for our School District.
- Funding Personnel Director's position at \$50,000.
- Funding Financial Services Director stipend at \$25,000.

**Capital – Paid by Meals Tax**

- Ambulance - \$150,000
- School - \$100,000
- Parking Program - \$75,000
- Defibrillators - \$36,114
- Onset Bath House - \$25,000

**Expenditures**

- New Code Enforcement Task Force Program earmarked \$25,000 for accounts for demolition of derelict properties that are impediments for new growth.
- Maximizing our Community Development Block Grants for a \$770,000 investment in the town to revitalize the downtown improvement program (walkways, roadways, lighting, street enchantments, historical elements, benches, trees and plantings) to attract new business development, create jobs and bring productive investment to Town. The first of this four phase project began in the Fall of 2011.