

Town of



AMHERST *Massachusetts*

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January 15, 2015

TO: Select Board
Finance Committee

FROM: John P. Musante, Town Manager

CC: Department Heads

SUBJECT: Town Manager's Proposed FY 16 Municipal Budget

Consistent with the Amherst Town Government Act, Section 5.1, *Annual Operating Budget*, I am pleased to submit my proposed budget for the fiscal year beginning July 1, 2015 (FY 16). My recommended FY 16 Town of Amherst Municipal Budget includes the following:

• General Fund	\$21,599,749	+2.5%
• Water Fund	4,195,007	-1.4%
• Sewer Fund	4,211,650	+1.4%
• Solid Waste Fund	474,298	-3.4%
• Transportation Fund	966,650	+0.3%

Proposing Four Bold Initiatives to Address Key Community Priorities

Limited resources do not mean a limited vision and this budget recommends four bold initiatives. The limits provided by Proposition 2 ½ and the modest State Aid increase in this year's budget mean that the Town budget growth is smaller than increases in the past three years. However, long-term planning and ongoing initiatives have reigned in growing health insurance and other benefits costs and delivered services in as cost-effective manner as possible. Such economies make these four changes possible. They will make a real difference in how Town government responds to the needs of our citizens.

First, I recommend the addition of two police officers to the Amherst Police Department, restoring two positions that had been cut several years ago. The Police Department has long embraced a community policing model, but has not been able to fully achieve our goal of proactive versus reactive policing because it lacks the staff.

Second, I recommend that the Town hire an Economic Development Director. Last year I said that if the Town had more revenue, my first priority would have been to create an Economic Development Director position. This recommendation was echoed in the UMass Amherst/Town of Amherst Town-Gown Study. Reasonable, sustainable development that respects Amherst's values and history is essential. The world keeps growing and we need to adapt to that growth. An Economic Development Director can identify building and business opportunities that build upon the economic engines of our local colleges and university, our highly educated population, and our unique community environment.

Third, good customer service is fundamental to good government. The department that is most often contacted by the public is the Department of Public Works. *I am excited to recommend the addition of a DPW Administrative Analyst position, which will both provide additional staff support to respond to residents' questions, and more importantly, work on systems to push information out to our customers before they have to make a call to DPW.* The analyst will also build upon our successful launch of our performance measurement program, AmherstStat, we developed with the Collins Center at the University of Massachusetts Boston.

Fourth, I aim to strengthen the coordination and delivery of health, senior citizen, veterans, and other human services by expanding the Health Director's responsibilities to that of Community Services Director at the Bangs Community Center. I am recommending a reorganization of the Health Department to move its two inspectors to the Inspection Services Department and provide integrated, one stop service to residents, businesses, and contractors. The Health Department, Senior Center, and Veterans' Services Departments provide vital services to support public health and wellbeing. Mrs. Bangs' donation to the Town of the land for the Bangs Community Center anticipated that it would be used for health purposes. I am working closely with the Hilltown Community Health Center, Cooley Dickinson Hospital, and many area human service agencies and, upon completion of a feasibility study, hope to be able to announce within a few months the siting of a satellite Community Health Center in the lower level of the Bangs, in administrative space to be vacated by the Town's LSSE staff. It will fill a demonstrated community need for primary care, including dental, for seniors, veterans, and other underserved populations.

2014 was a breakthrough year in our continuing quest to provide high-quality and cost-effective Town services and achieve community objectives. Among them:

- Receipt of a Housing Hero Award in recognition of the Town's successes creating and preserving affordable housing units at Olympia Oaks and Rolling Green Apartments;

- Successful launch of our Residential Rental Property Permitting Program per recommendations from our Safe and Healthy Neighborhoods Work Group;
- Improved PVRTA bus service to North Amherst and across Town, at less cost to the Town, resulted in a 19% increase in ridership in just the first month of enhanced service;
- Construction started on Kendrick Place, in downtown Amherst across from Kendrick Park. It will include 44,000 square feet of LEED-certified mixed-use residential on the upper floors and ground floor retail and incubator space for new businesses spinning out from UMass and area colleges;
- Our Green Communities Grant funded a streetlight retrofit project that is reducing municipal electricity use by 270,000 kilowatt hours (kWh) per year and yielding annual energy cost savings of over \$50,000. In addition to energy efficiency initiatives, the Town's sustainability efforts include our project planting 2,000 trees over three years and a record number of property owners participating in the Solarize Massachusetts program installing solar at a more affordable rate on their homes or small business;
- A data-driven Compensation Study of non-union positions was completed and the Select Board unanimously voted to modernize our compensation plan for non-union employees to position the Town of Amherst as an employer of choice in Western Massachusetts;
- Chancellor Subbaswamy and I appointed a Town-Gown Study Steering Committee comprised of a broad and talented cross-section of stakeholders to advise us on our jointly funded study. A consultant team led by U3 Advisors looked at techniques used by college towns across the country to address town-gown issues and offered recommendations focused on housing and economic development in the Town and UMass Amherst.

In the coming year, the Town is positioned for continued success and progress on these and many other initiatives.

Revenues

I have prepared this budget assuming that most of our revenue growth will come from local sources, namely property taxes, local fees, and other sources. I assume State Aid will grow very modestly. No reserves are utilized to support the budget nor is an override proposed.

This budget proposal assumes that the Town will levy to the property tax levy limit allowed under Proposition 2 ½, or \$46.7 million. New growth added to the levy is estimated by our assessors at \$600,000, which is 14% above the 10-year average for new growth. Both new growth and building permits have been increasing. In addition, I forecast growth in motor vehicle excise tax as sales figures for new cars show improvement over recent years.

I have assumed a State Aid increase of just 2.1%. We will know more when the Governor files his proposed state budget in March, to be followed by House and Senate budget proposals. There are many reports that the State's FY 15 budget is out of balance,

estimates vary from \$329 million to as much as \$1 billion. While both incoming Governor Baker and the legislative leadership have said they intend to protect State Aid from cuts, this is a budget area that will remain a concern until we see definite figures for FY 16. The Town continues to advocate for an increase in state revenue sharing to cities and towns at or above the rate of increase in overall state revenues to fund local education, public safety, human services, roads, and other infrastructure needs. I am pleased that Governor Baker has announced he is releasing an additional \$100 million in Chapter 90 road maintenance funds as has been championed by the Legislature. Amherst will receive \$1,260,346 in 2015, a 50% increase of \$420,115, which will allow the Town to undertake crucial road repairs in our neighborhoods.

In conjunction with my budget proposal, I will be submitting recommendations at the Select Board's January 26 meeting for small increases to water and sewer rates to support those services.

Proposed Spending Plan

My proposed FY 16 municipal budget is funded at \$21,599,749, an overall increase of 2.5%. It exactly meets the Finance Committee's guideline of a 2.5% increase from FY 15. My proposal is also responsive to the Select Board's FY 16 Budget Policy Guidelines to the Town Manager dated December 21, 2014 (both documents are included in the Introduction section of the budget). Some budget highlights:

- *Employee/retiree health insurance rates will remain unchanged in FY 16, in contrast to industry trends. The total health insurance appropriation in the General Fund is virtually level funded from FY 15. This is the direct result of proactive multi-year efforts by the Town to stabilize employee health care costs by eliminating the costly indemnity plan, adding HMO's and the option of purchasing lower cost Canadian prescription drugs, increasing employee contributions, and increasing premiums to appropriate levels to pay claims and restore reserve levels in the Health Claims Trust Fund to required levels. Each year we see more employees opting for lower cost HMO plans. We are working to fund long-term retiree health insurance costs. Over the past three years, Town Meeting has voted to put \$1.9 million into the Other Post-Employment Benefits (OPEB) Trust Fund for the Town, including the School Department. In the FY 16 budget, we will again appropriate funds for the Town and Schools for OPEB in the regular budget. The Water and Sewer Funds, and for the first time the Transportation Fund, will cover their Annual Required Contributions for OPEB, an amount that funds its approximate 15% share of the Town's long-term liability.*
- *General Government increases by 2.1%. Most departments have personnel cost increases to fund steps and COLAs. The Select Board/Town Manager budget increases to fund a portion of the Economic Development Director position (\$50,000 is funded from the state's economic development bond bill passed by the Legislature). The Town Meeting/Finance Committee budget is level funded. The Finance Department budget increases 2.7% and will focus on further deploying paperless payments to vendors, an electronic employee services system, and regionalized assessing services. The Human Resources and Human Rights*

Department will focus on increased use of MUNIS Employee Self Service as an electronic portal for employees to access their personnel records and benefits information and it will fund one-third of the Amherst Together staff position (the other two-thirds are funded by the Elementary and Regional School budgets). The *Information Technology Department* will continue its transition from a traditional cost center to a more entrepreneurial “productivity center.” It will also work with other departments to deploy work order, inventory, fleet management, and enhanced employee self-service programs. The decrease in the *Elections* budget is due to having one fewer election next year. The *Facilities Maintenance* budget is level funded. It will use a \$103,000 Green Communities grant to continue to reduce energy usage in our Town buildings. The *General Services* budget increases by \$12,188 to account for rising property and auto insurance costs.

- *Public Safety services (Police, Fire/EMS, Communications, and Animal Welfare), the largest part of the Town budget, increase by 3.6% because of increases to salaries due under collective bargaining contracts and the restoration of two Police positions.* I continue to monitor the workload of our public safety personnel and staffing levels, particularly as these departments report increasing call volume. For example, UMass has increased enrollment of 16% in the last 10 years, while staffing of the *Police Department* has decreased by 5 sworn positions since 2007. I am pleased to restore two of those positions and will continue to work with the Police Chief and his staff to monitor call volume and workloads to get the Department in a position to fully implement our longstanding community policing service model. Calls for service continue to increase for Police and EMS. The *Fire Department* budget will increase by 2.5%. That budget had increased substantially in FY 15 to achieve a staffing philosophy of eight persons per shift during the academic year (up from seven), as reflected in the new collective bargaining agreement. This will be the third academic year that UMass has generously agreed to pay the increased staffing costs for two additional paramedic-level ambulances and an Emergency First Response fire engine on peak high call volume weekends in the spring and fall during the academic year. I will also continue to work with UMass and others in the community on ways to reduce EMS call volume.
- *Public Works data analysis and customer service capacities will increase while preserving basic services at current levels. Public Works Administration* increases with the addition of a data analysis/customer service staffer who can both help the leadership of the department analyze productivity and work effectiveness data under the AmherstStat program and help customers with their questions and service requests. The *Highway Division, Snow and Ice, and Streetlight* budgets are level funded. Vehicles and equipment used for road maintenance, snow plowing, tree care, park maintenance, leaf pickup as well as water and sewer (with appropriate reimbursements assessed) are maintained, repaired, and serviced by a three-person *Equipment Maintenance* crew. This budget has a modest increase for negotiated wages. The *Tree and Grounds Maintenance* increased to fund cleaning contacts for bathrooms at parks and recreation facilities around town.

- Conservation and Development budgets are recommended to increase by \$149,814 (13%) because of redeployment of inspections staff from the Health Department to the Inspection Services Department.* The *Conservation Department*, headed by the Assistant Town Manager David Ziomek, will coordinate efforts of the Amherst Center Recreation Group to look at the capital needs of recreation facilities. He will continue his work on follow-up to the Town-Gown Committee to investigate and recommend housing and economic development opportunities with UMass and others. The *Planning Department* will continue to work with citizens and Town boards to pursue rezoning of Amherst's village centers in an environmentally and economically sustainable way. In particular, I am working with staff, the Planning Board, and community members to pass a new inclusionary zoning bylaw along with a companion article that would allow non-zoning tax incentives at the 2015 Annual Town Meeting. The Planning Department staff will also work with potential developers to bring more affordable housing to Amherst. The Planning Department budget decreases slightly, because the Town has once again attained Mini-Entitlement status, which means we are eligible to receive Community Development Block Grant (CDBG) funds. As in past years, some of those funds will be used to offset the cost of staff. The *Inspection Services Department* will continue its very successful implementation of the Residential Rental Property Permitting Program Bylaw. The department will grow by two staffers, a health inspector and an assistant sanitarian. These staff had been assigned to the Health Department, but have been working closely with the Inspection Services Department staff for the last year. The move will increase staff interactions and improve the service residents, businesses, and contractors receive while maintaining the highest levels of building and sanitary code compliance for our residents and visitors.
- The 9.4% decrease in the Community Services budgets belies an increase in activity and focus for these departments.* The bulk of the decrease comes from transfers to budgets of other departments or to grants. The *Health Department* will transfer two staffers to the Inspection Services Department. They will work in Town Hall in the future. The Health Department's focus will be on enhancing the Bangs Community Center's role in promoting and protecting health in Amherst. The reclassified Community Services Director position (formerly the Health Director) will take an active role working with the Senior Center, Veterans' Services Department, other non-profits, and in the future we expect a satellite Community Health Center in the Bangs Center to ensure that our citizens and neighbors receive quality health services, preventive services, and other advice and counseling. The Bangs Community Center already offers programs and services to seniors, veterans, and other underserved populations and co-locating a Community Health Center there could enhance services to these groups and others.

For the second year, I have added funds to the *Senior Center* budget to increase the hours of the social worker, who performs home visits and counsels seniors and their families. I am grateful to the Friends of the Senior Center, a non-profit organization, for ongoing financial support to the Senior Center to supply the Center with essential supplies, equipment, and program funds above and beyond the Town's budget allocation. The *Veterans' Services* budget is level funded, but the work of the

Veterans' Agent Steve Connor and his staff grows every day. They are focused on identifying and interviewing homeless persons, both to provide direct services to veterans and to assist others toward appropriate social services. The *Leisure Services and Supplemental Education (LSSE)* budget increases to fund COLAs and other salary increases. LSSE will continue to evaluate and, if necessary, realign its program offerings and expenses to achieve a sustainable mixture of available tax support and user fees. This year it expanded its delivery of afterschool services by reopening a program at the Wildwood School and will continue working with the School Department and private providers to meet the afterschool needs of children and their families. The *Municipal Pools* budget will be level funded. It will continue its efforts to measure consumer demand and to adjust its fee structure to enhance participation. The 9-hole *Cherry Hill Golf Course* budget increases by 1.2%. In addition to offering one of the best values in Western Massachusetts it will expand its winter programming and take proactive steps to create a more open and friendly environment that allows compatible programming on the shoulder months of the golf season.

- *The Water Fund budget of \$4,195,007 is recommended to decrease by -1.4%, and water rates are recommended to increase modestly. The current water rate is \$3.45 per 100 cubic feet, and an increase of \$0.10 per 100 CF is recommended for FY 16, which would result in a \$12 annual increase (+2.9%) to the water bill of the average four-person household in Amherst. The small rate increase will fund normal operating cost rises and increased debt costs due to the Pine Street project. The increases will also maintain the Water Fund's balance, which decreased by almost half in FY 14. This budget includes an appropriation to the OPEB Trust Fund for the retiree health insurance costs of this department.*
- *The Sewer Fund budget of \$4,211,650 is recommended to increase by 1.4% to support operating and capital expenses of the Town's sewer system. The sewer rate is recommended to increase by \$0.10 to \$3.75 per 100 cubic feet, which would result in a \$12 annual increase (+2.8%) to the sewer bill of the average four-person household in Amherst. No funds will be appropriated from Sewer Fund Surplus to support this budget. The Sewer Department will complete the installation of sewer lines in Amherst Woods. These improvements are funded by a \$4.2 million bond authorized at the November 2011 Special Town Meeting. It will continue with important structural repairs, including upgrading the air relief valves in the West Street pump station force main. This force main carries all the wastewater from South Amherst to the wastewater treatment facility. Town water and sewer rates remain well below many of our nearby communities and the state average. This budget includes an appropriation to the OPEB Trust Fund for the retiree health insurance costs of this department. Together, Water and Sewer Fund contributions to the OPEB Trust Fund represent approximately 15% of the annual required contribution by the Town to fully fund this liability over time.*

- *The Solid Waste Fund budget of \$474,298 decreases by \$16,835 (-3.4%). The decrease is attributable to lower tipping fee payments due to lower tonnage of waste being disposed of at the transfer station. Revenues have increased because of the installation of cell phone equipment at the tower at the old landfill. The Division will also focus on increasing both the recycling rate and the revenue it derives from the sale of recyclable materials. This will be an important year for the Recycling and Refuse Management Committee to present policy and capital recommendations for long-term management of our transfer station and waste disposal.*
- *The Transportation Fund budget of \$966,650 increases by \$2,855 (0.3%). It supports the operating and capital costs of the Town's public parking system, the Town's apportionment of costs for the PVRTA bus system, and a contribution (\$30,000) to support the Business Improvement District in downtown Amherst. In the fall of 2014, the Pioneer Valley Transit Authority (PVRTA) introduced route changes and service enhancements to improve service in Amherst. Amherst ridership increased by 19% in just the first month following the service changes. As chair of the PVRTA Advisory Board, I successfully advocated for the PVRTA to once again fund bus service to North Amherst beginning September 2014 that for the past 8 years following PVRTA budget cuts was funded 100% by the Town. This reconfiguration of Routes 32 and 37 (Amity Shuttle) to a new combined Route 33 will save the Town over \$100,000 per year in operating costs and provide more frequent and faster service, including a bus stop at the Amherst Survival Center on Sunderland Road. Some of the savings will be used for capital projects, such as repairing the concrete walkways at the Boltwood Garage and for funding the Transportation Fund's OPEB liability.*

I am at your service as you review this budget. Please spread the word that this proposal and other budget-related information will be continuously updated and posted on the Town's award-winning website at www.amherstma.gov/budget.

Acknowledgements

The development of the Town's budget plan is a team effort. I thank the Select Board for your support to me and all Town staff and your guidance on Town priorities. I thank the Finance Committee for their tireless dedication and focus on the long term fiscal health of our Town. I want to thank every Town employee, committee volunteer, citizen, Town Meeting member, our partners in the business community, and our three world class higher education institutions who contribute each day to make Amherst a great place to live and work. Our extraordinarily talented department heads have strived with the support and involvement from the community for the Town to try and be a leader in everything we do. Lastly, I want to acknowledge the amazing skills and work ethic of my principal support staff in the production of this proposal: Finance Director Sandy Pooler, IT/Financial Analyst Maria Racca, Comptroller Sonia Aldrich, and Human Resources and Human Rights Director Deborah Radway.