

Memo

TO: Mayor and Board of Commissioners

FROM: Hazen Blodgett, Town Manager

DATE: May 11, 2009

SUBJECT: Budget Message and Manager's Budget for FY 2009-10

Attached is the proposed budget for the Town of Matthews fiscal year 2009-10. This year's General Fund budget totals \$17,958,317 and is \$468,310 less than 2008-09, a 2.6% decrease. This budget was as a result of a great deal of hard work from a number of people, particularly Assistant Manager Jamie Justice, Finance Director Christine Surratt, Assistant to the Manager Annette Privette-Keller and all the Town department heads. Our budget process continues to evolve. This year's budget includes the initial stages of the Town Strategic Plan framework we started at the Planning Conference. The vision statements and performance measures continue to be important components to our budgeting and evaluation process.

Strategic Framework

At the planning conference we discussed the Strategic Framework planning process. While the plan is not complete the 2009-10 budget includes elements of the Strategic Framework. Below is a recap of the statements agreed upon at the planning conference:

Town Vision: "To be the premier place for people of all ages to live, work, play, or grow a business through a responsive government with excellent employees."

Town Purpose: "To provide leadership and excellent government services that respond to the needs of our citizens."

Values: "Leadership, Integrity, Teamwork, Excellence."

Town Mission: "To provide enterprising leadership and services with integrity, teamwork, and excellence that makes Matthews the premier place to be."

Town Goals:

- 1. Quality of Life:** "To maintain our small town identity by providing a vibrant downtown, pedestrian friendly community, extensive greenspace system, and recreational and cultural activities."
- 2. Communications Goal:** "To create an informed citizenry by providing relevant information about the Town and enhancing two way communications using traditional techniques and new technologies."
- 3. Transportation Goal:** "To identify, plan, design, fund, and build transportation facilities that efficiently and effectively serve the community in a cost effective and environmentally sensitive manner."

4. **Public Safety Goal:** “To provide the necessary trained personnel, equipment, and procedures to ensure the safety of Matthews’ citizens and enhance the Town’s reputation for safety.”
5. **Economic Development/Land Use Planning Goal:** “To enhance the quality of life of the citizens by aggressively pursuing a balanced tax base by targeting businesses that will contribute sustainable, environmentally sensitive development and by planning for orderly growth and development.”
6. **Operational Performance Goal:** “To plan, allocate resources, and operate all departments effectively and efficiently in order to meet the citizens’ needs for local government services.”
7. **Financial Performance Goal:** “To manage financial resources in a prudent and responsible manner through traditional and alternative sources of revenue, effective budgeting, and cost control with a focus on maintaining a healthy fund balance.”

Difficult Budget

In this budget we have deferred and delayed important items including employee merit raises, purchasing fewer police vehicles and other capital items, implemented a freeze on open positions, and decreased staff training. While we all recognize during these tough times this is the proper course of action, over time these cutbacks will have a detrimental effect on Town government and the services we provide. It is our hope that next year we can restore funds that have been eliminated in this year’s proposed budget in order to avoid any long-term negative impacts to services.

Budget Overview

- Budget is reduced \$468,310, or 2.6% from last year;
- No tax or fee increases;
- No employee merit raises;
- Health insurance up 10% (We are finalizing our evaluation of a hybrid health insurance plan that is partially self-funded by the Town.);
- Capital Improvements Plan (CIP) continues to be funded at \$300,000;
- Contingency line-item funded at \$50,000;
- Fund Balance appropriation \$371,638, a \$117,204 increase from last year;
- Vacated positions are frozen except for public safety and critical positions;
- CIP is unfrozen;
- Employee training and education unfrozen (partially funded in budget);
- Four police vehicles funded (normally six);
- Street resurfacing remains at \$350,000 same as last year;
- Continue work on the Strategic Framework.

Major Revenues

Property tax. We project that we will collect \$9,638,530 in property taxes, a 2.0% decrease. The property tax continues to be our major source of revenue and a relatively stable one as well.

Sales and Excise taxes. With the economy in a recession our sales and excise tax projections have been reduced. We are projecting a 9.2% decrease in sales and excise tax revenue in the

coming year. We are projecting in sales and excise tax a total of \$3,731,673.

Permits, licenses and fees. We are projecting \$1,689,052. This is a 3.9% decrease over forecasted amounts this year.

Intergovernmental revenues. Intergovernmental revenues include Powell Bill funds and state mowing contracts, amounts to a total of \$670,320. This is a 14.7% reduction on the Powell Bill.

Investment earnings/Town sales. We estimate \$155,000 in investment earnings and surplus equipment sales for 2009-10 fiscal year, a 25.9% decrease.

Expenditures

The attached budget includes a 0% increase for employee merit raises. All other fringe benefits remain unchanged. Health insurance continues to be a significant expense for the Town. We have received a quote from Blue Cross Blue Shield that indicates that if we maintain the same benefits in 2009-10 as we currently have – our rate will increase 20%. Thus, we are exploring a partially self-funded program which will reduce our increase. Under this new plan dependent care coverage will remain at the current rate or with some reduction in costs to our employees. Under the current plan employees with dependent coverage pay 50% of the costs. The Town will continue to pay 100% of employees' share.

General Administration. This includes the Governing Board, Manager, Human Resources, Finance, IT, and Safety/Risk Management- \$1,783,595, which is a 0.3% increase or \$5,605.

- Off-site Board planning conference eliminated;
- Benchmarking project eliminated;
- Travel and training reduced;
- \$35,000 for lobbyist included for six months;
- Reclassification of employee to a Human Resources Specialist;
- Implementing an Employee Innovation Initiative- \$8,000;
- Banking fees reduced \$2,500;
- Refinanced town debt- \$400,000 in savings over the term of the debt;
- Contract cleaning service reduced to 3-days per week;
- IT evaluation funded- \$10,000;
- Reduced computer hardware replacement by \$9,500;
- Property/Liability insurance \$115,000 (includes 10% increase plus full year for Fire/EMS);
- A full-year cost for workers comp for Fire and EMS;
- Continue work on website and branding initiative.

Police. This year the Police Department budget is \$5,797,857, a \$123,000, or 2.1%, reduction from last year.

- Operation expenses were reduced;
- Four police vehicles and equipment will be replaced- \$160,000;
- Typically six vehicles are replaced;

- Froze vacant Records Clerk position.

Fire and EMS. The Fire and EMS budget was reduced by \$183,262 to \$1,277,948, a 12.5% decrease.

- \$25,000 budgeted for part-time help or additional incentives;
- \$21,500 for grant match for turnout/extrication gear;
- Self-contained Breathing Apparatus (SCBA) bottles- \$14,000;
- Since we promoted from within one of the deputy chiefs position is eliminated;
- Promotion of one employee to a captain's position- cost est. \$3,000;
- Idlewild VFD was funded at their requested amount- \$144,000.

Public Works. This year the Public Work Department budget is \$3,304,034, a \$340,212, or 9.3%, reduction from last year.

- \$350,000 for road paving and maintenance same as last year;
- Reclassification of employee to a Landscape Designer;
- Expand recycling program to large apartment complexes- \$6,000;
- Minor reorganization and reclassification of several employees as a result of Street Superintendent's retirement; cost \$8,000.
- Part-time help in Landscaping Division reduced by \$14,500 to \$10,000.

Sanitation. The sanitation division budget for next year is \$1,824,108, a 0.9% increase. This is due to little growth in new homes in Town and a historically low CPI.

Planning Department is a status quo budget. Their total recommended budget is \$463,830, a 1.8% reduction.

Economic Development is a new department. We are recommending \$90,000. This will include ED director's salary for six months as well as office start-up and materials.

Parks and Recreation. The Parks and Recreation Department budget totals \$1,081,438, a 4.4% decrease.

- Reduced operating expenditures;
- Existing program levels to remain;
- Planning for Stumptown Park restrooms;
- New online registration program;

In conclusion, the completion of this budget was as a result of a great deal of hard work by staff. We look forward to the budget review process and remain at your service to provide any additional information that you may need.

Sincerely,

Hazen Blodgett,
Town Manager

