

TOWN OF BRIDGEWATER

OFFICE OF THE TOWN COUNCIL



Budget & Finance Committee Agenda

Committee Members:

Vacancy
District 6 Councilor

Dennis Gallagher, Member
At-Large Councilor

Tim Fitzgibbons
District 2 Councilor

Location: Academy Building
66 Central Square
Room 201B
Bridgewater, MA

**Date &
Time:** January 21, 2020
6:30 p.m.
Agenda

- A. Call to Order
- B. Approval of Minutes:
 - December 17, 2019
- C. Legislation Referred:
 - Order O-FY19-057: Directing the Town Manager to Create a Special Reserve Fund
 - Order O-FY20-044: Acceptance of Non-Recurring Revenue to Capital
 - Resolution R-FY20-005: FY2021 Budget Resolution
- D. Public Comment
- E. Adjourn

2020 JAN 16 A 9:30

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TOWN CLERKS OFFICE
BRIDGEWATER, MA.



Bridgewater Town Council

In Town Council, Tuesday, May 7, 2019

Council Order: O-FY19-057

Introduced By: Councilor Fitzgibbons
Date Introduced: May 7, 2019
First Reading: May 7, 2019
Second Reading:
Amendments Adopted:
Third Reading:
Date Adopted:
Date Effective:

Order O-FY19-057

DIRECTING THE TOWN MANAGER TO CREATE A SPECIAL RESERVE FUND

WHEREAS, the Academy Building is a recently renovated building and a great asset to the Town.

WHEREAS, ongoing maintenance is essential to the preservation and long-term upkeep of the building.

IT IS THEREFORE ORDERED, that the Town Council assembled vote to direct the Town Manager to establish a separate reserve fund for said maintenance on the Academy Building.

Explanation:

The town should always have an identified source of funds for expensive and ongoing large maintenance projects.

Committee Referrals and Dispositions:

Referral(s)	Disposition(s)
•	•



Bridgewater Town Council

In Town Council, Tuesday, January 21, 2020

Council Order: O-FY20-044

Introduced By: Town Manager
Date Introduced: January 7, 2020
First Reading: January 7, 2020
Second Reading: January 21, 2020
Amendments Adopted:
Third Reading:
Date Adopted:
Date Effective:

Order O-FY20-044

ACCEPTANCE OF NON-RECURRING REVENUE TO CAPITAL

WHEREAS: Massachusetts General Laws, Chapter 40, §5B requires the Town Council to accept and authorize the expenditure of revenue sources that are deemed one-time revenue or take any other action relative thereto and

WHEREAS: The Town of Bridgewater has received a payment of \$270,553.79 from the Department of Corrections' FY 2020 budget earmarked for cities and towns hosting correctional facilities.

ORDERED: that the Town Council of Bridgewater, Massachusetts in Town Council assembled to vote to accept payment of \$270,553.79 into the Capital Stabilization Funds to appropriate for future Capital needs

Committee Referrals and Dispositions:

Referral(s)	Disposition(s)
<ul style="list-style-type: none">Budget & Finance CommitteeFinance Committee	<ul style="list-style-type: none">1/21/20:1/13/2020: Vote 6-0 recommend approval.



Bridgewater Town Council

In Town Council, Tuesday November 5, 2019

Council Resolution: R-FY20-005

Proposed Amendments
(B&F Committee
12/17/19)

Introduced By: Councilors William Wood and Dennis Gallagher
Date Introduced: November 5, 2019
First Reading: November 5, 2019
Second Reading:
Amendments Adopted:
Date Adopted:
Effective Date:

Resolution R-FY20-005

BRIDGEWATER'S FY 2021 BUDGET POLICY GUIDELINES

WHEREAS: A methodical and disciplined approach to the operating budget is warranted.

RESOLVED: Pursuant to establishing guidelines and priorities for the Town Manager to develop the Annual Budget, the Town Council of Bridgewater, Massachusetts in Town Council assembled vote to adopt the following Policy Guidelines for the Town Manager to use in creating the FY 2021 Budget:

The Town Council is adopting these budget policy guidelines pursuant to Section 6-1 of the Bridgewater Home Rule Charter. Based on these guidelines, the Town Manager will develop budgetary goals and the Town Budget for Fiscal Year 2021.

Introduction

The following financial principles set forth the framework for our overall fiscal planning and management of the Town of Bridgewater's resources and are designed to ensure the Town's sound financial condition, now and in the future.

Sound Financial Condition is defined as:

- Cash Solvency - the ability to pay bills in a timely fashion
- Budgetary Solvency - the ability to annually balance the budget
- Long Term Solvency - the ability to pay for future costs
- Service Level Solvency - the ability to provide needed and desired services
- Reserve Solvency – the ability to adapt and respond to economic conditions
- Bond Rating-AA

To this end we will adhere to the following financial policies.

Financial Policies and Guidelines:

The Town will adopt their Multi-Year forecast for fiscal years 2019-2023, prior to the submission of the FY Town Managers FY 2021 Budget. This will give the Town, a broader more forwarding looking perspective to better understand the budgetary cost drivers and our revenue capacity.

- Cost drivers outpacing our revenue capacity determines our ability to deliver town services into the future.
- Projecting forward allows us to foresee where a structural deficit may exist - structural deficit: where the towns cost drivers increase at a pace which exceeds our revenue growth.

These are a valuable component of sound long-term financial estimating practices.

The Town will maintain the historical data and a clear chronology of the budgeted to actual estimates and results. **The following guidelines will be applied in preparing the FY 2021 Budget.**

1. The town will avoid budgetary practices that balance current expenditures at the expense of meeting future year's expenses, **such as postponing maintenance and upkeep of our facilities and equipment.**
2. Recurring operating costs will be funded by recurring sources of revenue. In addition, to budget prudently and plan for contingencies the town sets the following **reserve objectives for FY 2021:**
 - a. **Unreserved Fund Balance** (free cash) for FY 2021 (07/01/2020) will be targeted at **1.751.25% of the 2021** operating budget and used only for one-time expenditures such as capital improvements, capital equipment, unexpected or extraordinary expenses such as unbudgeted snow and ice removal expenses and/or to meet the stabilization reserve policy objectives.
 - b. The Town will maintain a **Stabilization Fund** as its main financial reserve in the event of an emergency, unforeseen circumstances or an extraordinary need. It shall be the goal of the town to achieve and maintain a balance in the Stabilization Fund equal to **10% of its operating budget.**
3. **Revenue:** Our Revenue objectives will address the need for diversification and stabilization, revenue estimating, user fee methodology and taxes.
 - a. Revenue Estimating: the revenues will be estimated conservatively, using an objective analytical approach. The goal is to predict revenues as accurately as possible while erring on the side of caution, for FY 2021 we set the projected revenue surplus to be **1.751.25%** of the 2021 operating budget. Methodologies established that best fit the accuracy of forecasting, different methods for different revenue types: **Property Tax, Local Aid, Local Receipts, and Other Available Funds.**
4. **Expenditures:**
 - a. The budget should consider impact of fixed costs including health insurance, retirement, sick leave buyback, transportation, COLA adjustments/Contractual Step Increases, and other costs and should be treated on a consistent basis with all departments for comparison purposes. **These cost drivers must not outpace our projected revenue growth.**
 - b. Maintenance of Capital Assets: The Town will maintain capital assets and infrastructure at a sufficient level to protect the Town's investment, minimize future replacement and maintenance costs, and to continue service levels.

FY 2021 Town Manger’s Budget Objectives

1. Continue the Town’s efforts within all departments to obtain grant funding from federal, state, and other sources, including the implementation of internship programs.
2. Review cost implication of contracted services vs. staffing in various departments.
3. Continue to enhance the Town’s website and use other technologies as cost effective means for delivering information and services, increasing public awareness, and encouraging public feedback.
4. Submit a budget which maintains the Towns current service level & a budget which will meet the Town Managers service priorities.

Committee Referrals and Dispositions:

Referral(s)	Disposition(s)
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BRIDGEWATER'S FY 2021 BUDGET POLICY GUIDELINES

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The Town Council is adopting these budget policy guidelines pursuant to Section 6-1 of the Bridgewater Home Rule Charter. Based on these guidelines, the Town Manager will develop budgetary goals and the Town Budget for Fiscal Year 2021.

Introduction

The following financial principles set forth the framework for our overall fiscal planning and management of the Town of Bridgewater's resources and are designed to ensure the Town's sound financial condition, now and in the future.

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- Service Level Solvency - the ability to provide needed and desired services
- Reserve Solvency- the ability to adapt and respond to economic conditions
- Bond Rating-Aa3

To this end we will adhere to the following:

Financial Policies and Guidelines:

The Town will adopt their Multi-Year forecast for fiscal years 2021-2025, prior to the submission of the Town Managers FY 2021 Budget. This will give the Town, a broader more forwarding looking perspective to better understand the budgetary cost drivers in relationship to our revenue capacity. Projecting forward will allow us to foresee where a structural deficit may exist when building out our operating budget for the ensuing year.

The following will be applied in preparing the FY 2021 Budget.

1. The town will avoid budgetary practices that balance current expenditures at the expense of meeting future year's expenses, such as postponing maintenance and upkeep of our facilities and equipment.
2. Recurring operating costs will be funded by recurring sources of revenue. In addition, to budget prudently and to plan for contingencies, the town sets the following **reserve objectives for FY 2021:**
 - a. Unreserved Fund Balance (free cash) for FY 2021 (07/01/2021) will be targeted at **1.75% of the 2021** operating budget. This, planned for surplus, will be used for one-time expenditures such as capital improvements, capital equipment, unexpected, snow and ice removal deficits and to meet our stabilization reserve policy objectives.
 - b. The Town will maintain a **Stabilization Fund** as its main financial reserve in the event of an emergency, unforeseen circumstances or an extraordinary need. It shall be the goal of the town to achieve and maintain a balance in the Stabilization Fund equal to **10% of its operating budget.**

3. Revenue:

- a. Revenue Estimating: the revenues will be estimated conservatively, using an objective analytical approach. The overarching goal is to predict revenues as accurately as possible while erring on the side of caution.
- b. Methodologies will be established that best fit the accuracy of forecasting, different methods for different revenue types: **Property Tax, Local Aid, Local Receipts, and Other Available Funds.**
- c. Ambulance Receipts Reserved for Appropriation: A five-year forecast will be used to determine available funds to support, proportionately, the ensuing years Fire Department operating budget and capital requirements for the Ambulance Fleet.
- d. For FY 2021 we set the projected revenue surplus at 1.5% of the 2021 operating budget.

4. Expenditures:

- a. Estimating Major Cost Drivers: this compilation will address the increases necessary to fund the major budgetary cost drivers - salaries and benefits - which support our current service levels.
- b. General Operating Expenses: this compilation will support current service levels (e.g. contractual obligations).
- c. Building and Infrastructure Maintenance Budgets: The Town will compile a budget that will maintain our capital assets and infrastructure to protect the Town's investment.

FY 2021 Town Manger's Budget Objectives

1. Continue the Town 's efforts within all departments to obtain grant funding from federal, state, and other sources, including the implementation of internship programs.
2. Review cost implication of contracted services vs. staffing in various departments.
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4. Submit a budget which maintains the Town s current service level & a budget which will meet the Town Managers service priorities.