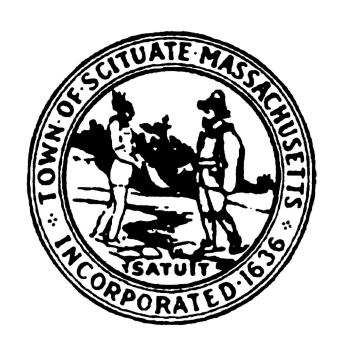
# Presentation to Standard and Poor's

Town of Scituate, Massachusetts February 23, 2011

# "Weathering the Storm"



#### Town of Scituate

- Patricia Vinchesi, Town Administrator
- Jane Cuniff Lepardo, Treasurer/Collector
- Mary Gallagher, Town Accountant
- Stephen Jarzembowski, Director of Assessing
- Peter Frazier, Financial Advisor

## Agenda

- Overview of Town Finances and Financial Management
- Tour of Town
- Luncheon Scituate Maritime Center

### **About Scituate**

- Celebrating our 375<sup>th</sup> Anniversary
- 18,301 population, 30,000 in summer
- Popular vacation and day tripper destination for shopping and boating, canoeing, g and kayaking
- 6 beaches, 17 parks and athletic fields, 18-hole water view public golf course, two private golf clubs,
- Extensive bikeways and trails
- Vibrant harbor with town owned two marinas and boat yard occupations
- Extensive Conservation holdings
- Well regarded school system
- \$68 million dollar budget
- 96% residential
- Strong community participation
- Historic Charm: Lawson Tower, Two lighthouses, Irish Mossing Museum, Grist Mill

### Financial Management

 Implementation of new financial and budgeting policies resulting in cost efficiencies and stronger cash and reserve position despite economic downturn, reduced aid and local receipts.

### In General

- Comprehensive Revenue and Assumptions based on historical trends
- Financial policies to guide budget decisions
- Monthly financial trend monitoring on budget to expense
- Financial Forecasting Committee to regularly review projections
- Annual Budget Message
- Aggressive Tax Title Proceedings
- Educational Presentation: "State of the Town"

# Financial Management Operational

- New budget process (FY 11)
- Established goals and objectives by department
- Improved procurement of goods and services
- Merit based performance evaluations
- Affordable and Predictable contract settlements:
  - **–** 0%, 1,%, 2%,
  - **-** 0%, 2%, 2%, 2%

Allocation for future settlements and restructuring to reduce or eliminate unfunded liabilities

- Use of Free Cash for one-time only
- "Live within our Means"

# Financial Management CAPITAL

- New capital program model implemented (FY 12)
- Five-year rolling capital plan based on objective rating criteria
- Pay-as-you go component as well as debt funded
- Plan to take retired debt and plow back into capital
- Active Community Preservation program building bikeways, improving beaches, acquiring open space, creating affordable housing and preserving historic structures. Grants to offset and leverage greater funding options

# Financial Management Planning for the Future

- Creation of OPEB fund at 2011 Town Meeting
- Operational Surpluses in FY 09 and FY 10
- FY 10 operating surplus increased xx over FY 09
- Aggressive Infrastructure Improvements (water/sewer) funded by users
- Expansion of Harbor Industry (slips, boat yard)
- Reestablishment of Economic Development Industrial Commission (EDIC) to look at increasing business base
- Construction of Wind Turbine and Solar Array (spring 2011)
- Purchase of Waterfront property for future municipal uses
- Library Expansion Project (pending grant approval)
- School Improvements (MSBA funded program)

# Reserve Growth (balances as of June 30, 2010)

#### **Effective Reserves:**

Free Cash

Stabilization Fund

**MBTA Mitigation Fund** 

Overlay Reserve

**Historical Resources Trust** 

Revenue from Wind Turbine (FY 11) and Solar Array (FY 12)

Does not include Workers' Compensation Fund or Public Access Grant Fund

#### **Growth:**

Building Permits up over same period for 2010

Approved projects:

- 14 townhouses with 16 slip marina (now being marketed),
- 68 unit mixed use (rental, single home) development

Relative to Revenue: new growth: avg. \$300,000 per year for past five years

#### Innovation and Job Growth

- New projects that will provide enhance financial strength and stability
- Innovation: wind turbine and solar array to provide 60% of town's electrical needs
- Designated "Green Community" one of 45 in MA;
   \$167,000 in grant funds for FY 11
- Focus on Tourism: increasing boating and recreational opportunities in the Harbor
- Massasoit College Open Campus Center Project
   Training future employees in water and shoreline
- Committed to preserving commercial fishing and growing sport fishing and day cruises

- Focus on Economic Development
- currently exploring establishment of Economic Target Area to expand business opportunities and tourism
- Steady Housing Market-values remained consistent unlike inland communities
- Quaint Downtown with new businesses and restaurants in past 24 months.

### **Budgetary Conservatism**

- Revenues—
- New growth steady at \$300,000 but budgeted at \$250,000 for FY 12
- FY 11 local aid budgeted(-10%) actual (-6%)
- FY 12 budgeted (-4%) Governor's Proposed Budget Net (+)
- Expenditures
- Limited Budgetary Growth: 1.5%, 2.1%
- Stabilization –appropriate into annually

### **Financial Policies**

- Budgetary
- The cost of all operations of the Town are funded on a fiscal year basis out of current revenues
- The Town has a plan not to defer maintenance of capital equipment and to not defer the costs or the recognition of such costs to future years.
- The Town adopts budgets based on sound business practices which relate departmental performance to actual outcomes of established goals and objectives

# Major Budget Drivers

- Health Insurance
  - Unlike most communities employer contribution rate is 59%
- FY 12 Pension Cost lower than in FY 11

#### This Issue

- Bonds: \$9,756,000\*
- General Obligation Municipal Purpose Loan of 2011 Bonds
- Pricing: March 19

Includes: \$5.4 million for water and sewer repairs

\$3.2 million for General equipment, building and infrastructure needs

\$900,000 for Waterways

(\*includes excluded debt from MSBA school project)

## Debt Management

- After this issue, the total amount of authorized and unissued debt: \$15,332,103. Of this, \$8,940,181 is selfsupporting
- MSBA reimbursement of \$1,165,000
- Town received \$800,00 I MSBA fund to offset existing debt service
- General Fund authorized but unissued \$5,226,922 (to be addressed at fall town meeting)
- Water Enterprise Fund: 4213,000
- Sewer Enterprise (\$7,427,136) included MWPAT loan
- Waterway Enterprise Fund \$1,274,945

# Summary

- We are living within our means, making reasonable projections about future growth and revenue.
- Increasing revenue by new projects
- Exploring new revenue sources through zoning, business tax credits, tourism
- Planning for the future but "weathering the storm"