

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 375th 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
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- 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 self-supporting
- MSBA reimbursement of \$1,165,000
- Town received \$800,000 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: 4,213,000
- 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”