



MASSACHUSETTS

Fiscal Year 2011 Budget Recommendation

City Manager Michael V. O'Brien

April 27, 2010



FY 2011 in Perspective

- **City Revenues Are Flat-Lined – Zero 0% Increase from FY 10**
- **Fixed Costs Climb \$5.2 M**
- **Education Costs Increased by \$1.18 M**
- **Operational Departmental Budgets Cut by \$2.4 M**



From Whence We Came

- **Between Fiscal Year 2008 – Today**
 - **State Aid Cut by Nearly 32%; Local Receipts Down By 10%, and Decreases in Other Available Funds Create a Combined Loss of Nearly \$25 M in Annual, Recurring Revenue;**
 - **200+ Lay-offs and Frozen Positions in FY09 and FY10; Uniformed Personnel in Fire Department (down from 460 to 406); in Police Department (down from 480 to 418);**
 - **Another 80 Positions Lost through Early Retirement;**
 - **All Told, 15% of Total City Workforce Will Have Been Eliminated**
 - **Zero % Wage Increase for FY10, Zero % in FY 11**
 - **Health Insurance Contributions Transition to 75% with Co-Pay Increases**
 - **Continued Restructuring, Redeployments, and Reductions**

FY11 Solutions

- **\$15 M Addressed Through Measured Risk and Tough Decisions**
 - \$1.7 M – Pension Schedule Extension
 - \$2 M – Early Retirement Program
 - \$1.2 M – Operating Savings from Airport Transfer
 - \$1.1 M – Health Insurance Rate
 - \$500,000 – Unemployment Benefit Savings
 - \$2.5 M – Medicaid Formula Revisions
 - \$2 M – Airport Proceeds from Transfer
 - \$1 M – Additional Vacancies
 - \$1 M – Additional Departmental Cuts
- **\$2 M – Remaining Deficit**



Program Cuts Necessary to Close Remaining Gap

- **Worcester Police Department = \$800,000**
 - Elimination of Additional Summer/ Fall Patrols
 - Elimination of Community Impact/ Crime Watch Program
 - Elimination of A-Team, Saturation Patrols and Gang Unit Program
 - Elimination of Vice Prostitution Stings
- **Department of Public Works & Parks = \$700,000**
 - Closure of Three Yard-Waste Drop-Off Sites
 - Elimination of Nuisance Team Program
 - Elimination of Neighborhood Clean-Ups
 - Reduced Cemetery Maintenance
 - Elimination of Graffiti “Grime Watch” Team
 - Closure of City Beaches
- **Worcester Fire Department = \$500,000**
 - Additional Company Closures During Summer, Response Time Increases
 - Significant Drops in Staff Levels – New Class Would Be Unlikely
 - Unable to Maintain Staff Levels to Qualify for Federal S.A.F.E.R. Grant



Investment in our Community and Stabilizing Services

- **\$2 M – Unused Tax Levy Capacity to Leverage \$17 M Borrowing for \$20 M Street and Sidewalk Program.**
 - Balance of \$3 M from Airport Proceeds To Support Full Program.
- **Capital Reinvestments – Top Priorities for FY11**
 - **Streets and Sidewalks** = \$20 M Additional + Annual Cap Budget Amount of \$9.1 M
 - **Public Schools** = Increase Capital Allocation to \$6 M (historically \$3 M) in Annual Capital Budget, All While Living Within Standard Borrowing Cap of \$18 M. Also Invest \$14 M in Energy Efficient Upgrades/ Improvements (ESCo) Paid for by Energy Savings – All Resulting in a Net \$20 M Investment in Our Public Schools.
- **Balanced Budget for FY11**
 - \$2 M Ramp-Up for Debt Service Payments Begins in FY 2012
 - As Debt Service Ramps-Ups in Out Years, Funds are Directed, as Expected, to Debt Service. Funds to Stabilize Services Ramp Down to Zero



Stabilize Services

Revenue Stabilization to Debt Service Illustration

	FY11	FY12	FY13	FY14	FY15
Recurring Tax Revenue	2.00	2.00	2.00	2.00	2.00
Debt Service Due	-	(0.30)	(1.10)	(1.81)	(2.00)
Revenue to Stabilize Budget	2.00	1.70	0.90	0.19	0.00



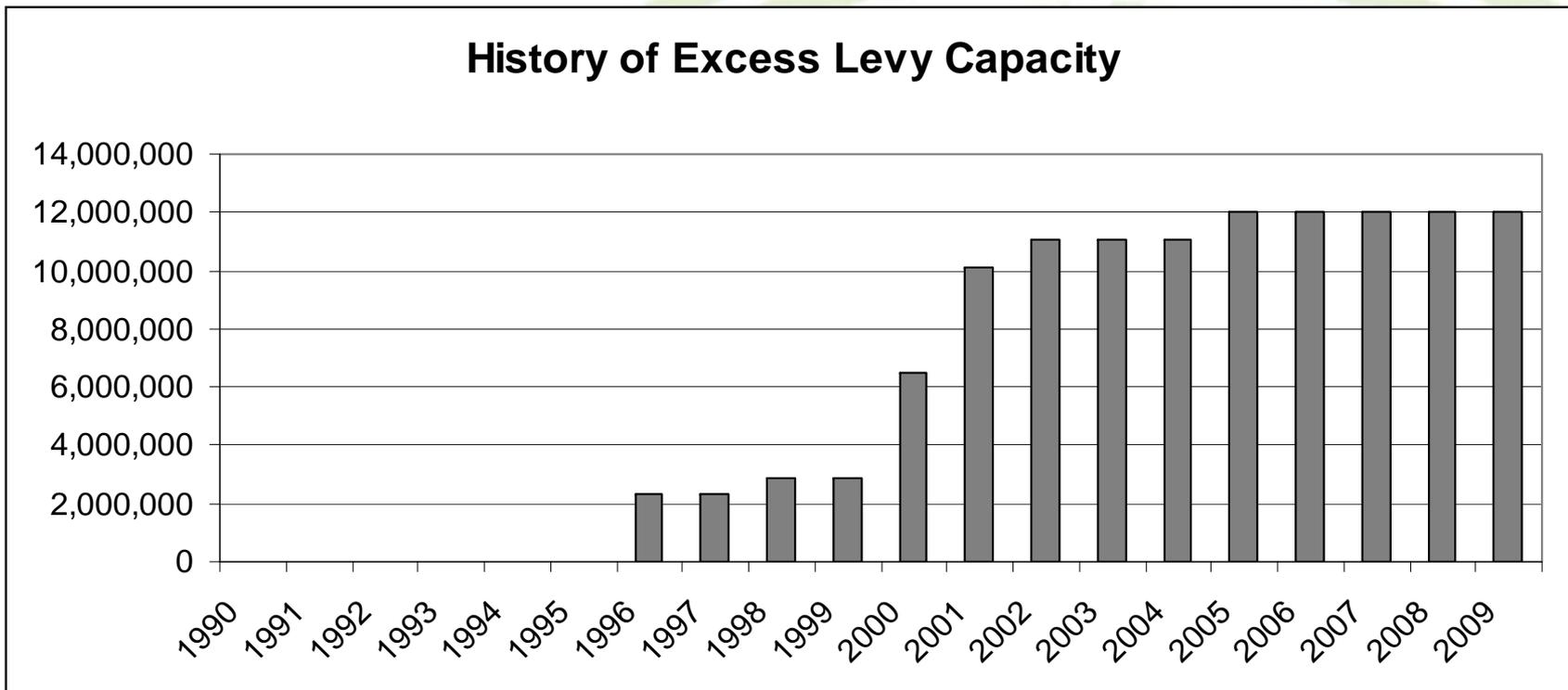
Comparison – Unused Tax Levy

City	Excess Levy	% of Maximum Levy	budget	% of Total Budget
CAMBRIDGE	98,559,307	26.8%	514,295,812	19.16%
WORCESTER	12,031,636	5.5%	570,667,436	2.11%
QUINCY	8,183,408	4.6%	288,945,040	2.83%
LOWELL	4,810,057	4.6%	318,636,488	1.51%
WALTHAM	3,357,448	2.3%	208,696,125	1.61%
LYNN	379,881	0.4%	263,234,523	0.14%
FALL RIVER	60,007	0.1%	259,389,359	0.02%
FRAMINGHAM	92,769	0.1%	238,719,133	0.04%
REVERE	37,157	0.1%	137,413,697	0.03%
NEWTON	88,541	0.0%	334,466,113	0.03%
NEW BEDFORD	34,413	0.0%	298,618,880	0.01%
BROCKTON	34,443	0.0%	324,638,789	0.01%
SOMERVILLE	17,095	0.0%	206,194,569	0.01%
BOSTON	172,448	0.0%	2,479,269,843	0.01%
HAVERHILL	4,696	0.0%	162,195,452	0.00%
SPRINGFIELD	7,429	0.0%	604,225,598	0.00%
LAWRENCE	-	0.0%	248,915,181	0.00%

Based on FY10 Excess Levy Amounts

History of Levy Capacity

History of Excess Levy Capacity





Overview: Revenues

Revenue Summary	FY2009 Actuals	FY2010 Budget	FY2011 Budget	%
Property Tax Levy	197,548,896	204,752,779	214,891,243	5.0%
State Aid City	53,283,169	41,575,741	39,671,768	-4.6%
State Aid Education	180,493,947	192,784,395	191,512,804	-0.7%
State Aid Charter Schools	5,412,587	4,566,823	4,447,297	-2.6%
State MSBA Reimbursement	17,805,421	19,129,087	15,729,151	-17.8%
Local Receipts	39,776,842	41,901,000	38,528,830	-8.0%
Other Available Funds	4,758,164	1,295,494	1,295,494	0.0%
Free Cash	-	-	-	
Total Revenues	499,079,025	506,005,319	506,076,587	0.0%



Overview: Operations

Expenditure Summary	FY2009 Actuals	FY2010 Budget	FY2011 Budget	%
City Operations				
Legislative Offices	2,190,990	1,955,275	2,041,094	4.4%
City Manager's Office	8,299,598	6,834,667	6,861,733	0.4%
City Manager's contingency	-	1,036,916	300,000	-71.1%
Human Resources	1,028,392	971,481	969,958	-0.2%
Economic Development	2,165,491	1,192,815	1,103,991	-7.4%
Law	1,562,450	1,369,464	1,386,425	1.2%
Fire	33,490,818	32,230,467	32,136,798	-0.3%
Police	40,316,851	39,047,555	38,902,032	-0.4%
Emergency Communications	2,598,784	2,069,135	1,998,841	-3.4%
Inspectional Services	3,249,102	2,901,410	2,832,148	-2.4%
Public Works and Parks	16,252,710	16,010,860	16,062,612	0.3%
Administration and Finance	6,545,853	5,544,329	5,301,217	-4.4%
Enterprise Subsidy (Airport)	1,184,258	1,182,925	-	-100.0%
Enterprise Subsidy (Golf)	111,147			
City Operations Total	118,996,444	112,347,297	109,896,851	-2.2%
Total Expenditures	504,649,060	506,005,319	506,076,587	0.0%

Highlights

- **Preserves Critical Core Programs and Services**
- **Includes Modest Use of Recurring Revenues (\$2M Un-Levied Tax Capacity)**
- **Increases Our Capital Borrowing to Invest in Critical Areas of our Community**
- **Adheres to Five Point Financial Plan**
- **Plans for the Reality of a Smaller Government over the Next Few Fiscal Years - Through the Increased Use of Technology, Alternative Service Delivery, Regional Cooperation, and More Restructuring and Reforms.**