



FY 2012 – Saugus Budget Ideas

March 7, 2011

3 Core Principles



1. Avoid service disruptions.
2. All measures will be temporary – for one year only.
3. Everyone shares in developing short term and long term solutions.





Where there is consensus...

- Severe winter has resulted in snow and ice costs thus far totaling **\$1,050,000.00** up until March 3.
- Snow and ice costs are in excess of FY2011 appropriations of +/- **\$150,000.00**. Excess costs must be paid out of FY2012 levy. (M.G.L. Chapter 44 S 31D)
- Nearly 2/3 of “new” revenue for FY2012 will be “melted” away by FY2011 snow and ice costs.





Therefore....

- Without access to 1 million dollars of new revenue due to snow and ice costs...
- The choices before the Finance Committee and ultimately Town Meeting will be about how to best diminish services.



Idea 1 – Operating Expense Override **\$1,200,000.00**

Saugus voters would be asked to approve a general operating override.



Idea 1– Pros / Cons

Pros

1. Would provide funds for FY2012 and every year thereafter.
2. The voters would have a choice.
3. Tax deductible.
4. There would be a positive short term and long term impact on town finances.
5. The amount would be relatively small compared to what other communities have approved.

Cons

1. Saugus voters have never supported a general override.
2. Would require intensive public education prior to special election.
3. The process could negatively impact the Belmonte Debt Exclusion vote.
4. Special election costs.
5. An Override is forever.



Idea 2– One Year Trash Fee Revenue Generated

\$1,200,000.00

The Saugus Town Meeting would be asked to adopt a “trash fee” of \$150.00 per household.



Idea 2– Pros / Cons

Pros

1. Process is simple. A majority vote of town meeting would be necessary.
2. Other than the repeal process, the public would not have a vote on this.
3. Estimated revenue would be recognized by the DOR for purposes of establishing a tax rate.
4. Other communities do it.

Cons

1. Would place the entire snow and ice burden on residential class and is not a deduction.
2. Would require the hiring of more staff to regulate and administer.
3. People could “opt out.”
4. A flat rate to all would discourage recycling and may encourage dumping.
5. Denying the public a choice on this could negatively impact the Belmonte Debt Exclusion vote.



Idea 3 – One Year Assessment to Cover Snow and Ice – Revenue Generated

\$1,000,050.00 *(as of March 3)*

The Saugus electorate would be asked to vote for a special one year assessment on real estate taxes to cover snow and ice for FY2011.



Idea 3 – Pros / Cons

Pros

1. Saugus voters historically support temporary targeted revenue measures.
2. Snow and ice problem is credible to the public.
3. Snow and ice costs shared by all taxpayers (residential and commercial) and they could deduct the special assessment on their income tax
4. The average cost would be about \$63.00 per residential parcel before tax deduction.
5. Seamless and efficient administration

Cons

1. Majority of selectmen must agree.
2. Time – need to act quickly, starting this week
3. Would require special legislation.
4. Would require public education prior to special election.
5. Cost of election.



Idea Four – All Town Employees
Contribute 5% more towards
Health Insurance –

**Savings for Town -
\$400,000.000**

- Instead of paying 90% of employee premiums the town would pay 85% for one year.



Idea 4 – Pros / Cons

Pros

1. Savings would be reduce insurance increase from \$555,000.00 to \$155,000.00 thus freeing up revenue for appropriation to other services.
2. Would apply to all employees and retirees receiving health care from Saugus.

Cons

1. Must be negotiated with employee groups.
2. All non-school groups have been operating with expired contracts.

Idea Five – Defer 1% of FY2012



Teacher Raise –

Savings **+/- \$350,000.00**

Ask teachers to move 1% into FY2013
except for teachers retiring in FY2012.



Idea 5 – Pros / Cons

Pros

1. Immediate 1 year savings to school department budget.
2. Voter approval not necessary.

Cons

1. Would require school committee agreement to pursue.
2. Would require collective or impact bargaining and the approval of the SEA.
3. Burden placed on one group of employees.



Idea Six – Sell Town Property

Revenue Generated -

\$250,000.00 - \$300,000.00

- House beside Oaklandvale (assessed value \$245,400.00)
- Evans School
- Tax title parcels



Idea 6 – Pros / Cons

Pros

1. Funds would be available to offset building maintenance budget and/or debt service budget in FY2012..
2. Sold properties would again yield tax revenue.
3. Voter approval not necessary.

Cons

1. Selling in weak market – revenue may not be readily available before setting tax rate.
2. There are procedural requirements established by statute and bylaw.
3. Once town property is sold, it is gone forever.



Your Ideas?

