

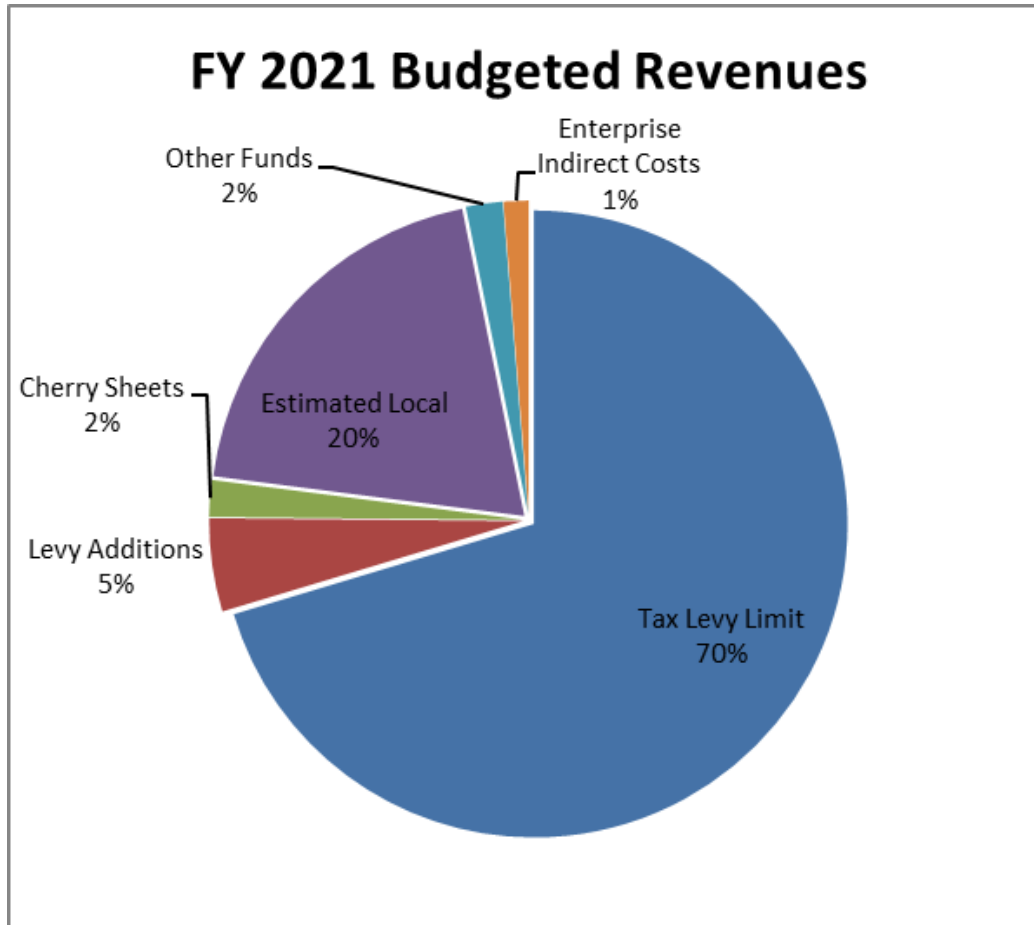
Town of Provincetown

Proposed Operating Budget Fiscal Year 2021

Proposed Budget \$31,091,000

4.9% Increase over FY2020

FY2021 Budgeted Revenues



	FY 2021	Budgeted Revenues	
Tax Levy Limit	21,894,644	70%	
Levy Additions	1,492,385	5%	
Cherry Sheets	587,039	2%	
Estimated Local	6,159,006	20%	
Other Funds	590,101	2%	
Enterprise Indirect Costs	400,000	1%	

Property Tax Growth

Property Taxes

- Fund 70% of our Operating Budget.

Under Proposition 2 ½ property tax increases are limited to:

- A 2 ½ % increase on the prior year's levy
- New growth as certified by the Department of Revenue

Any property tax increase above this requires approval at Town Meeting for one of three reasons:

1. An Exclusion for the Issuance of Debt (debt exclusion)
2. An Exclusion for a Capital Outlay (one time)
3. An Override for Operating Expenses

Property Tax Growth

- FY 2020 Levy \$ 21,180,140
- Levy Limit Increase \$ 714,504
 - 2 ½ % Increase \$ 529,504
 - New Growth \$ 185,000

- FY2021 Levy Limit \$ 21,894,644

Revenue Growth

- Projection Principals

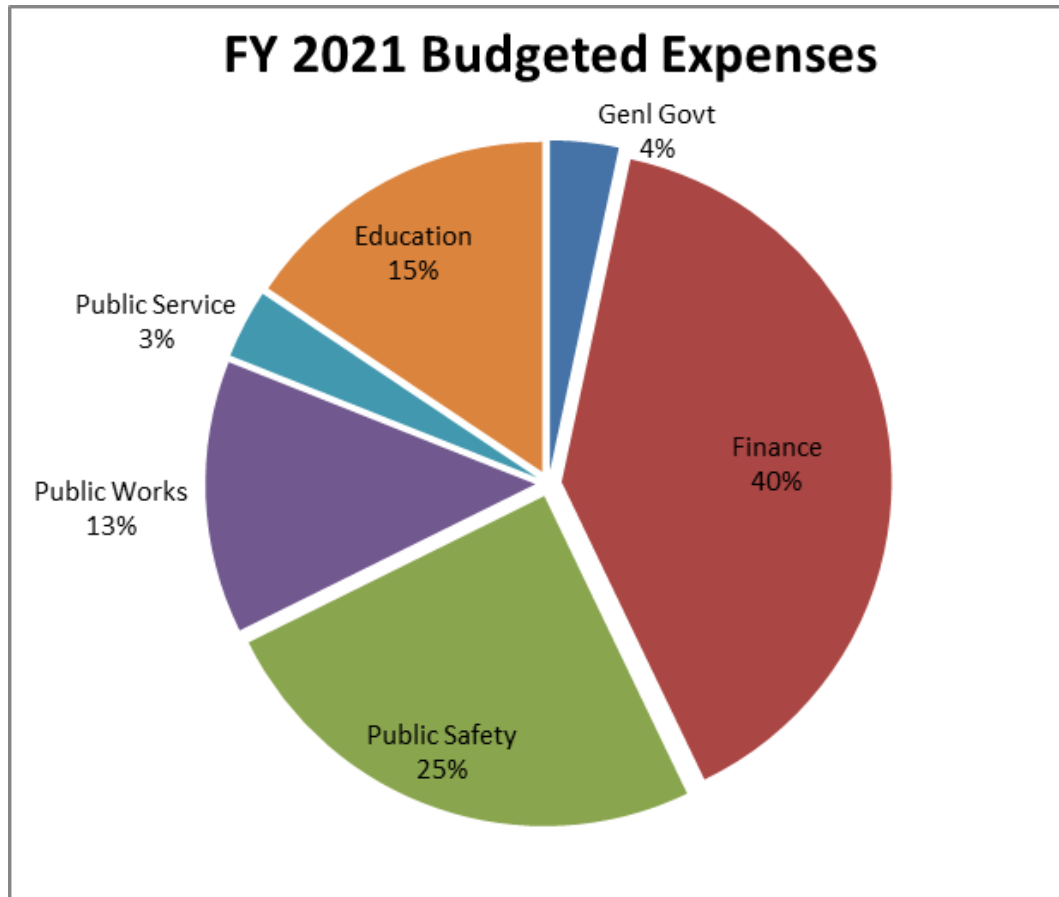
- Conservative to cushion potential downturns
- Projections based on Prior year actual revenue plus inflation
- Consistent with Massachusetts Dept. of Revenue Guidelines

- Property Tax Growth \$588,981

- Local Receipts Growth Assumptions

- Rooms Tax estimate (Based on 2 quarters) \$127,600
- Eversource Battery Lease Revenue \$ 45,000
- Airport Security Reimbursements \$ 40,000
- Transfer Station Private Hauler Fees \$ 35,000
- Parking Revenue - fee changes \$100,000
- Marijuana Tax \$ 53,500

FY2021 Budgeted Expenses



FY2021 Budgeted Expenses		
Gen Government	983,484	3%
Finance	11,716,915	40%
Public Safety	7,281,368	25%
Public Works	3,914,900	13%
Public Service	995,985	3%
Education	4,731,244	16%

FY 2021 Operating Expenses

- Public Education +3.2%
- Payroll +4.7%
- Benefits and Other Insurance +8.5%
- Non-Payroll Operating Expenses +6.0%
- Debt Service +9.0%

(both excluded and non-excluded debt)

Most increases in expenses are ongoing expenses that will carry to the following fiscal year.

FY 2021 Major Expense Drivers

Fixed Expenses

- | | |
|---|------------|
| <input type="checkbox"/> Employee benefits, retirement, health care | \$ 530,000 |
| <input type="checkbox"/> Step Salary Increases (contractual) | \$ 124,000 |

Limited or No Discretion Expenses

- | | |
|---|------------|
| <input type="checkbox"/> Collective Bargaining | \$ unknown |
| <input type="checkbox"/> School Budget – ELC and High School | \$ 148,000 |
| <input type="checkbox"/> Solid Waste & Recycling Disposal Costs | \$ 333,000 |
| <input type="checkbox"/> Software Licensing Fees (FY20 commitments) | \$ 39,000 |

FY 2021 Major Expense Drivers

New expenses added in this years budget

- | | |
|--|------------|
| <input type="checkbox"/> Public Safety Costs (Provincetown 400) | \$ 34,000 |
| <input type="checkbox"/> Harbormaster / Marine Department | \$ 106,000 |
| <input type="checkbox"/> Police Department: Airport Security coverage
(this includes 2 new full time Patrolman to cover detail assignments, it is off-set by the \$70,000 previously budgeted within the Airport Budget and off-set by the revenue reimbursement of \$40,000) | \$ 126,000 |
| <input type="checkbox"/> Fire Department: EMS Coordinator position
(This position was previously a stipend paid to two part-time employees. The position is needed to become compliant with the State's EMS and DPH rules.) | \$ 80,000 |

HIGHLIGHTED CHANGES

- Enterprise fund indirect costs have been reviewed to ensure the indirect costs reflect a reasonable amount and are accurately calculated based upon current operations.
- A transfer of \$264,000 from the Tourism Fund to the general fund to cover overtime related to celebratory events and airport security has been included in the FY 2021 operating budget. This transfer has been increased by \$140,000 for FY21 due to the events planned related to Provincetown 400.
- Other raise and appropriate includes the Town's portion of the Cape Cod Technical High School capital assessment for the new high school building, of approximately \$142,000
- General Stabilization Fund - A review of our General Purpose Stabilization Fund indicates that the balance is below the Board of Selectmen's adopted Financial Policy target of ten (10%) percent of the Operating Budget (currently 6.9%). As recommended by the Town's auditors, a formal funding plan to comply with the current policy has been established.
- Capital Budget- In this budget, we have focused the expenses funded through the Capital Stabilization Fund towards annual on-going capital expenses; those that maintain our current infrastructure, such as vehicle replacement, sidewalk replacement and so forth. One time projects and improvements will, to the extent possible, be funded from free cash, closed projects and available grants before issuing any debt.
- Other Post-Employment Benefits (OPEB) – Per the Town's policy for OPEB funding with an annual 2.5% increase, planned OPEB funding for FY 2021 is \$579,847.

CLOSING REMARKS

Provincetown continues to be supported in large part by a strong tourist economy but is not immune to national, state and environmental events, potential natural disasters, as well as regional demographic trends, all of which could affect our outlook moving forward. Over the past year, we made progress on housing, economic development, funding of reserves and infrastructure, among other responsibilities. However, we also have a growing list of deferred capital and infrastructure projects.

Our goal is to make continuous incremental improvements. If we are to be successful in achieving our long term goals then we need to take the time to arrive at consensus, rather than be driven by a need for instant action that does not have the benefit of time or research. If we can continue to take a methodical approach, we can plan out the needed steps, vet out misconceptions, provide the public with clear and concise information, and create a pathway for success, and reducing further conflict and confusion.

With the submission of this Operating Budget we can continue to move forward with the plans and efforts outlined in the Select Board's goals and tasks, presenting a balanced and realistic approach to meet the priorities of the Select Board.

We recommend discussion by the Select Board and the Finance Committee regarding how new potential revenues (marijuana and short-term rooms rental tax) should be directed

We look forward to working with the Finance Committee to continue to seek proactive solutions to the many challenges that lie before us.