

Analysis of 2019 Town of Rye Budget proposal

All-day Budget Committee
meeting, November 8, 2018

By Peter Crawford

Budget review, major points:

- The proposed budget for departmental operations is **up 6.43%** over the 2018 budget when the latter is adjusted to remove approximately \$105,000 in encumbrances that were appropriated in 2017 or earlier and are not properly part of the 2018 budget for comparison purposes.
- While the 3.4% COLA is a major driver of the increase this year, the impact on the year-over-year budget for wages, salaries and retirement is **only 3.06%** because the increase would only be in effect for three quarters.

Major points (continued)

- The other major increase drivers are:
 - Health insurance: **Up 15%** compared to rate increase of 13.6%, partly explained by two part-time positions converted to full-time (Public Works/Custodian and Building Inspection) and a Library employee choosing to no longer opt out of coverage.
 - Salaries and wages up approximately **\$170,000 or 4.2%** partly explained by the two positions. Also, fire and police wages are up about 6% vs. the 3.06% explainable by the COLA.
 - Paving budget up approximately **\$45,000**.
 - Debt service up approximately **\$76,000** due to Conservation bond draw down to pay for South Rd. Settlement and Red Mill Ln. culvert (\$550,000 additional debt total).
 - Other smaller increases in Legal, IT, tipping fees and Animal Control wages.

Major points (continued)

- While this major increase is coming on the heels of a couple of years of relatively flat budgets:
 - Spending before debt service and capital outlay has risen **significantly faster than inflation** since 2013.
 - Debt service is likely only to increase from here, with many major capital projects waiting in the wings (nearly **\$2 million in warrant articles** anticipated for 2019 alone, with the CIP Plan including many more large projects).

**Reconciliation between one page budget summary in Budget Books
and 2018 budget actually voted (per summary distributed at 2/3/18 Deliberative Session)**

	2018 Voted	2018 Per Budget Book	Delta	2018 Encumbrance per Bud. Bk.
Fire	\$1,427,544	\$1,451,061	\$23,517	\$23,517
PWD opns	\$542,575	\$557,881	\$15,306	\$15,306
Xfer opns	\$230,248	\$251,028	\$20,780	\$20,780
Rec.	\$273,854	\$281,457	\$7,603	\$7,603
Land mgmt.	\$42,250	\$51,020	\$8,770	\$8,770
Conserv.	\$90,000	\$118,500	\$28,500	\$28,500
TANS	\$100	\$500	\$400	
BANS	\$100	\$500	\$400	
Total	\$2,606,671	\$2,711,947	\$105,276	\$104,476
All other depts.	\$5,621,371	\$5,621,370	-\$1	
Total Departmental opns.	\$8,228,042	\$8,333,317	\$105,275	
Proposed 2019 dept. opns.	\$8,757,469			

	Dollars	Percentage
Increase rel. to 2019 Book	\$424,152	5.09%
Increase rel. to bud. Voted	\$529,427	6.43%

Illustration of budgetary impact of COLAs

COLA for 2018 (effective 4/1/18)					2%
COLA for 2019 (effective 4/1/19)					3.40%
-----2018 budget-----					Budget
1Q	2Q	3Q	4Q	Total	
	100	102	102	102	406
-----2019 budget-----					Budget
1Q	2Q	3Q	4Q	Total	
	102	105.468	105.468	105.468	418.404
2019 budget increase					3.06%

Major 2019 proposed budget increases relative to 2018 enacted budget (\$000s)

Account	Description	Amount
	Health insurance	\$112
	Compensation	\$170
	Retirement	\$36
4153-04-454	Legal services	\$17
4199-26-468	IT management	\$12
4312-24-467	Paving	\$45
4324-34-500	Tipping fees	\$23
4520-50-486	Rec. facilities	\$8
4711 to 4723	Debt service	\$76
	Total	\$499

Major components of compensation and fringe increases

4210-15-401	Police dept. wages	\$36
4220-16-401	Fire dept. wages	\$34
4249-18	Building dept. wages & fringes	\$14
4194-02	Custodian wages & fringes	\$39
4414-38-401	Animal control wages	\$13
4550-58-424	Library health ins.	\$27
	Total (incl. in first 3 lines above)	\$163

Increases in town budget excluding warrant articles

	2013	2014	2015	2016	2017	2018	2019prop.
Department operations	\$7,874,141	\$8,305,888	\$7,901,142	\$8,274,671	\$8,283,754	\$8,228,042	\$8,757,469
Capital outlay	\$150,400	\$89,650	\$163,000	\$161,500	\$392,516	\$249,000	\$278,191
Total General Fund	\$8,024,541	\$8,395,538	\$8,064,142	\$8,436,171	\$8,676,270	\$8,477,042	\$9,035,660
Revolving Funds	\$682,754	\$684,360	\$676,692	\$668,623	\$737,682	\$709,231	\$717,891
Total operating budget	\$8,680,627	\$9,079,898	\$8,740,834	\$9,104,794	\$9,413,952	\$9,186,273	\$9,753,551
Debt service	\$1,039,692	\$993,525	\$428,259	\$542,915	\$524,295	\$368,196	\$443,096
Dept. operations bef. debt svc.	\$6,834,449	\$7,312,363	\$7,472,883	\$7,731,756	\$7,759,459	\$7,859,846	\$8,314,373
Department operations increase 2013-2019 c.a.g.r.		5.48%	-4.87%	4.73%	0.11%	-0.67%	6.43% 1.79%
Dept. operations bef. debt svc. incr. 2013-2019 c.a.g.r.		6.99%	2.20%	3.46%	0.36%	1.29%	5.78% 3.32%

Rye town compensation and fringe benefit history

	2011	2012	2013	2014	2015	2016	2017	2018	2019prop.
Total comp.	\$3,249,694	\$3,365,042	\$3,498,011	\$3,669,408	\$3,745,905	\$3,808,601	\$3,892,454	\$4,046,887	\$4,217,483
Total ben.	\$1,374,129	\$1,499,699	\$1,521,383	\$1,761,818	\$1,855,838	\$1,959,130	\$1,956,143	\$1,828,873	\$1,992,155
Percent	42.3%	44.6%	43.5%	48.0%	49.5%	51.4%	50.3%	45.2%	47.2%
Health insurance	\$682,189	\$752,401	\$736,275	\$875,645	\$904,250	\$990,144	\$933,672	\$757,790	\$870,549
Retirement	\$382,818	\$440,137	\$505,293	\$563,138	\$620,711	\$627,471	\$666,223	\$711,295	\$747,410
Fringes % comp.									
Health insurance	21.0%	22.4%	21.0%	23.9%	24.1%	26.0%	24.0%	18.7%	20.6%
Retirement	11.8%	13.1%	14.4%	15.3%	16.6%	16.5%	17.1%	17.6%	17.7%
Other	9.5%	9.1%	8.0%	8.8%	8.8%	9.0%	9.2%	8.9%	8.9%
Increase over prior year									
Total comp.		3.5%	4.0%	4.9%	2.1%	1.7%	2.2%	4.0%	4.2%
Health insurance		10.3%	-2.1%	18.9%	3.3%	9.5%	-5.7%	-18.8%	14.9%
Retirement		15.0%	14.8%	11.4%	10.2%	1.1%	6.2%	6.8%	5.1%