

Fiscal Years 2007 – 2011

Strategic Plan



January 2006

Introduction

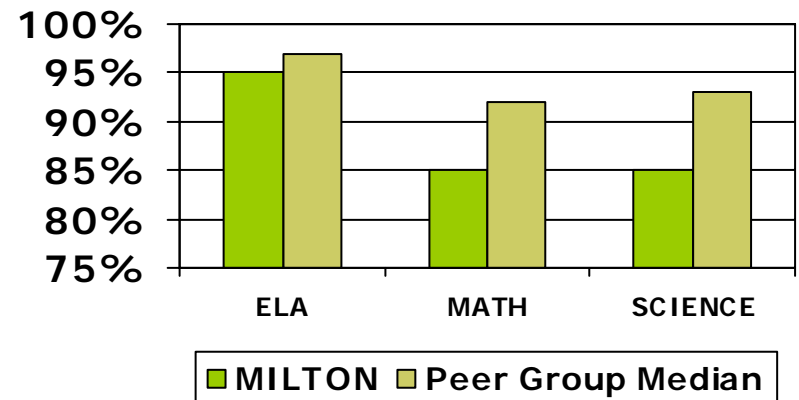
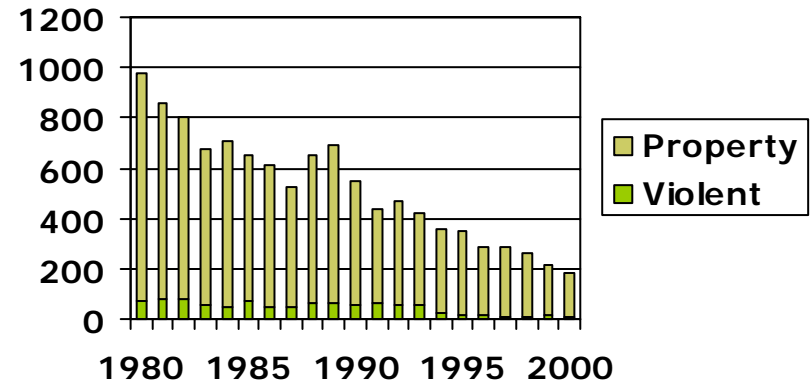
- Presentation will provide a “macro” look at the Town’s fiscal condition
- “Micro” analysis is envisioned to happen as usual
- Frames a strategy with broad goals
- Articulates potential objectives
- Proposes appropriate action plan

Milton at a Glance

- ❑ Population = 26,062 (69th in MA)
- ❑ Median Family Income = \$94,359 (37th)
- ❑ Per Capita Income = \$37,138 (44th)
- ❑ Low unemployment rate = 3.6% (4.3%)
- ❑ Educated = 52% BA or higher (33%)
- ❑ Predominance of Managerial & Professional occupations
- ❑ Residential Tax Base Valuation = 97% of AV
- ❑ 2006 Tax Rates:
 - Residential = \$10.15 per \$1,000
 - Commercial = \$19.83 per \$1,000

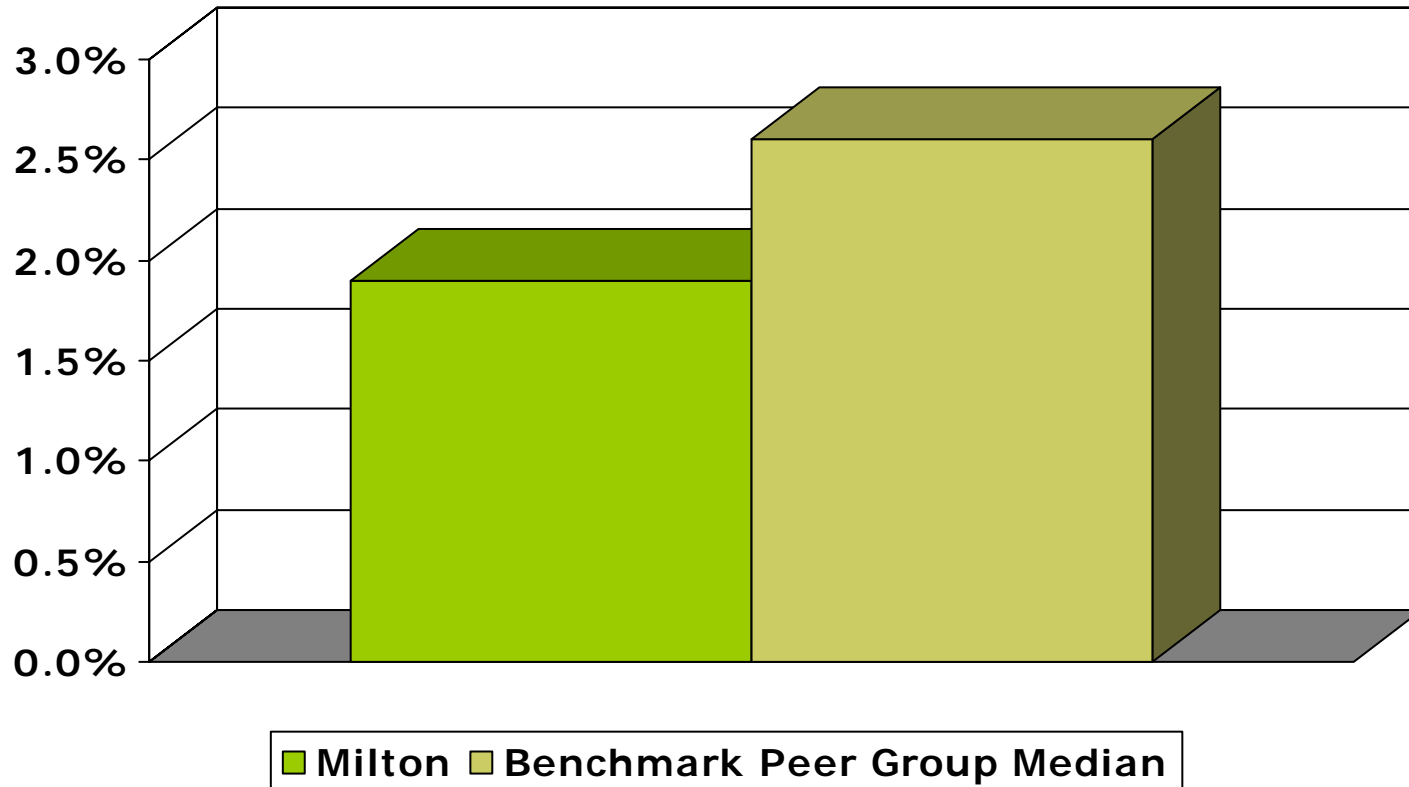
How are we doing as an organization?

- ❑ Decreasing crime
- ❑ 2005 MCAS Scores
- ❑ Emergency Response
- ❑ Recycling Rate:
 - Calendar Year 2004
55%; second highest in Mass among communities with curbside trash collection



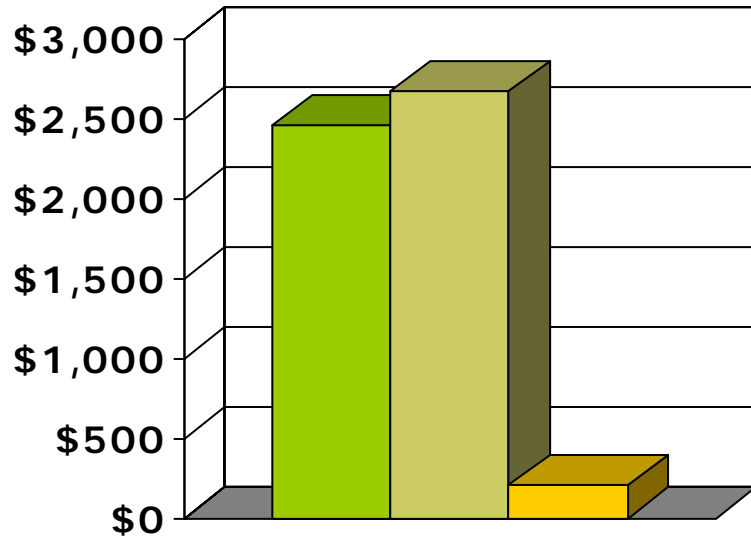
How does Milton compare?

Debt Service as a % of Operating Budget



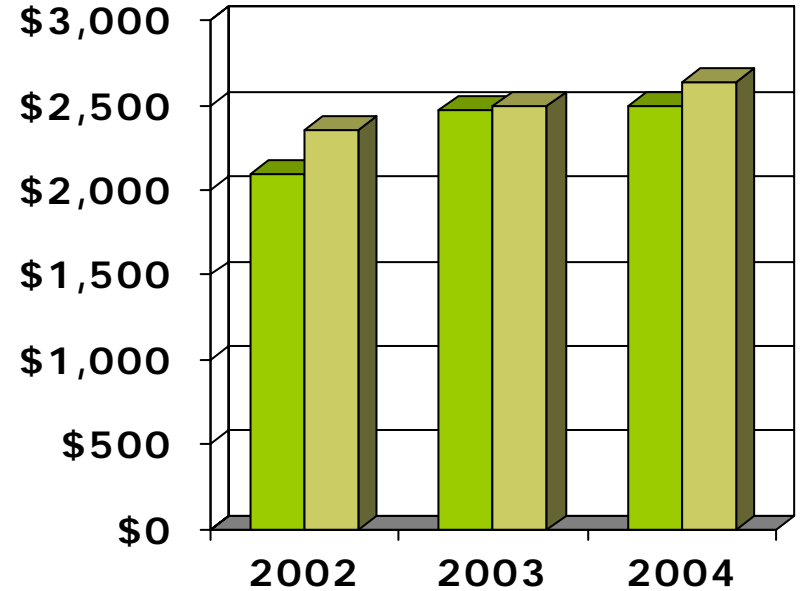
How does Milton compare?

Per Capita Revenue



■ Milton ■ Peer Group ■ Difference

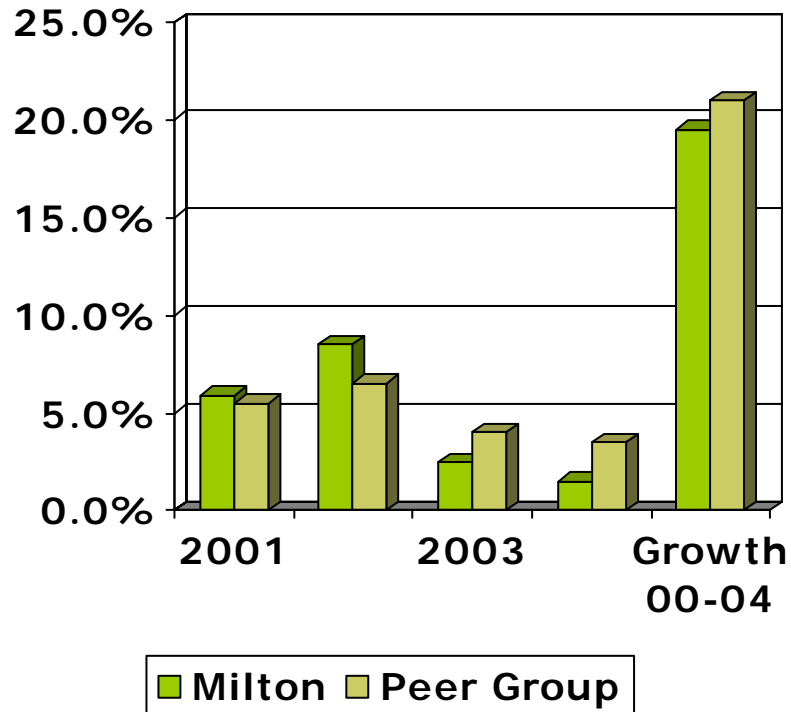
Per Capita Expenditure



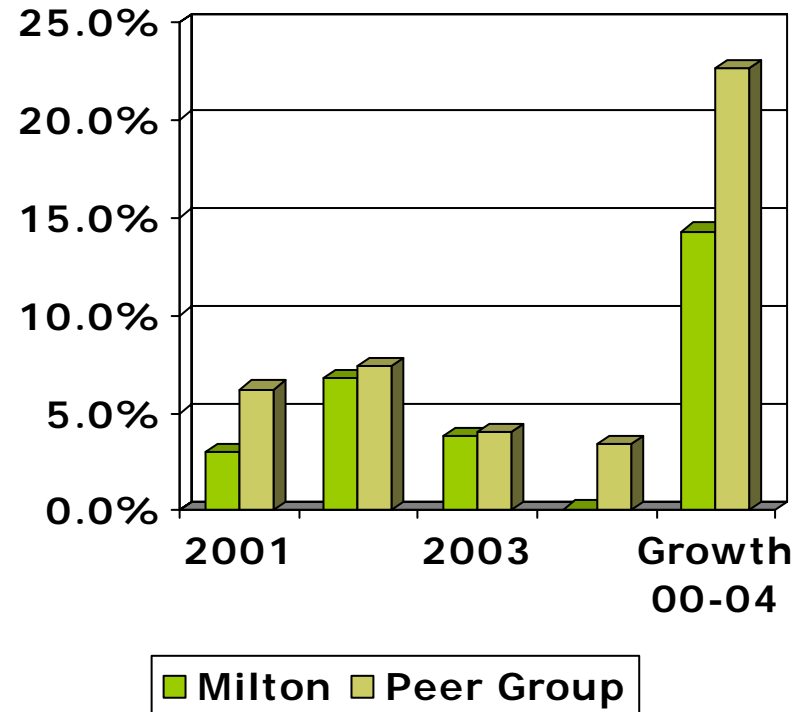
■ Milton ■ Peer Group

How does Milton compare?

Average Annual Growth in Expenditures

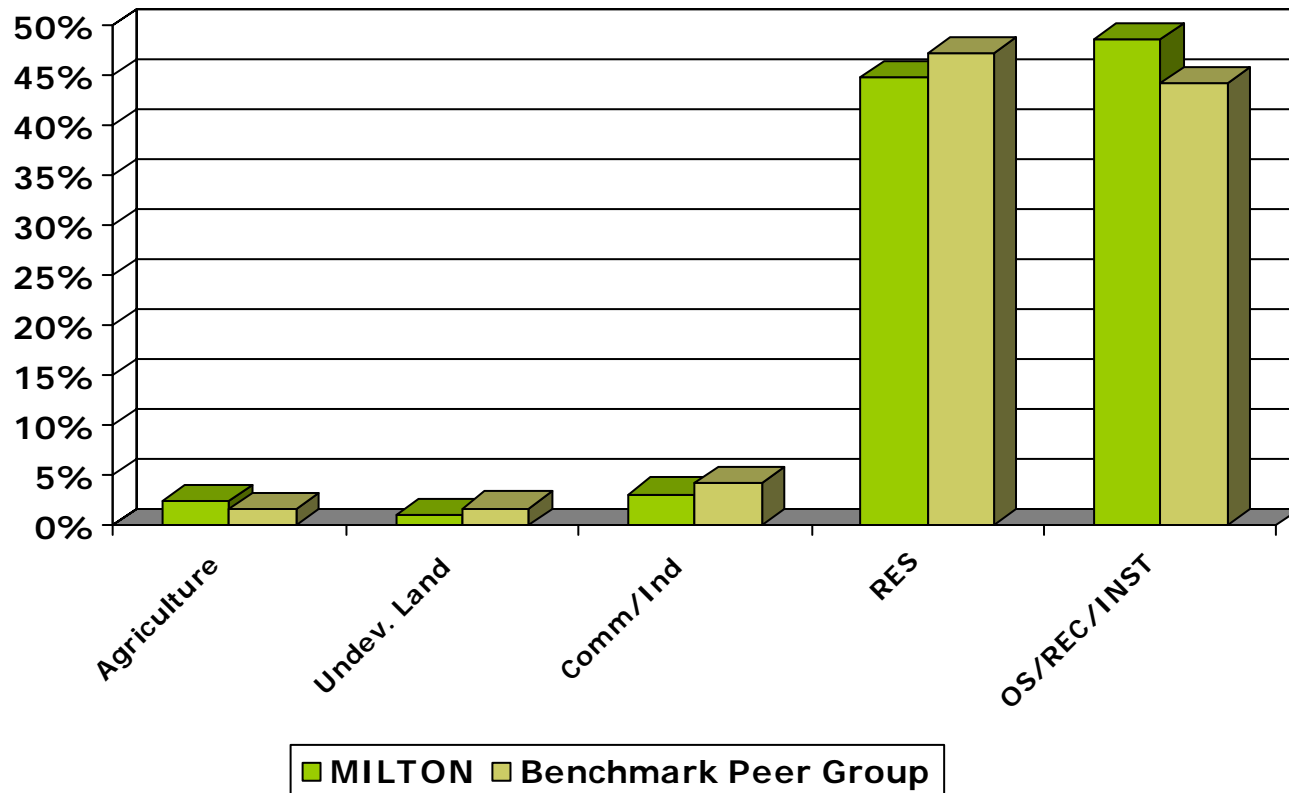


Average Annual Growth in Revenues



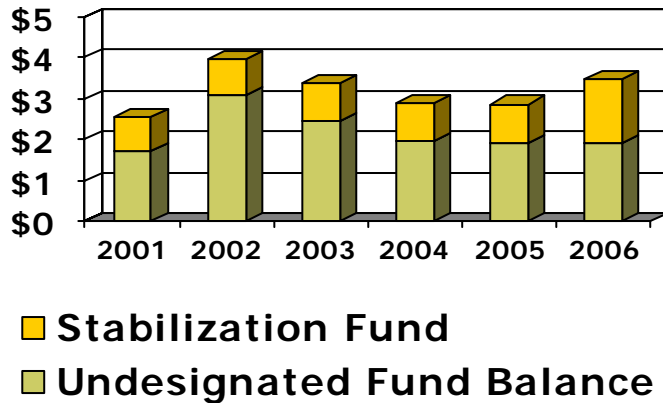
How does Milton compare?

Land Use as a % of Total Size

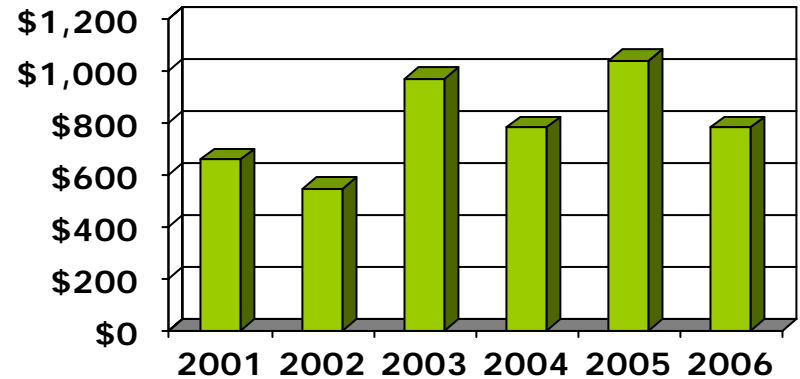


Financial Data FY 2001 – 2006

Reserve Levels

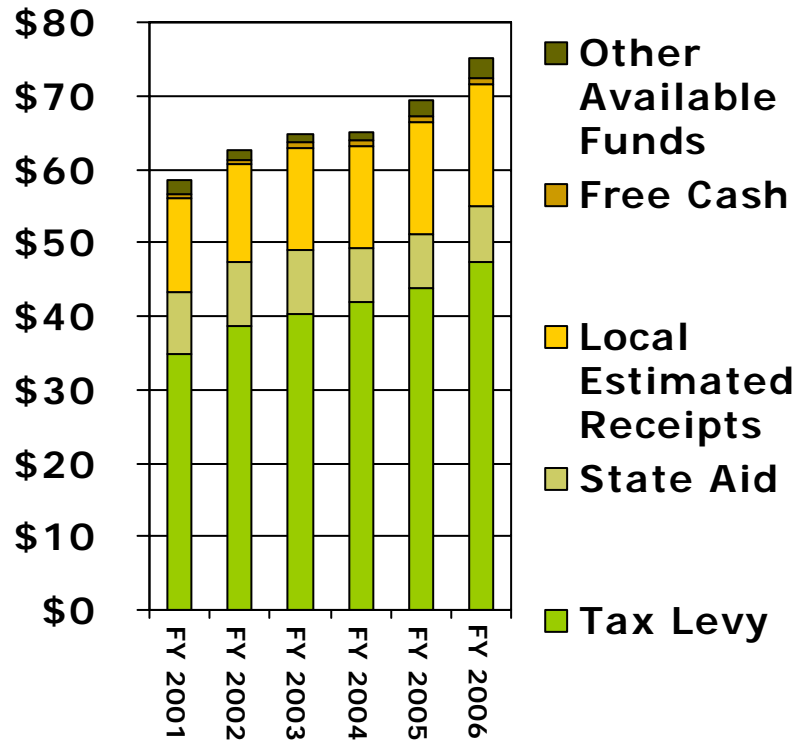


Free Cash

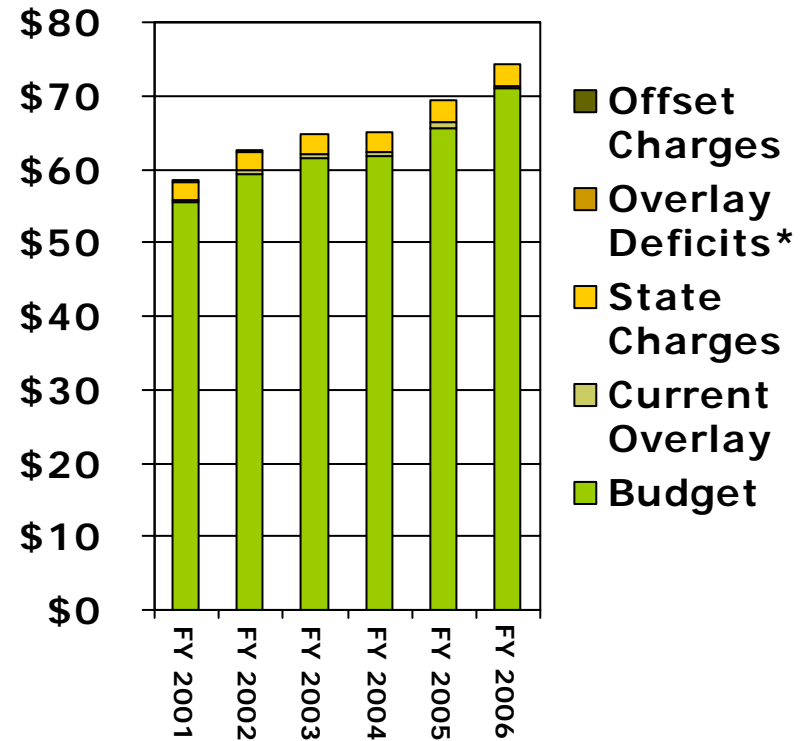


Financial Data 2001 – 2006

Revenue Sources



Expenditures



Areas of Concern

- ❑ Lack of funding for Capital Improvement Program has created backlog of capital needs and puts pressure on future budgets
- ❑ Major increases in fixed costs of health care and retirement
- ❑ Practice of using free cash used as a source of revenue
- ❑ Heavily residential tax base and little prospect for commercial growth

- ❑ RESERVE LEVELS – “Area of greatest concern for the Town”
 - Undesignated Fund Balance levels average 3.8% - below the 5 to 10% considered strong by the rating agencies

Assumptions

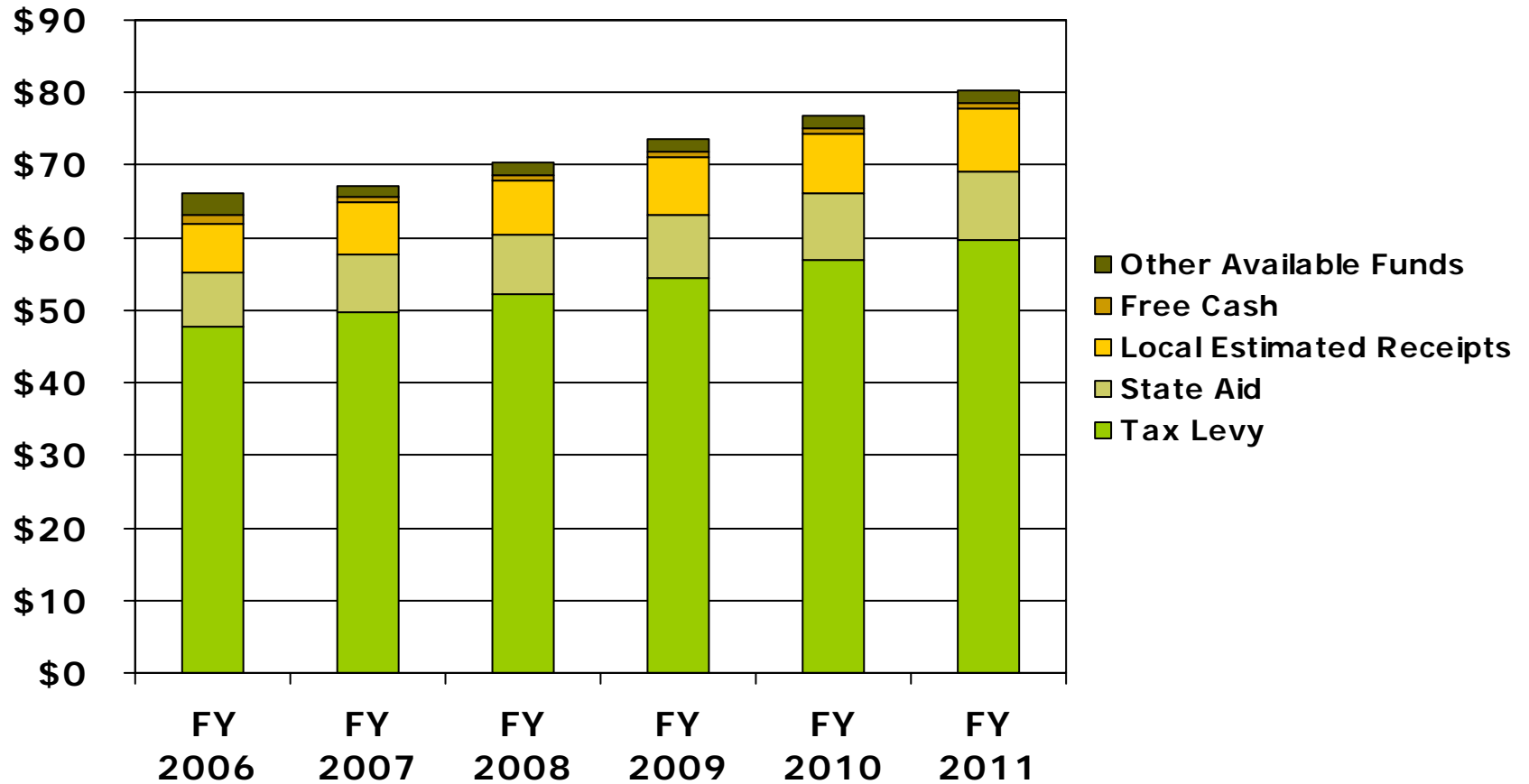
□ Revenues

- Tax Levy = 4.6% increase
- State Aid = 13.25% of revenue
- Local Receipts = 5% increase
- Free Cash = \$750K per year

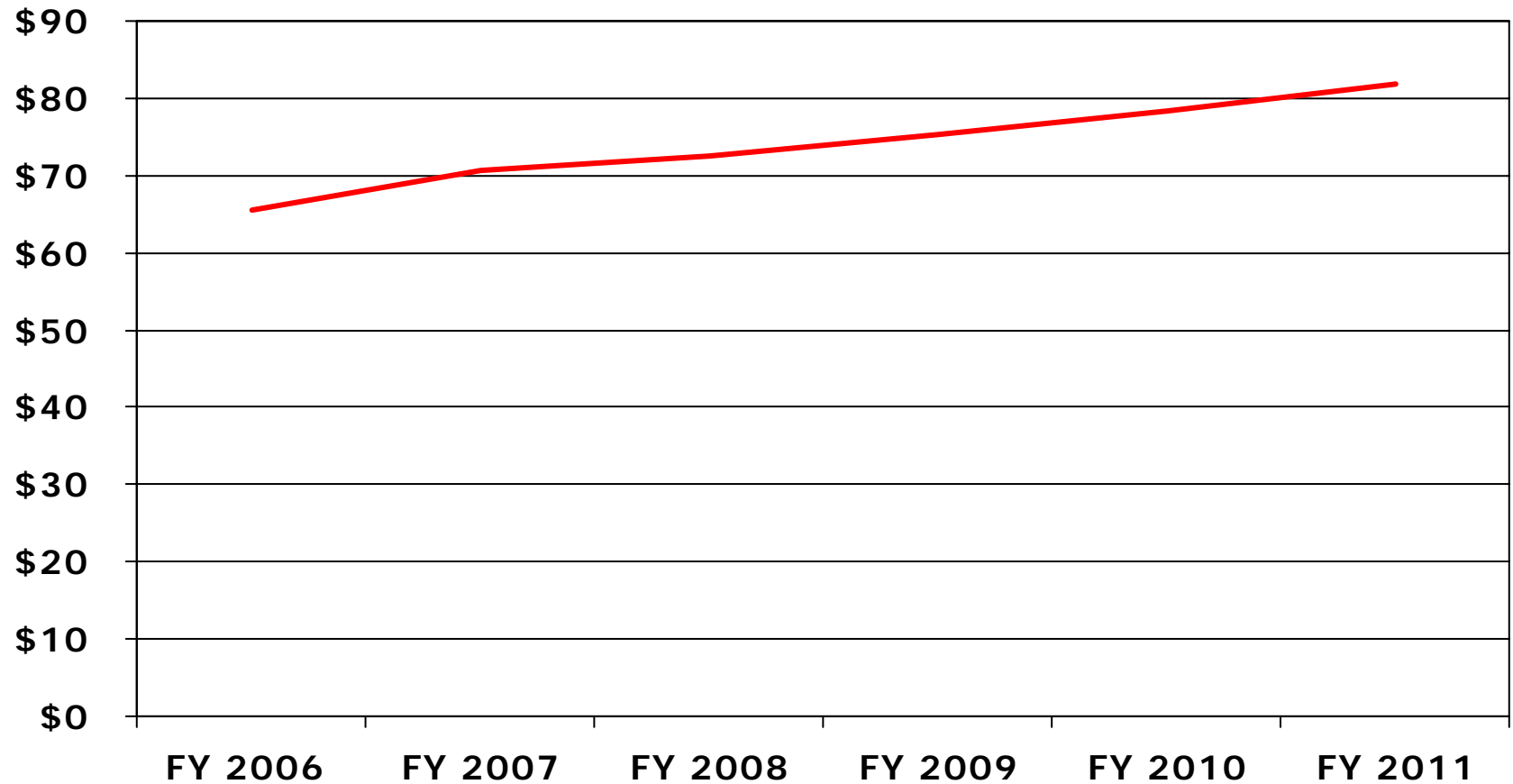
□ Expenses

- Department Head projections for level service
- 3.6% personnel costs
- 6% increase in Total Benefits

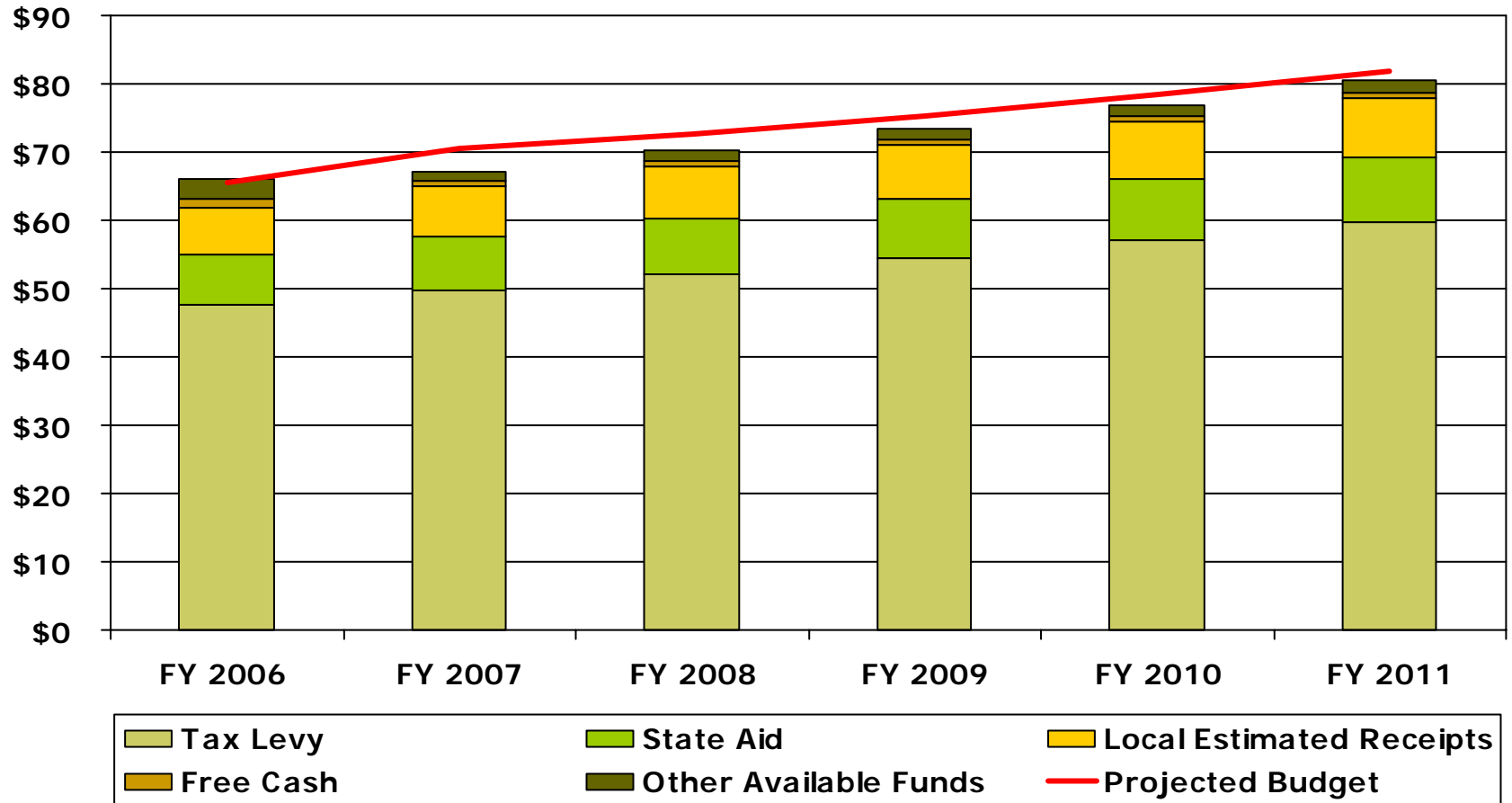
Revenue Projections – Status Quo



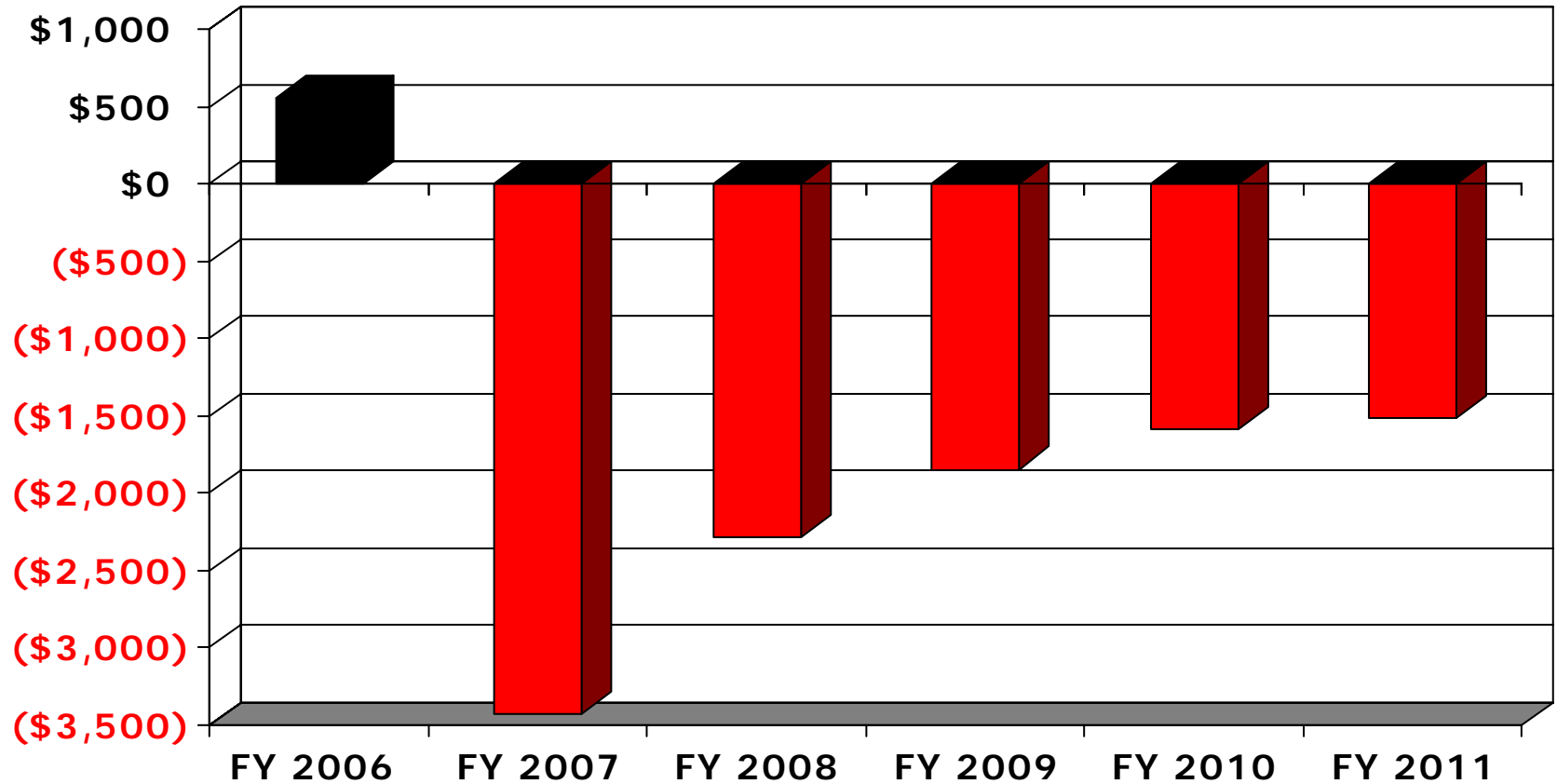
Expense Projections – Level Service



Expenses vs. Revenues



Expenses vs. Revenues, cont.



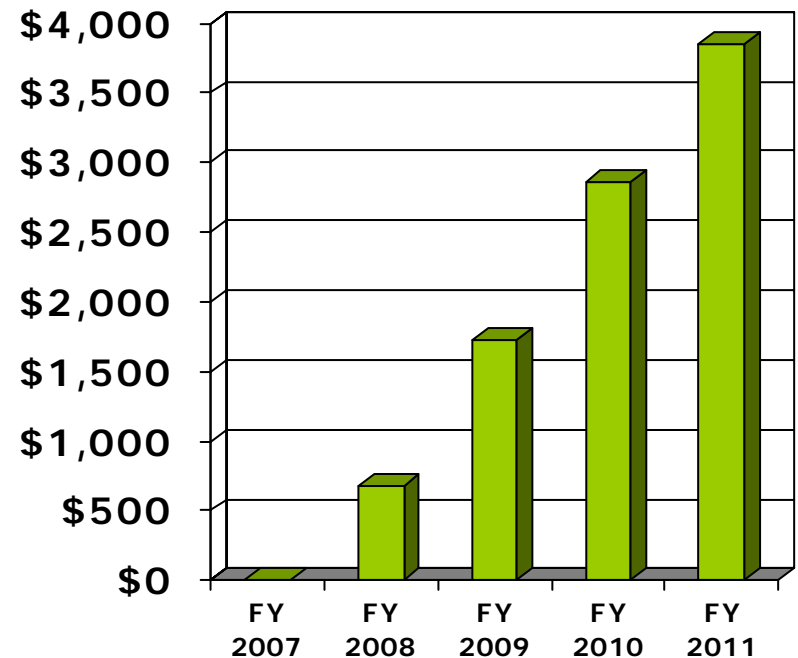
Problem!!!

- Cut from Level Service
- Do what we did last year:
 - Cuts
 - Increase revenue (raise trash fees)
- Combination of Cuts & Override
- Accept Level Service & seek full override

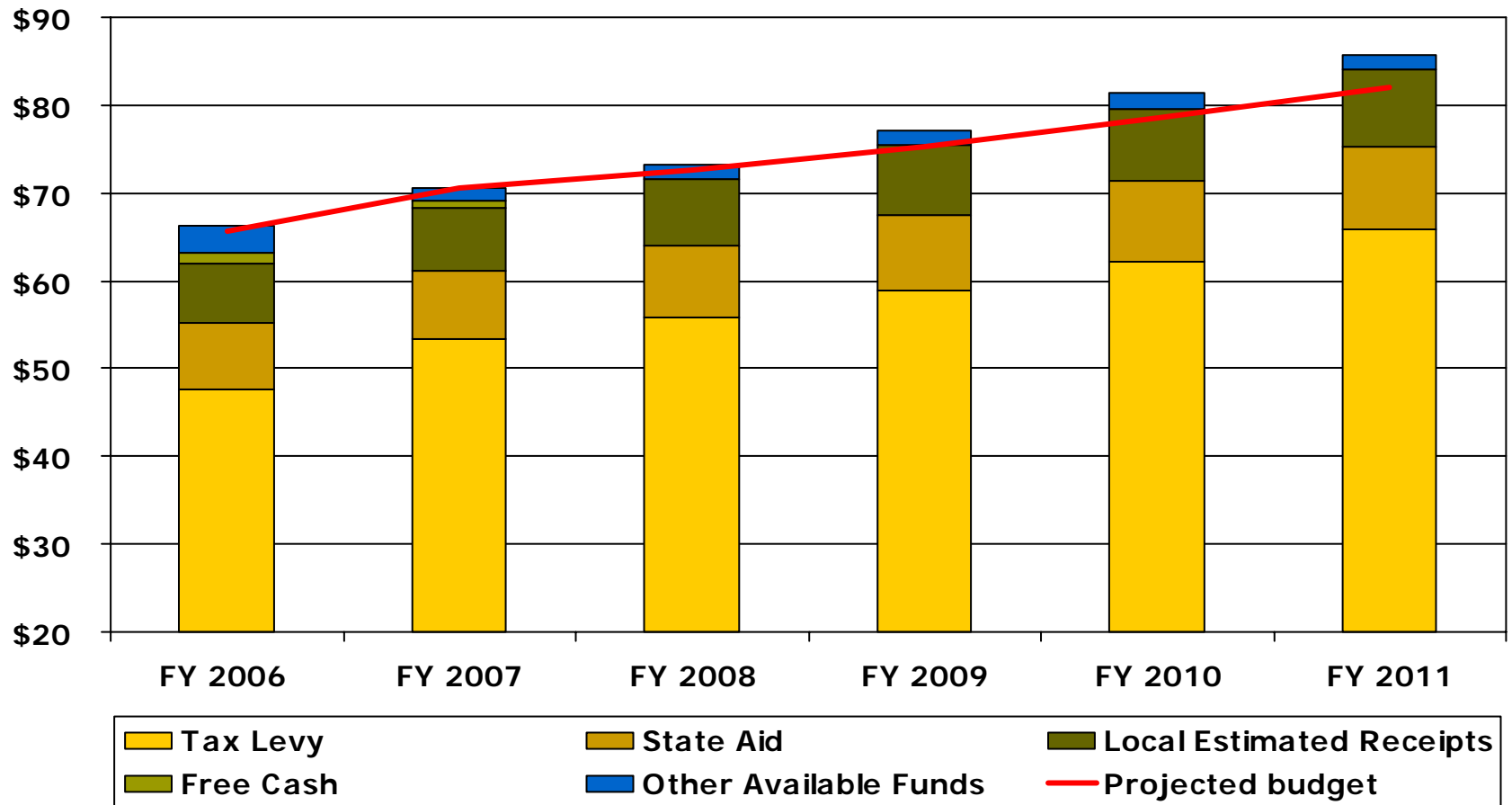
Projections with FY 07 Override

- Assumption: Continue current level of service
- Balanced FY 07 Budget
- Projected SURPLUSES FY 08 – 11
 - Budget could be balanced by keeping expected tax rate increases lower than allowed...

Expected Surpluses



Override Course Correction



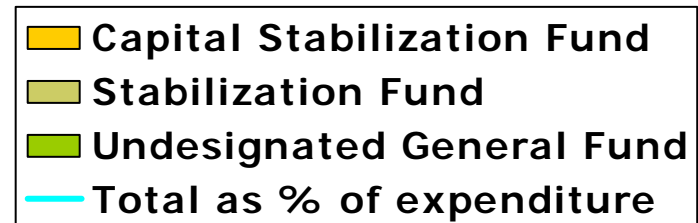
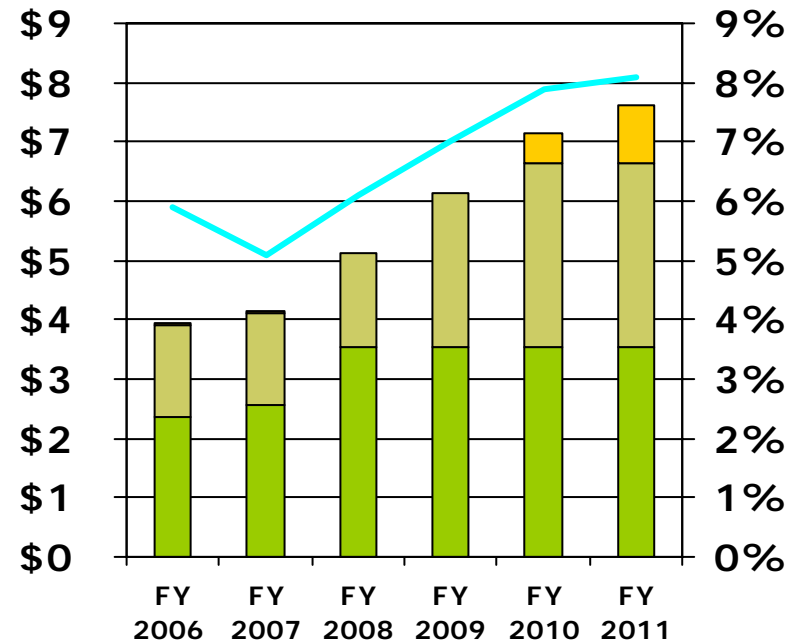
PROPOSED Policy Goal

- A simple strategic goal:
IMPROVED OVERALL CAPACITY

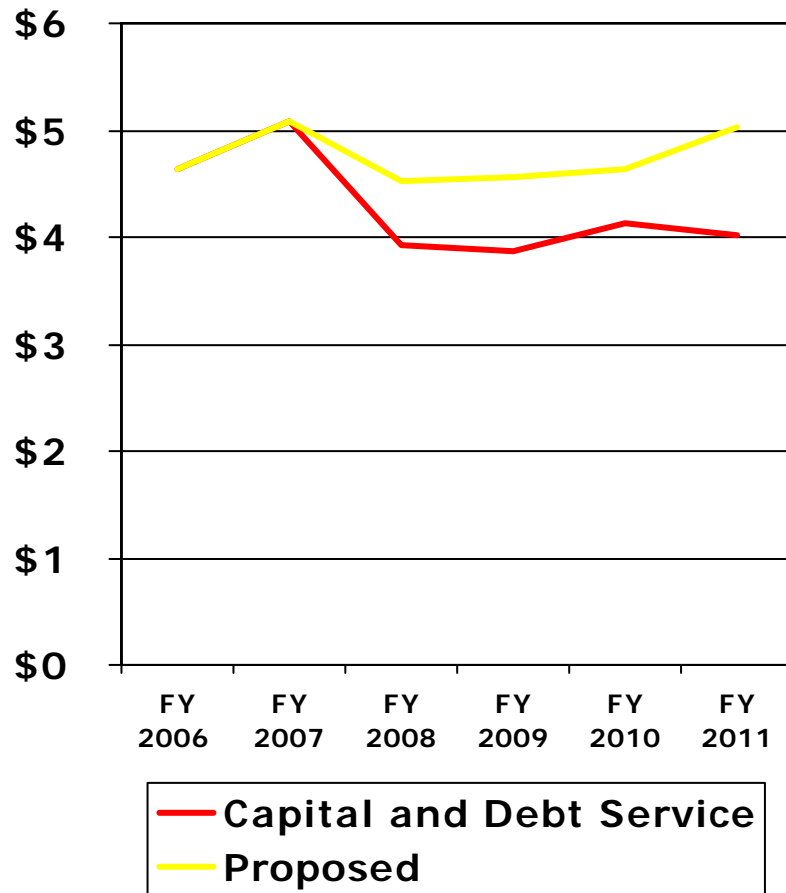
- 4 actionable objectives:
 - Achieve higher reserve levels
 - Maintain current debt service levels
 - Reduce reliance on overrides
 - Maintain current CIP tax levy percentage

Policy Goal: Improved Overall Capacity

- Objective: Achieve higher reserve levels
 - Reduce reliance on free cash for operating expenses
 - Use free cash to build reserves
 - 8% of expenditures by FY 2011



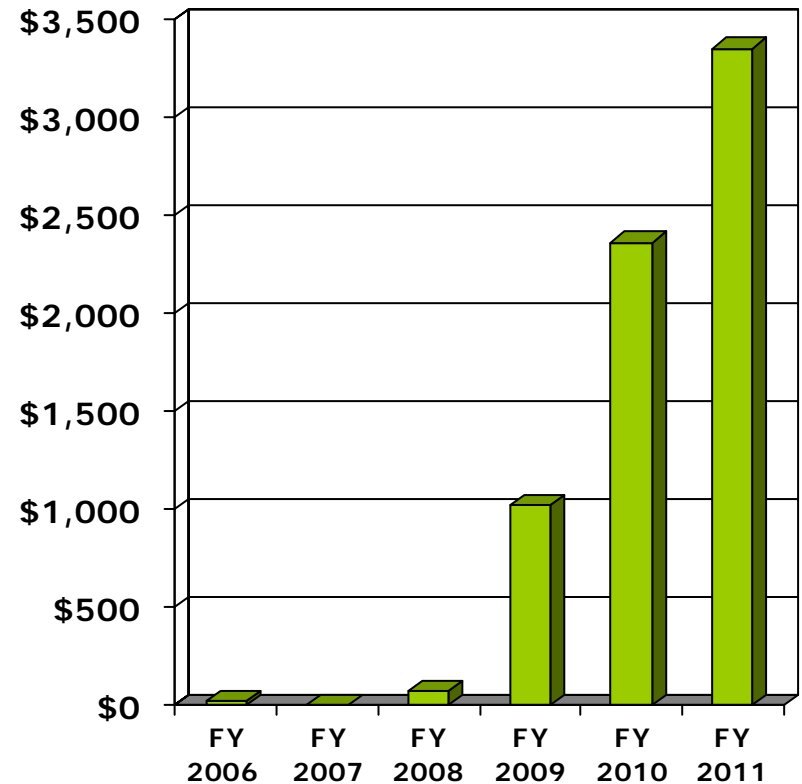
Policy Goal: Improved Overall Capacity



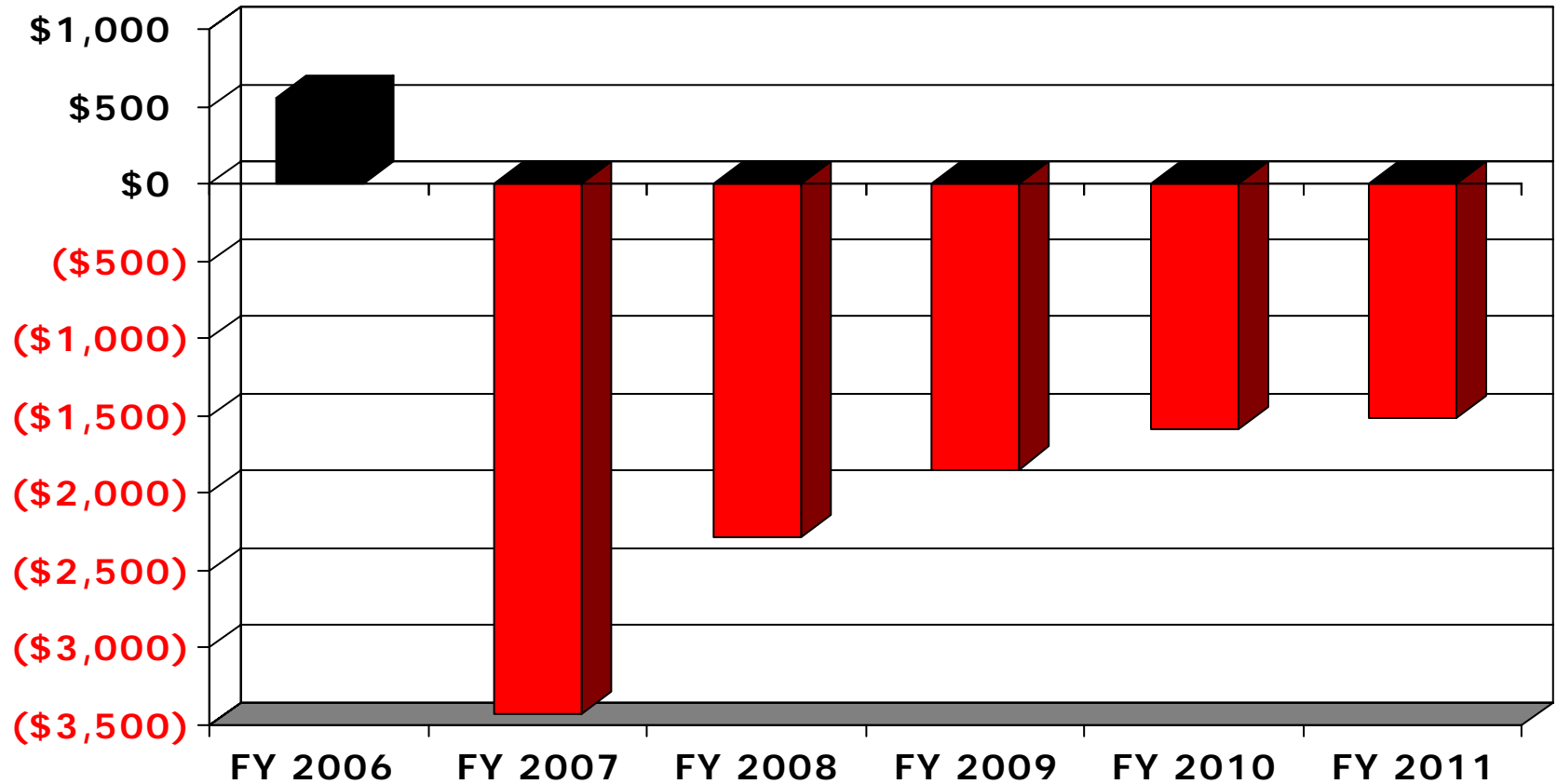
- Objective: Maintain current debt service levels
 - Integrate the CIP into the Budget
 - As Debt Service “falls,” divert \$ into capital Stabilization

Policy Goal: Improved Overall Capacity

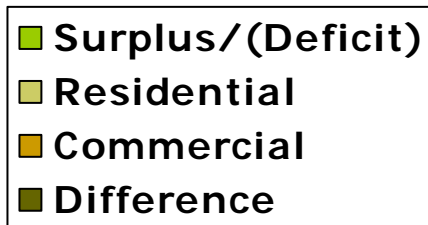
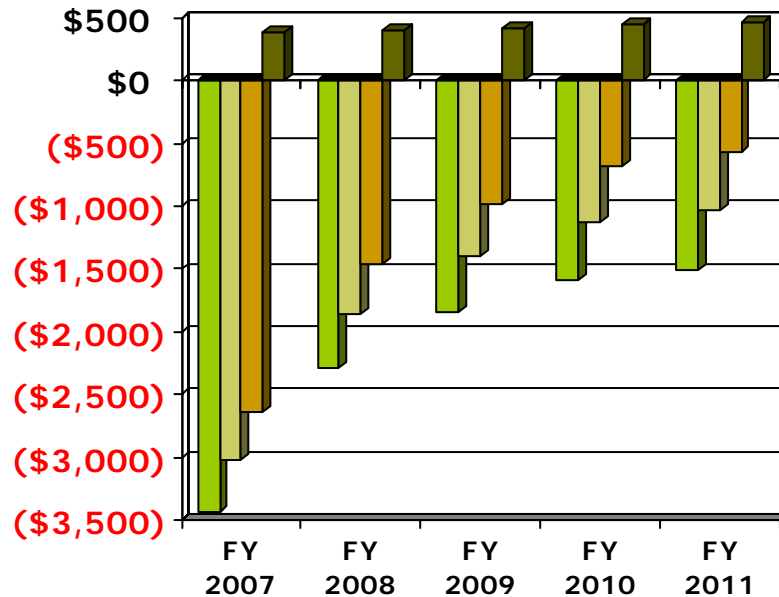
- Objective: Reduce reliance on overrides
 - Build excess levy capacity



Expenses vs. Revenues, cont.

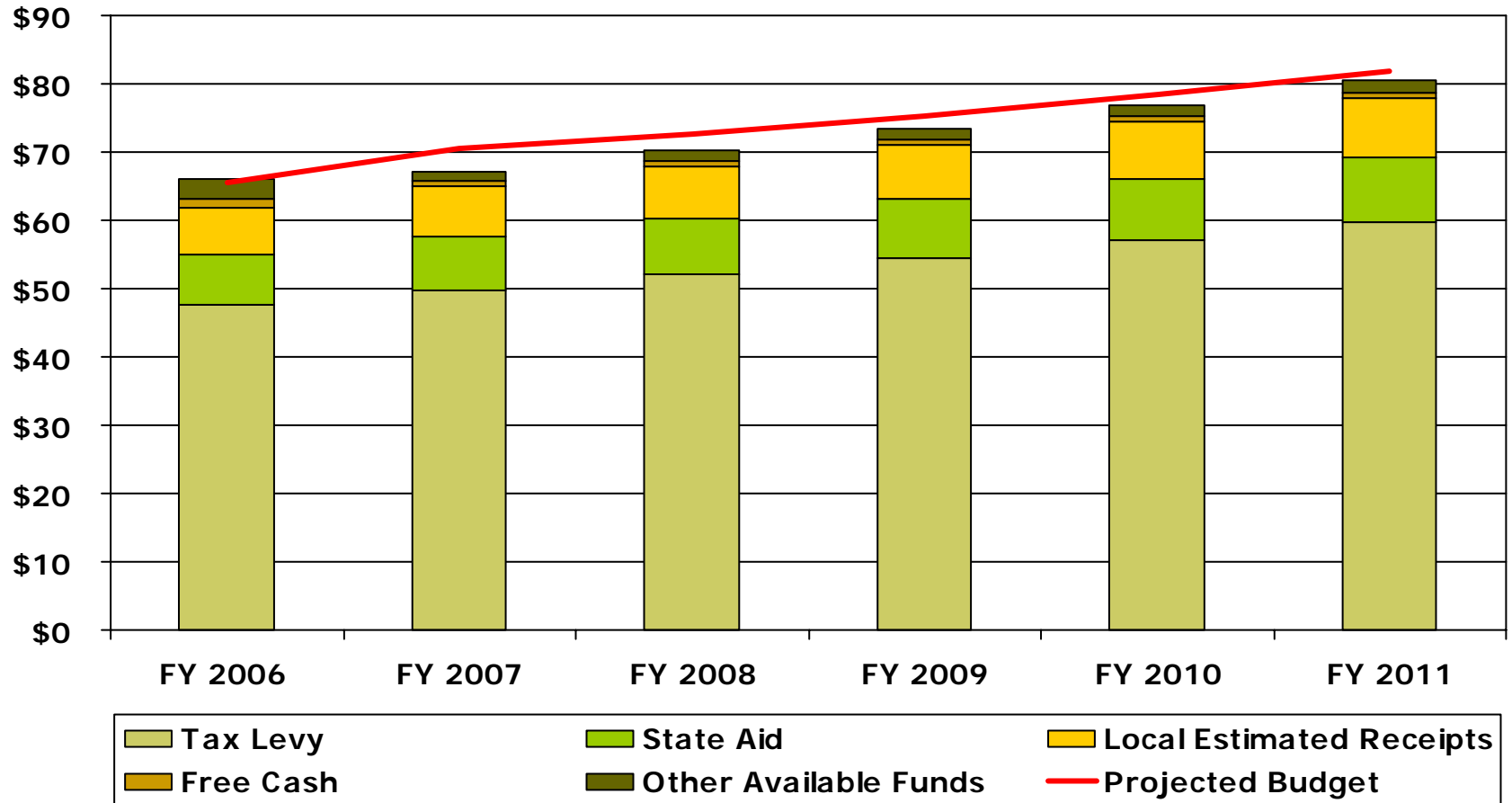


Policy Goal: Improved Overall Capacity

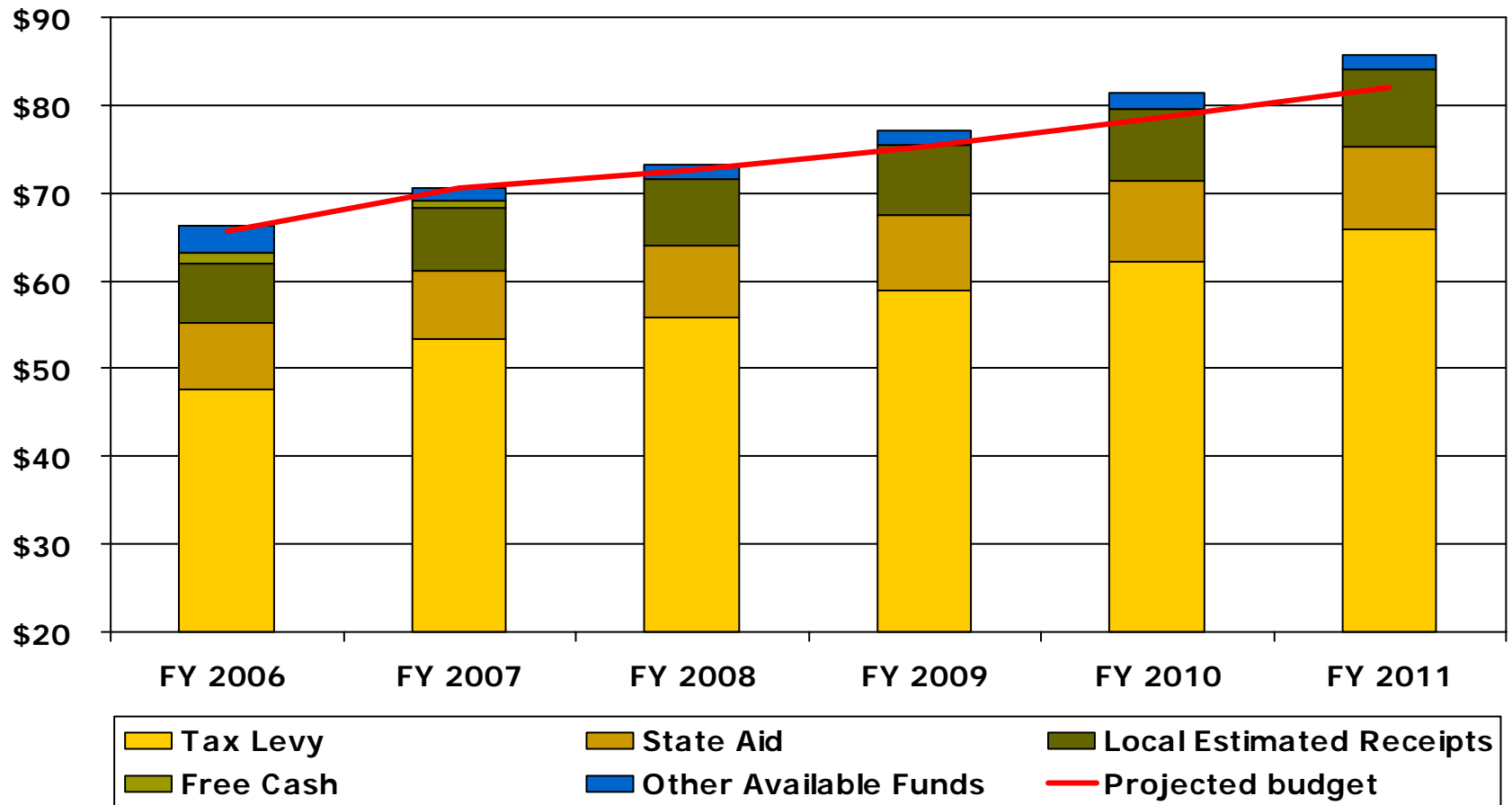


- Objective: Maintain current CIP tax levy percentage
 - Broaden Tax Base
 - \$40M New growth

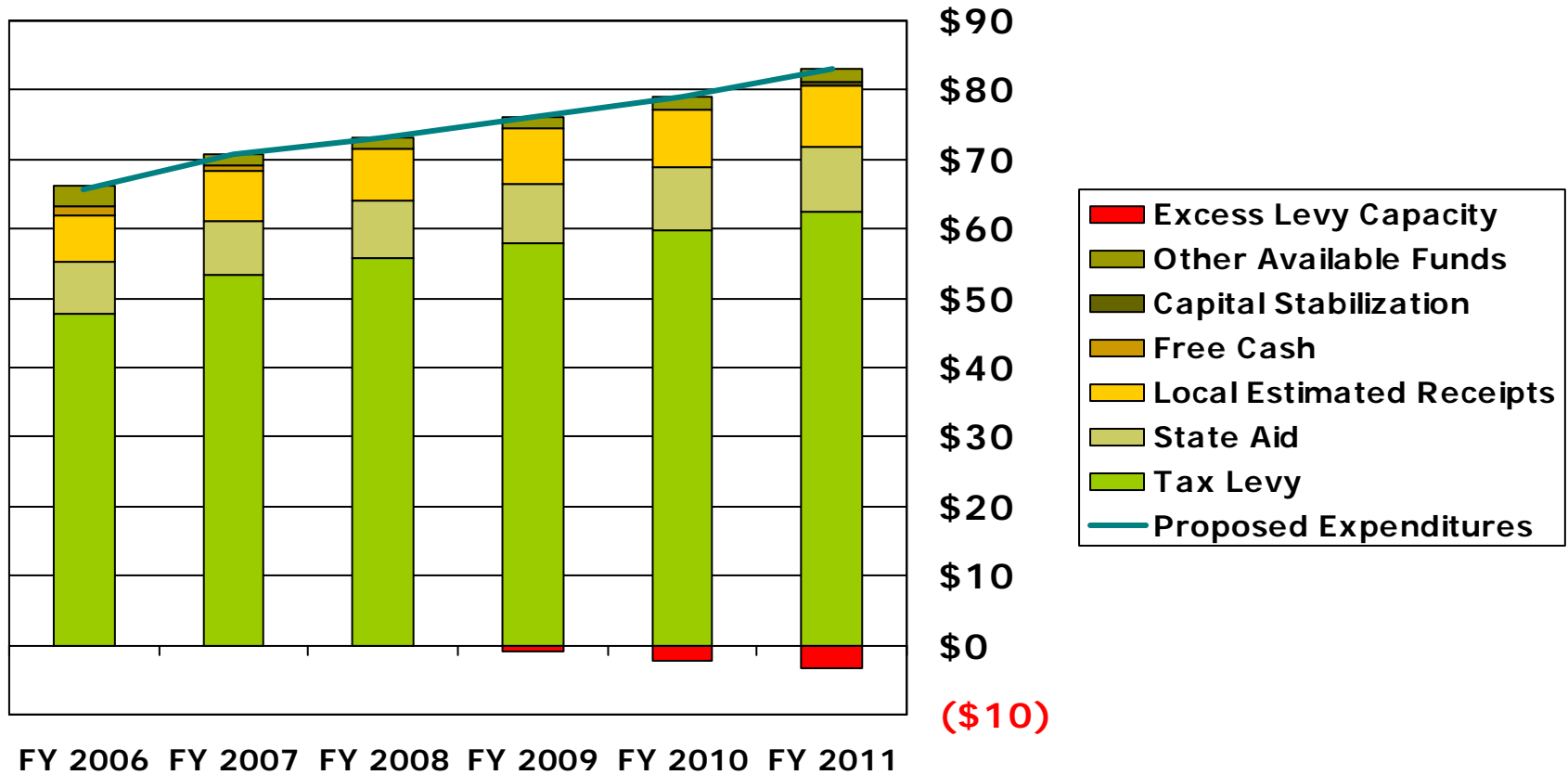
Expenses vs. Revenues Status Quo



Override Course Correction



Objectives Met



Keys to Success

- ❑ Agree upon level of service & budget to support it
- ❑ Typical annual Budget process
- ❑ DISCIPLINE: No new programs until at least 2012 without a new source of funds or cuts in existing programs
- ❑ No “robbing Peter to pay Paul”
- ❑ A successful Operating Override election for FY 2007