

Annual Town Meeting - May 2022

Articles 13 and 14 - FY23 Town/School Budget and FY24-FY28 Capital Improvements Plan and  
Finance Committee Letter to the Warrant  
Lynn Bruneau, Finance Committee Chairman

This will be a double-header - I'll talk just once to address both the Budget and the Capital Improvements Plan - Articles 13 and 14 in this year's Warrant, and also address the Finance Committee Letter printed in the Warrant.

At the recent Orleans Citizens' Forum, I was asked to present the Finance Committee viewpoint on the general override that is a key component of the FY23 Budget - so I'll use that as a starting point. As perhaps you have heard, the override is being characterized as the Nauset Regional School District (the NRSD) override.

The Finance Committee addressed this topic in our FY22 Annual Report and Letter to the Town which is printed in the Warrant, beginning on page 17. Our letter makes the point that the NRSD enrollment numbers were published and widely available in mid-October (last Fall) but the impact of the shift in the school population on the Town Budget was not recognized by Town Hall until late February, after the draft Budget had been presented to the Select Board and Fin Comm.

The shift changes the allocation of the NRSD budget - increasing the Orleans share from just over 19% of the total to just over 21% of the total - but that shift created a \$627k deficit in the Town Budget. Arguably, the shift in enrollment should have been recognized earlier, and baked into the draft Budget. But it wasn't. Thus the school district ends up looking like the Bad Guy in all of this.

In a Select Board meeting in early March or thereabouts, Kevin Galligan gallantly suggested letting the District take the hit - with a general override pinned to the District - with the rest of the Budget intact, and some spare capacity to accommodate funding for other wants and needs. The Select Board proceeded to approve the funding of 3 new full-time positions - a second mechanic for DPW, an Assistant Town Planner, and a very much-needed Assistant Facilities Manager. Total cost, with benefits, for these 3 positions is about \$285k - an amount not included in the original draft budget. The override could just as easily have been pinned to these 3 positions - rather than naming it after the school district. And of course other budget components would have to be included in the override contingent amount as well to make up the total difference.

I did some research recently - looking at the detail of a dozen overrides between May 2007 and October 2021. We've done this before - as recently as last October to help fund Universal Pre-K with a \$495k general override. Sometimes it's done w/ special Articles - and sometimes as part of the budget. Several times in the past 15 to 20 years it's been schools related - but just as often, funding for other town projects - needs and wants. Perhaps the frustration this time -

the delayed reaction from Town Hall in recognizing the need for the general override - and then seeming to pin the blame on the school district.

If you look at the Financial Summary on page 7 of the Warrant - signed by Town Administrator John Kelly - the third paragraph notes that the Financial Plan included on the next page, with FY23 Revenues and Expenditures each totaling just over \$50.5M - assumes approval of all funding articles as recommended in the Warrant. With that assumption, the anticipated tax rate for FY23 would be \$7.54 per thousand dollars of assessed valuation as noted on page 7. But that estimate had been \$7.45 in mid-January when the Budget was first presented - and could likely change after Fall Town Meeting if there are more Articles that propose further spending. The rate isn't finalized until late fall of each year.

The Financial Summary also notes that two of the main expenditure increases impacting property taxes for FY2023 are debt service payments and the NRSD general override (see - blaming the school district). But - wait - debt service payments! Take a look at the Fin Comm Letter to the Warrant on pages 17 to 20 of your Warrant. There's a chart at the bottom of page 18 that shows debt data for Orleans and some of our neighbors. Granted, this is 2020 information - but that's what is available on-line on the State databases. The data from the State shows that in FY20, Orleans was #1 in debt service per capita - per person. And #2 in the State in debt service as a percentage of the Town Budget.

But we aren't done. The Capital Improvements Plan - which is only a plan remember - not a budget, not an appropriation - only goes out 5 years. There is nothing on the CIP for the desperately needed new Fire Station. The Planning Board's Economic Development study consultants have just presented a draft report with a number of terrific ideas - many of which will require further investment. And other committees are looking at the possibility of a new or expanded library, a community center - and what to do with the Gov. Prence properties. And likely there will be further expansion of the Town's sewer system to help address nitrogen in our saltwater estuaries as well as the phosphorous in our freshwater ponds.

As noted in the Fin Comm letter to the Warrant, to move forward effectively, we need to establish well-defined responsibilities and accountabilities, with clear objectives and timelines for growth and development of our Town. We need to identify and execute revenue strategies. We need to care for and maintain the Town's assets - not just the infrastructure and buildings and facilities but also our Natural Resources and our Community. We need to set - and re-set - our priorities as the winds shift. And we absolutely need to communicate more effectively, more often, with all stakeholders - residents, businesses, Town employees, investors, visitors.

Despite our concern about the lack of a well-defined long-term capital planning process, and our concerns about the likely impact on the tax rate and the Town's debt portfolio, the Finance Committee recommends approval of the FY23 Budget and the FY24-FY28 Capital Improvements Plan - but we will continue to look for greater financial transparency from Town Hall.

Thank you.