

Section 2: Budget Overview

BALANCED BUDGET OVERVIEW

REVENUES

FY 2017
ESTIMATE

FY 2018
PROJECTED

PROPERTY TAXES

Prior Year Levy Limit	\$ 47,847,641	\$ 49,835,111
2 1/2 % Increase	\$ 1,196,191	\$ 1,245,878
New Growth (1)	\$ 791,279	\$ 550,000
TOTAL LEVY LIMIT	\$ 49,835,111	\$ 51,630,989
Debt Exclusion	\$ 3,192,620	\$ 3,166,609
TOTAL MAXIMUM LEVY LIMIT	\$ 53,027,731	\$ 54,797,598

LOCAL RECEIPTS

Motor Vehicle Excise (2)	\$ 2,405,000	\$ 2,525,000
Other Excise		
a. Meals	\$ 500,000	\$ 560,000
b. Room	\$ 110,000	\$ 230,000
c. Other (3)	\$ 100,000	\$ 105,000
Pen & Int on Tax & Exc	\$ 370,000	\$ 335,000
Payments in Lieu of Taxes	\$ 60,000	\$ 60,000
Fees (4)	\$ 460,000	\$ 425,000
Other Dept. Revenue (5)	\$ 55,000	\$ 55,000
Licenses and Permits (6)	\$ 710,000	\$ 860,000
Fines & Forfeits (7)	\$ 10,000	\$ 10,000
Investment Income	\$ 45,000	\$ 50,000
Medicaid Reimbursement	\$ 85,000	\$ 100,000
Miscellaneous Recurring (8)	\$ 128,000	\$ 138,000
Miscellaneous Non-Recurring	\$ -	\$ -
TOTAL LOCAL RECEIPTS	\$ 5,038,000	\$ 5,453,000

STATE AID (9)

Cherry Sheet Receipts	\$ 7,470,856	\$ 7,644,168
Less Offsets	\$ (2,549,376)	\$ (3,135,034)
Less Charges and Assessments	\$ (668,077)	\$ (568,941)
TOTAL NET STATE AID	\$ 4,253,403	\$ 3,940,193

RESERVE FOR ABATEMENT (10)

\$ (373,763)	\$ (150,000)
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TOTAL REVENUE

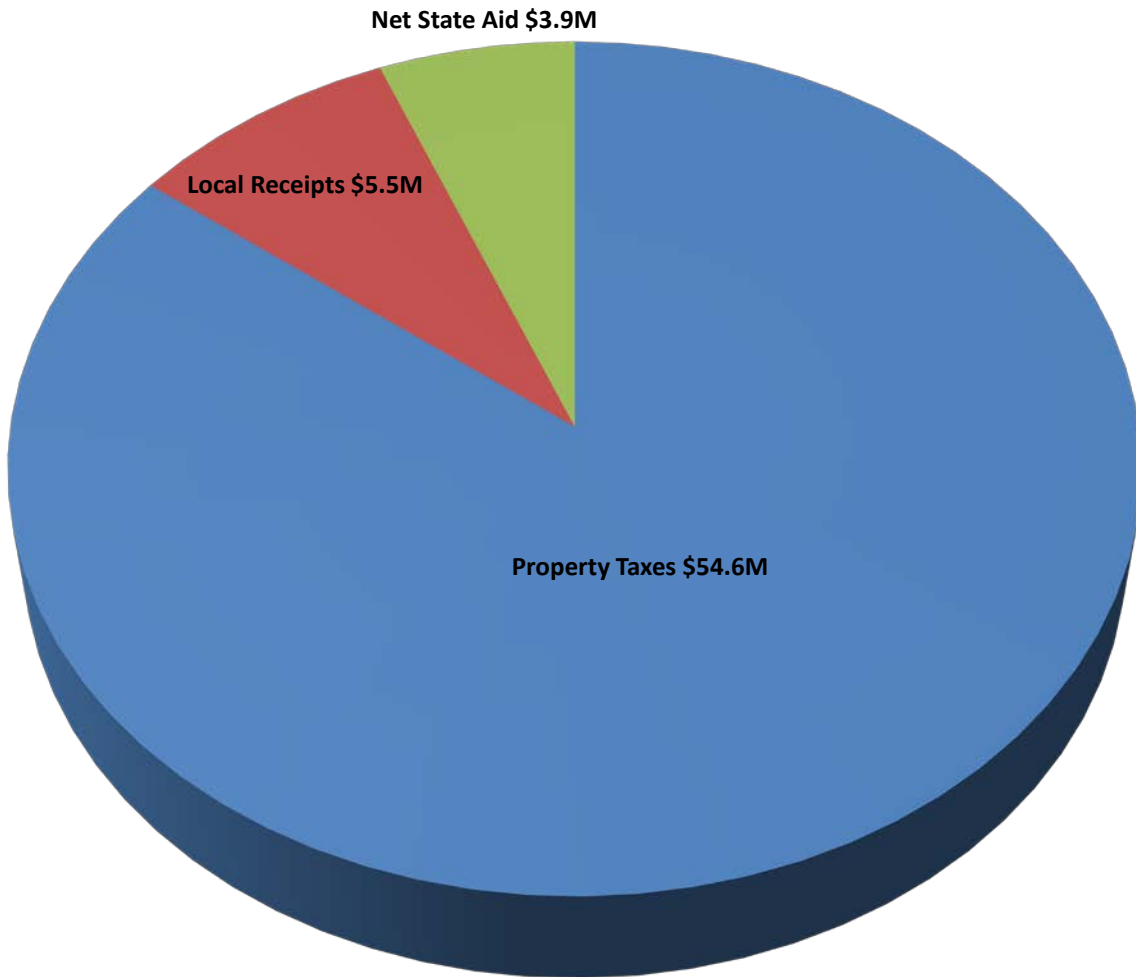
\$ 61,945,371	\$ 64,040,791
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(1) estimated FY2018 New Growth; (2) motor vehicle excise tax bills; (3) urban redevelopment excise tax (MGL Ch. 121A); (4) municipal liens, off duty fees, registry fees, tax title, fire alarm box fees, inspection fees; (5) copies/recordings, zoning/ordinances, business certificates; (6) building, dogs, utility, fire, etc.; (7) court, police; (8) police incident/accident, cell tower lease payments, animal control, veterans' services, FWS refuge revenue sharing; (9) based on FY2018 House Ways & Means Budget; (10) based on Assessor's estimate.

EXPENDITURES

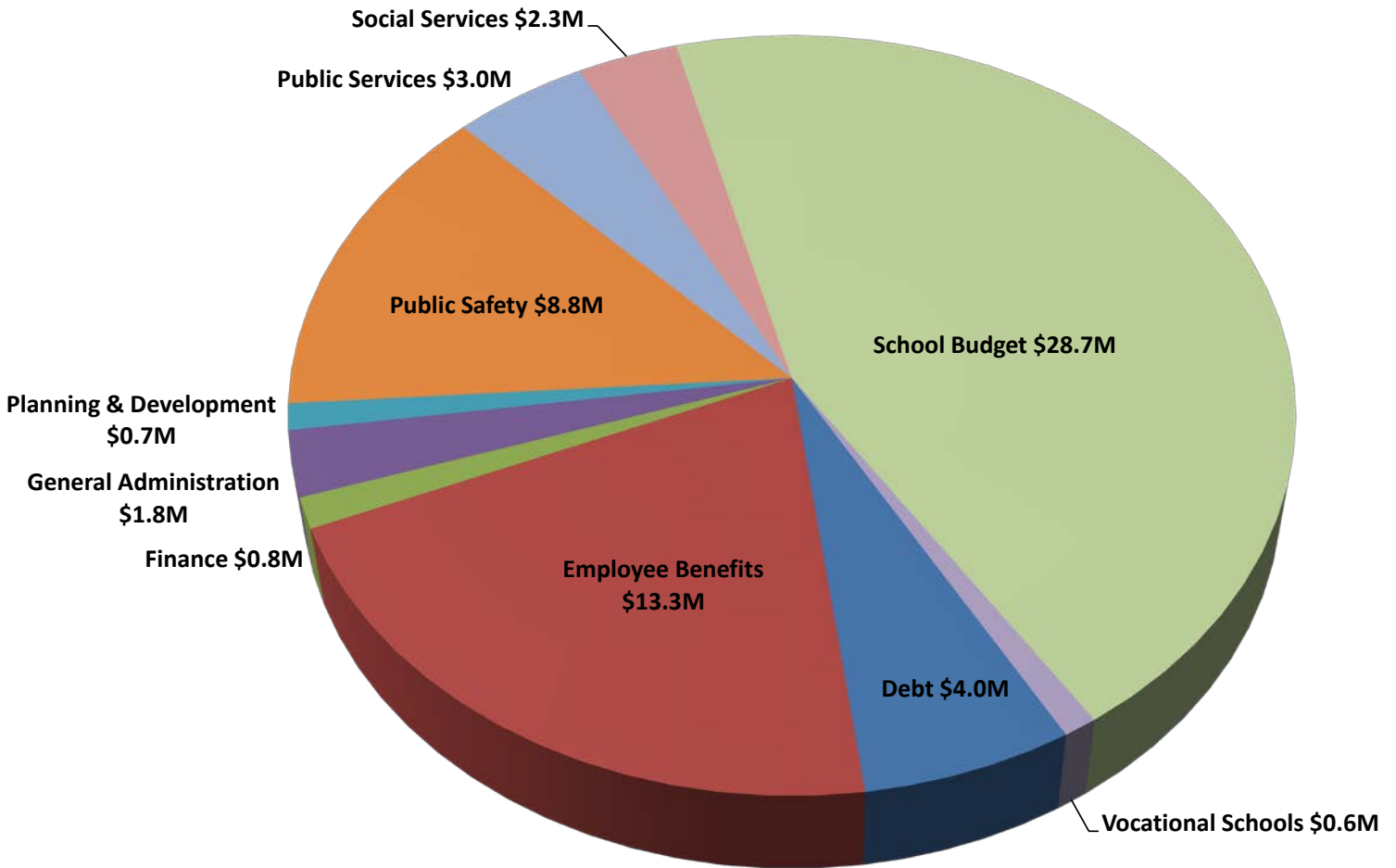
	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2018 ADOPTED	\$ CHANGE	% CHANGE
GENERAL FUND						
CITY SERVICES						
001 - PERSONNEL SERVICES	21,883,197	23,234,558	25,008,455	26,038,040	1,029,585	4.1%
002 - PURCHASE OF SERVICES	3,712,512	3,301,665	3,284,037	3,292,666	8,629	0.3%
004 - SUPPLIES	500,117	460,612	497,030	457,140	(39,890)	-8.0%
007 - OTHER CHARGES & EXPENSES	667,545	665,221	578,683	598,830	20,146	3.5%
008 - CAPITAL OUTLAY	369,228	351,037	331,740	354,287	22,547	6.8%
009 - DEBT SERVICE	3,286,866	3,715,056	4,108,840	3,986,891	(121,949)	-3.0%
CITY SERVICES Total	30,419,464	31,728,150	33,808,785	34,727,854	919,069	2.7%
EDUCATION						
002 - PURCHASE OF SERVICES	23,592,892	26,738,728	27,884,600	29,292,850	1,408,250	5.1%
EDUCATION Total	23,592,892	26,738,728	27,884,600	29,292,850	1,408,250	5.1%
GENERAL FUND Total	54,012,356	58,466,878	61,693,385	64,020,704	2,327,319	3.8%
HARBORMASTER ENTERPRISE FUND						
001 - PERSONNEL SERVICES	198,321	225,586	249,164	268,039	18,875	7.6%
002 - PURCHASE OF SERVICES	27,687	27,565	42,900	50,050	7,150	16.7%
004 - SUPPLIES	12,310	14,856	18,200	18,700	500	2.7%
007 - OTHER CHARGES & EXPENSES	3,255	3,415	6,075	11,000	4,925	81.1%
008 - CAPITAL OUTLAY	30,000	23,052	50,000	50,000	0	0.0%
009 - DEBT SERVICE	0	11,768	64,375	70,041	5,666	8.8%
HARBORMASTER ENTERPRISE FUND Total	271,573	306,242	430,714	467,830	37,116	8.6%
SEWER ENTERPRISE FUND						
001 - PERSONNEL SERVICES	1,926,993	1,974,894	2,206,831	2,227,056	20,226	0.9%
002 - PURCHASE OF SERVICES	1,267,905	1,145,647	1,304,717	1,326,920	22,204	1.7%
004 - SUPPLIES	215,243	229,365	302,868	315,978	13,110	4.3%
007 - OTHER CHARGES & EXPENSES	28,471	50,942	73,900	79,375	5,475	7.4%
008 - CAPITAL OUTLAY	158,395	260,557	266,000	275,000	9,000	3.4%
009 - DEBT SERVICE	2,223,931	2,216,540	2,230,275	2,836,325	606,050	27.2%
SEWER ENTERPRISE FUND Total	5,820,939	5,877,944	6,384,591	7,060,654	676,064	10.6%
WATER ENTERPRISE FUND						
001 - PERSONNEL SERVICES	1,765,076	1,829,441	2,050,968	2,094,011	43,042	2.1%
002 - PURCHASE OF SERVICES	690,066	726,045	786,601	887,251	100,650	12.8%
004 - SUPPLIES	171,347	160,982	212,747	186,147	(26,600)	-12.5%
007 - OTHER CHARGES & EXPENSES	65,880	81,004	88,220	93,724	5,504	6.2%
008 - CAPITAL OUTLAY	124,442	161,516	150,000	161,000	11,000	7.3%
009 - DEBT SERVICE	1,672,649	1,829,541	1,854,876	1,685,738	(169,138)	-9.1%
WATER ENTERPRISE FUND Total	4,489,461	4,788,528	5,143,412	5,107,870	(35,542)	-0.7%
Grand Total	64,594,329	69,439,592	73,652,102	76,657,058	3,004,957	4.1%

FISCAL YEAR 2018 REVENUE SOURCES



Gross Revenue	\$67,894,766
Less: Offsets/Cherry Sheet Assessments	-\$3,703,975
Less: Reserve for Abatements	-\$150,000
Net General Fund Revenue	\$64,040,791

FISCAL YEAR 2018 EXPENDITURES



Projected General Fund Revenue	\$64,040,791
Adopted General Fund Budget	\$64,020,704
Remaining Revenue	\$20,087

REVENUE SUMMARY

The City's General Fund revenue (excluding Water & Sewer Enterprise and Harbormaster Enterprise Funds) is divided into four main categories: property taxes, state aid, local receipts and available funds.

Property Taxes

Property taxes are the single largest revenue source for the City and provided approximately 85% of the General Fund budget revenue in Fiscal Year 2017 and will provide approximately the same amount of revenue in Fiscal Year 2018.

Property taxes are levied on real property (land & buildings) and personal property (equipment) used by Newburyport's non-manufacturing business firms. In accordance with State law, the City Assessor determines the value of all real and personal property, which is revalued at fair market value on an annual basis. Newburyport went through a full revaluation in FY2017.

Proposition 2 ½, enacted in 1980, sets a limit on the entire tax levy for a municipality; specifically that the total tax levy cannot exceed 2 ½ percent of the total assessed value for the municipality. This limit is known as the "levy ceiling." Additionally, annual levy increases may not exceed 2 ½ percent more than the previous year's levy plus the taxes from any new growth value that arise from properties that are added to the tax rolls. Any Proposition 2 ½ override or debt exclusion amounts approved by referendum are also added to the levy limit.

Property taxes are expected to increase in FY2018 by approximately \$1.8 million, to \$54,797,598. This increase includes the allowable 2.5% increase of \$1,245,878 plus an estimated \$550,000 from projected new growth and excluded debt service totaling \$3.2 million. The City continues to maintain a very conservative approach to new growth projections since aggressive projections can have a negative impact on future reserve balances. Specifically, new growth revenue is derived from new development and substantial alterations to existing properties, both of which are influenced by economic factors of the private sector predominantly outside of the control of City officials.

Local Receipts

The second largest source of revenue for the General Fund budget is Local Receipts, which includes a variety of fees, local options, permits, fines and license-related monies that the City receives, as well as interest that is earned on investments or overdue tax bills. The FY2018 projected local receipts are \$5,453,000, a year-over-year increase of 8.2%, or \$415,000, compared to the last year's revenue estimate. The projected increase is mainly driven by an uptick in motor vehicle excise tax receipts by \$120,000, an increase meals tax collections by \$60,000, an increase in rooms tax collections by \$120,000 and an additional \$150,000 in license and permit revenue.

Despite the notable increases in this category, the City remains conservative with its local receipts projection. It is important to note that fees generated from the paid parking are not included in the general fund budget, but are deposited into the Paid Parking Revolving Fund and are earmarked for downtown parking and infrastructure needs.

State Aid

State Aid is Newburyport's third largest revenue source. The FY2018 proposed budget is built upon the FY2018 House Ways and Means (HWM) Budget proposal. Based on the HWM FY2018 budget proposal, we are currently projecting a net state aid appropriation of \$3,940,193, a 7.4%, or \$313,210 decrease from FY2017. Newburyport's projected net state aid represents 6% of the projected general fund revenue sources for FY2018.

Included in the net state aid package, the City is projected to receive \$3,923,142 in Chapter 70 funding, which is local aid earmarked to support the operations of public school districts. Newburyport is also the home of a charter school, which continues to have a substantial impact on the City's net state aid appropriations. Consequently, the City is charged an assessment, "Charter School Sending Tuition," on the Cherry Sheet to offset the cost of students who attend the charter school. This assessment will equal approximately \$2,315,790 in FY2018, which is partially offset by \$293,268 in Charter Tuition Reimbursements. This amount will continue to change as final tuition rates are determined.

Historically, one of the most important state aid receipts is Unrestricted General Government Aid (UGGA). UGGA is local aid that Cities and Towns can appropriate at their discretion to offset the costs of municipal operations. Based on the House budget, Newburyport is projected to see an increase in UGGA, in line with state revenue growth. Specifically, the House budget funds Newburyport's FY2018 UGGA allocation at \$2,547,869, representing an increase of 3.9%, or \$95,367, from FY2017.

Taken as a whole, even though Newburyport did see modest increases in Chapter 70 and UGGA funding, these increases were surpassed by upward adjustments on the assessments side, most notably Charter School Sending Tuition, as shown on page 30, resulting in the overall 7.4% decrease to the City's state aid package.

Reserves

Another category of revenue for the City includes funds that are in Special Revenue funds, certified Free Cash available for appropriation and the City's stabilization fund. The City, as policy, maintains a stabilization fund balance equal to or greater than 5% of operating revenues. The City has "borrowed" funds from the stabilization fund in previous fiscal years, most recently in FY2010 and FY2011, to balance the budget; we will not need to do this to support the FY2018 budget.

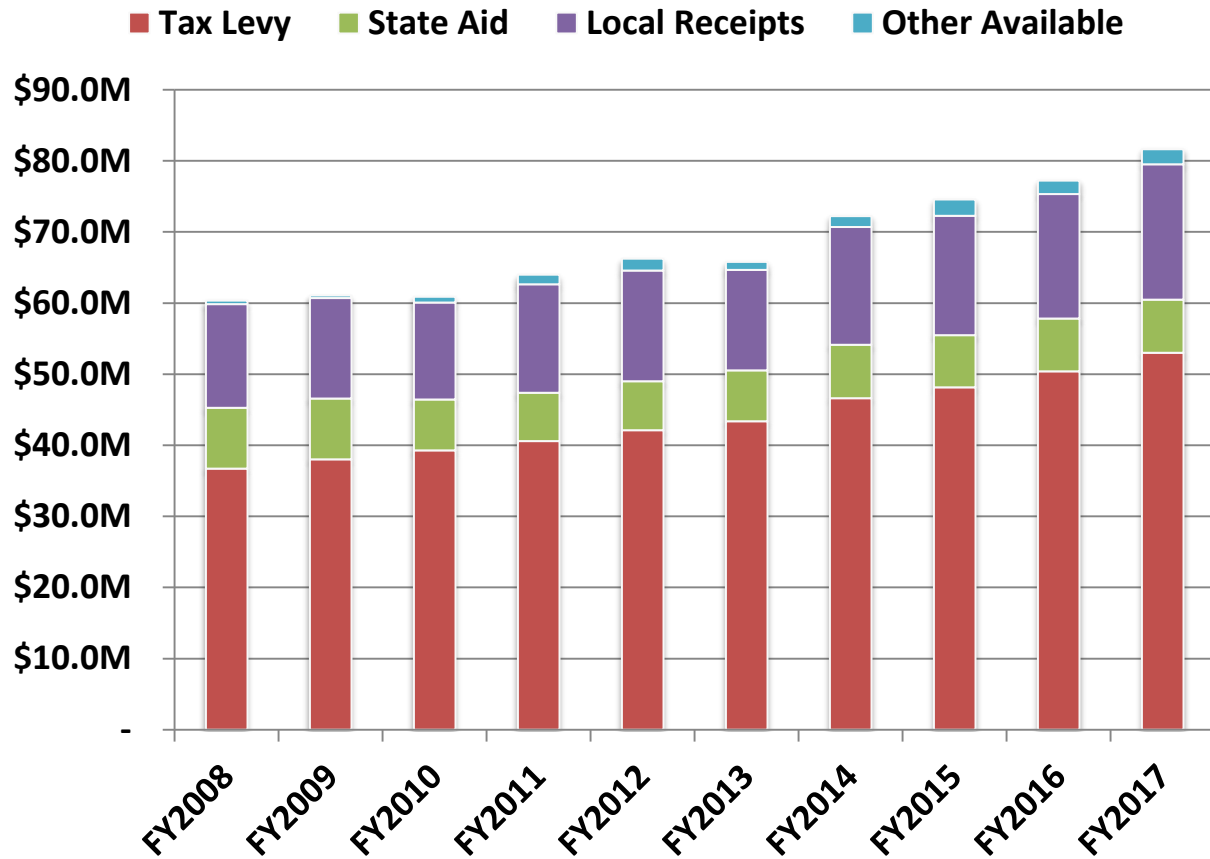
Similarly, while Free Cash was used in both FY2011 and FY2012 to balance the operating budget, FY2013 through FY2017 represented a positive trend in the City's fiscal health as we balanced the budget without using any reserves. Consistent with the budget goals and the City's Free Cash policy,

the City will not use any reserves to balance the FY2018 general fund budget. Doing so will allow the City to continue to make greater investments in capital, while supporting the growth of its reserve balances. For more information regarding the City's Free Cash policy, please refer to the Financial Policies and Objectives, found in Section 13.

Grants

Identifying and securing grant funding has allowed the City to make important investments in recent years, without passing the financial burden onto the Newburyport tax and fee payers. The table found in Exhibit F "Grant Funding Opportunities" illustrates that continued commitment. In FY2017 alone, the City applied for over 58 grants totaling over \$4.2 million, thanks in large part to the creativity and aggressiveness of Grant Writer, Nancy London, in collaboration with department heads in applying for these alternative funding sources. Of the \$4.2 million, the City was awarded \$1.8 million, is waiting to hear back on \$1.3 million and was passed on \$1.1 million in potential funding opportunities. The funding includes a combination of monetary contributions, as well as, in-kind technical assistance and consulting services.

Exhibit A: Revenue by Source



Revenues by Source (\$ thousands)										
Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Tax Levy	36,713	38,009	39,291	40,575	42,107	43,354	46,618	48,132	50,415	53,025
State Aid	8,530	8,582	7,126	6,797	6,873	7,157	7,492	7,362	7,395	7,471
Local Receipts	14,585	14,096	13,670	15,268	15,570	14,146	16,575	16,768	17,533	19,032
Other Available	532	377	808	1,328	1,673	1,142	1,554	2,304	1,875	2,088
Total	60,360	61,064	60,895	63,968	66,223	65,800	72,238	74,565	77,219	81,616
<i>Percent of Total</i>										
Tax Levy	60.8%	62.2%	64.5%	63.4%	63.6%	65.9%	64.5%	64.6%	65.3%	65.0%
State Aid	14.1%	14.1%	11.7%	10.6%	10.4%	10.9%	10.4%	9.9%	9.6%	9.2%
Local Receipts	24.2%	23.1%	22.5%	23.9%	23.5%	21.5%	22.9%	22.5%	22.7%	23.3%
Other Available	0.9%	0.6%	1.3%	2.1%	2.5%	1.7%	2.2%	3.1%	2.4%	2.6%

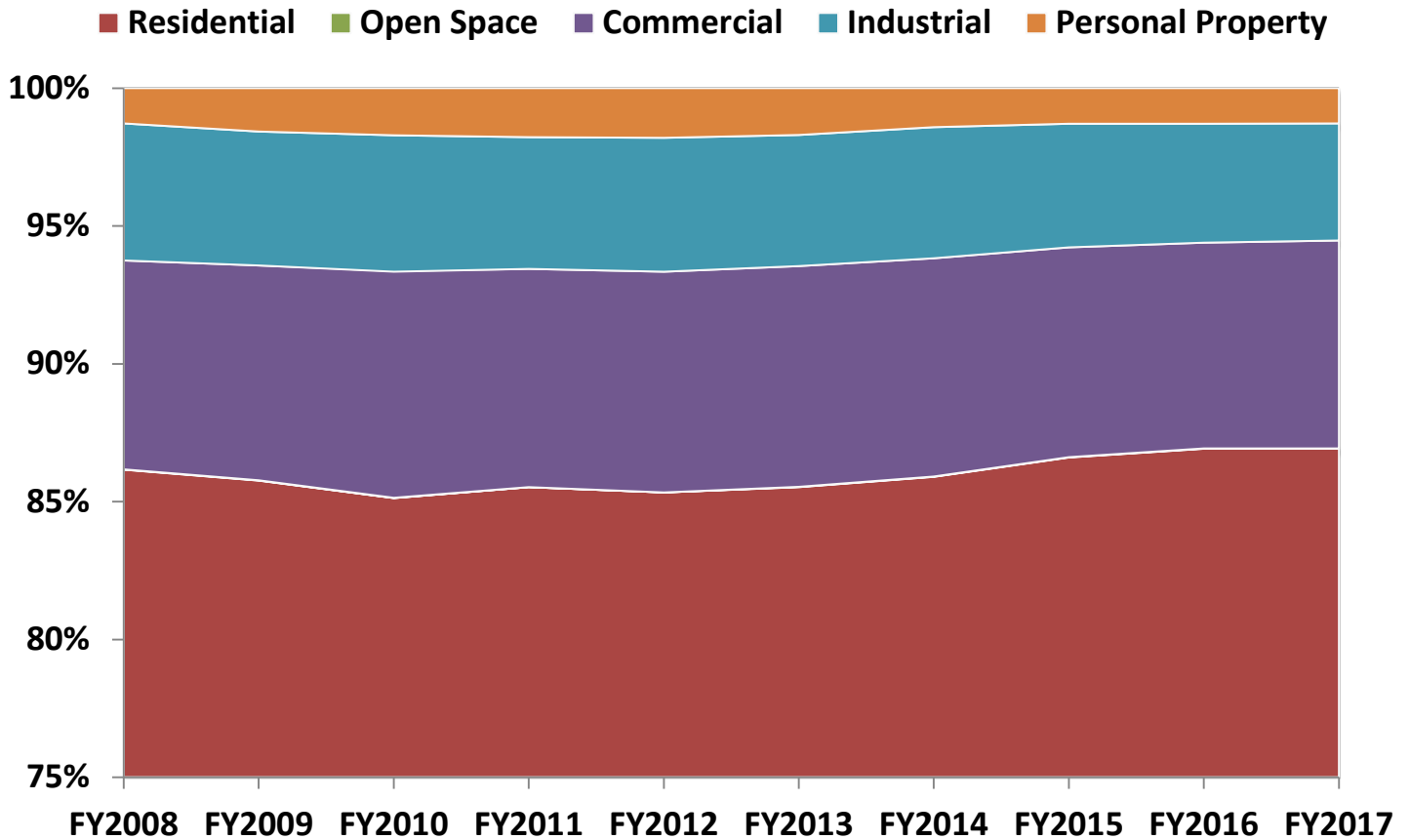
Tax Levy: Real and personal property tax levy

State Aid: State Aid Receipts (Gross)

Local Receipts: Local fees/charges, Enterprise Fund receipts and Community Preservation funds

Other Available: Free Cash appropriated during the year and transfers from other available funds

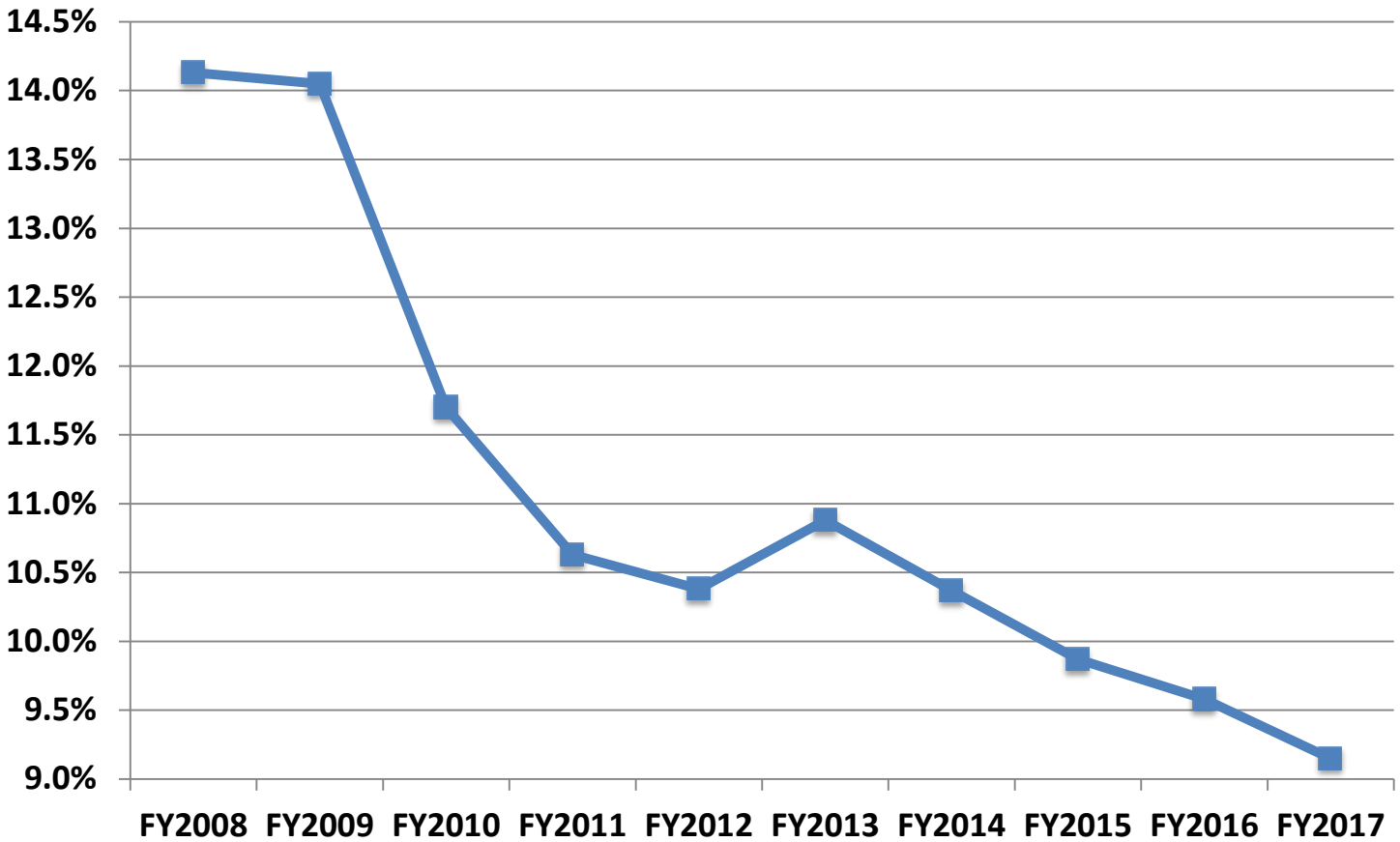
Exhibit B: Tax Levy % by Class



Assessed Values (\$ millions)										
Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Residential	3,122	2,982	2,868	2,875	2,807	2,784	2,828	3,125	3,273	3,427
Open Space	0	0	0	0	0	0	0	0	0	0
Commercial	275	271	277	266	263	261	261	275	281	297
Industrial	180	169	166	160	160	155	157	162	163	167
Personal Property	47	55	58	60	59	55	47	47	49	51
Total	3,624	3,477	3,370	3,362	3,290	3,255	3,292	3,608	3,765	3,942

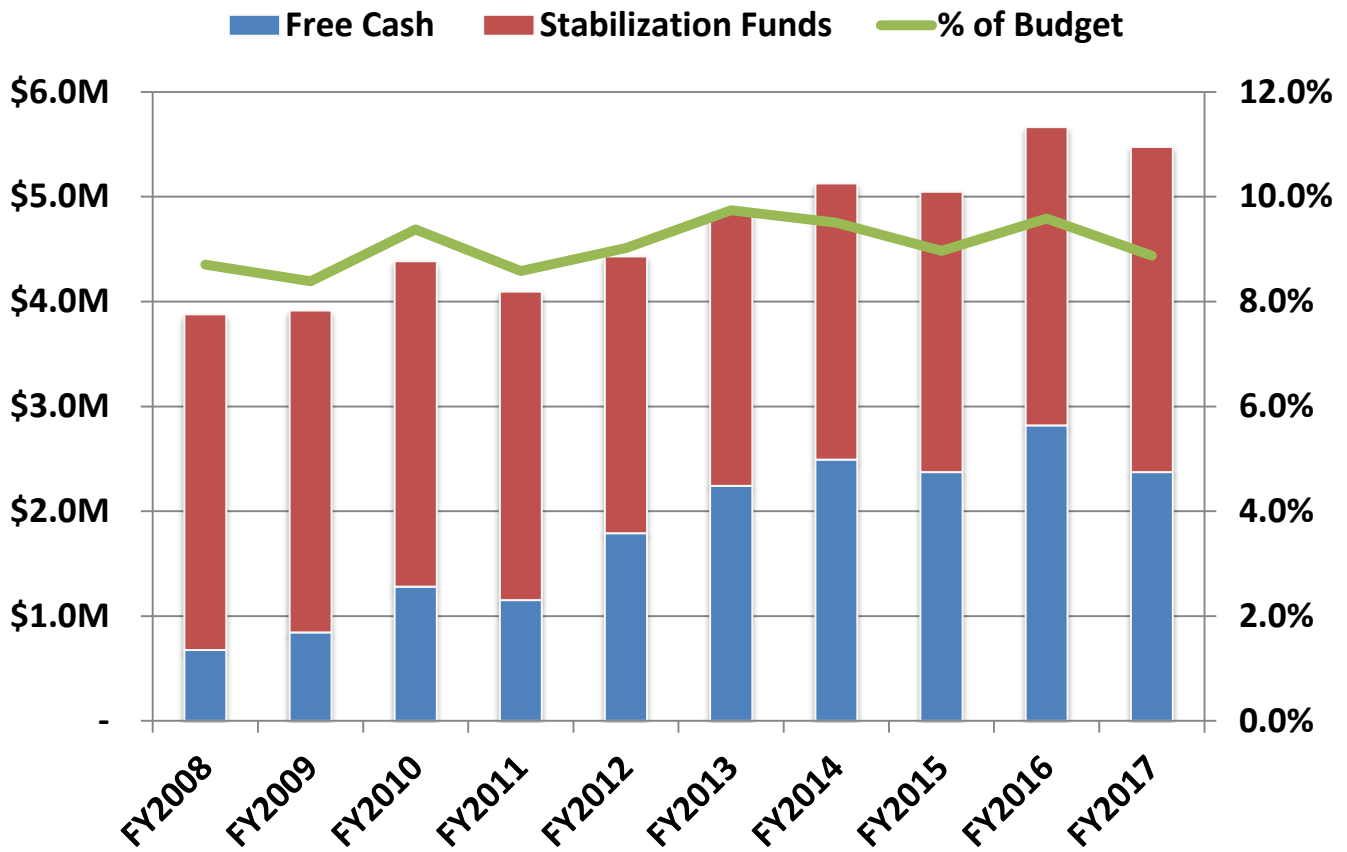
Tax Levy (\$ thousands)										
Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Residential	31,630	32,597	33,447	34,701	35,928	37,079	40,045	41,682	43,822	46,092
Open Space	3	4	4	3	3	3	3	3	3	3
Commercial	2,786	2,961	3,232	3,212	3,372	3,472	3,692	3,668	3,765	3,998
Industrial	1,821	1,849	1,935	1,937	2,045	2,063	2,218	2,156	2,176	2,249
Personal Property	472	597	674	723	760	737	660	622	650	682
Total	36,713	38,009	39,291	40,575	42,107	43,354	46,618	48,132	50,415	53,025

Exhibit C: State Aid as % of Total Revenue



Cherry Sheet Aid (\$ thousands)										
Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Education Aid	4,834	4,855	4,580	4,279	4,505	4,557	3,772	4,717	4,663	4,656
General Government	3,696	3,727	2,661	2,518	2,368	2,600	2,655	2,645	2,732	2,815
<i>Total Receipts</i>	<i>8,530</i>	<i>8,582</i>	<i>7,242</i>	<i>6,797</i>	<i>6,873</i>	<i>7,157</i>	<i>7,492</i>	<i>7,362</i>	<i>7,395</i>	<i>7,471</i>
<i>Total Assessments</i>	<i>(2,161)</i>	<i>(2,432)</i>	<i>(2,338)</i>	<i>(2,497)</i>	<i>(2,497)</i>	<i>(2,585)</i>	<i>(2,634)</i>	<i>(2,615)</i>	<i>(2,651)</i>	<i>2,549</i>
Net State Aid	10,691	11,014	9,580	9,294	9,370	4,572	4,858	4,747	4,744	4,921

Exhibit D: Reserve Balances



Reserves (\$ thousands)										
Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Free Cash	677	843	1,282	1,153	1,791	2,242	2,492	2,373	2,818	2,374
Stabilization Fund	3,200	3,071	3,104	2,943	2,638	2,625	2,634	2,674	2,845	3,100

Enterprise Fund Retained Earnings (\$ thousands)						
Fiscal Year	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Water	1,510	1,357	1,609	1,117	1,710	1,970
Sewer	2,076	1,871	1,768	1,938	1,927	1,419
Harbormaster	248	383	384	334	320	454

Exhibit E: FY2017 Local Aid Estimates (“Cherry Sheet”)

FY2018 ESTIMATED RECEIPTS

	FY2017 Cherry Sheet Estimate	FY2018 Governor's Budget Proposal	FY2018 HWM Budget Proposal
Education:			
Chapter 70	3,851,292	3,899,192	3,923,142
Charter Tuition Reimbursement	162,952	165,002	293,268
Offset Receipts:			
School Choice Receiving Tuition	641,809	542,510	542,510
Sub-total, All Education Items:	4,656,053	4,606,704	4,758,920
General Government:			
Unrestricted Gen Govt Aid	2,452,232	2,547,869	2,547,869
Veterans Benefits	126,625	117,998	101,503
State Owned Land	125,654	125,654	125,534
Exemp: VBS and Elderly	84,024	83,911	83,911
Offset Receipts:			
Public Libraries	26,268	25,563	26,431
Sub-Total, All General Government	2,814,803	2,900,995	2,885,248
Total Estimated Receipts	7,470,856	7,507,699	7,644,168

FY2018 ESTIMATED ASSESSMENTS

	FY2017 Cherry Sheet Estimate	FY2018 Governor's Budget Proposal	FY2018 HWM Budget Proposal
State Assessments and Charges:			
Mosquito Control Projects	42,487	40,257	40,257
Air Pollution Districts	6,843	7,041	7,041
RMV Non-Renewal Surcharge	45,260	41,260	41,260
Sub-Total, State Assessments:	94,590	88,558	88,558
Transportation Authorities:			
Regional Transit	134,723	152,588	152,588
Sub-Total, Transp Authorities:	134,723	152,588	152,588
Tuition Assessments:			
School Choice Sending Tuition	301,240	578,098	578,098
Charter School Sending Tuition	2,018,823	2,131,092	2,315,790
Sub-Total, Tuition Assessments:	2,320,063	2,709,190	2,893,888
 Total Estimated Charges:	 2,549,376	 2,950,336	 3,135,034

Exhibit F: Grant Funding Opportunities

City Department	Funding Entity	Project Name	Principal Writer	Response	Amount Requested
Conservation Commission	Coastal Zone Management	Plum Island Erosion Project	Consultant	Awarded	\$78,400
DPS	Massachusetts Interlocal Insurance Association (MIIA)	Risk Reduction	Nancy London	Awarded	\$15,000
DPS	DCR Rail Trail Equipment Grant	Shared Snow Removal Equipment	Nancy London	Pending	\$100,000
DPS	MA Division of Local Services	Sewer Rate Relief Fund	Kathleen Talkington	Pending	\$140,000
Health	New England Melanoma Foundation	Sun Safety	Pam Palombo	Awarded	\$5,000
Health	The Swasey Fund	Nourishing the North Shore (NNS)	Pam Palombo	Awarded	\$2,000
Health	Harvard Pilgrim	Nourishing the North Shore (NNS)	Pam Palombo, Nancy Earls (NLEC), Ellie Davis (YWCA)	Awarded	\$50,000
Health	Pennies for Poverty	Nourishing the North Shore (NNS)	Pam Palombo, Ellie Davis (YWCA)	Awarded	\$1,000
Health	Rotary Club of Newburyport	Nourishing the North Shore (NNS)	Pam Palombo	Awarded	\$1,000
Health	B. Good Family Foundation	Nourishing the North Shore (NNS)	Pam Palombo	Awarded	\$1,300
Health	Anna Jaques Hospital Community Benefits	Nourishing the North Shore (NNS)	Pam Palombo	Awarded	\$750
Health	BCBS Catalyst	North Shore Post Partum	Pam Palombo, Kelley Reis (Gloucester H.D.) Teresa Kirsch (Beverly HD) Chassea Robinson (Peabody H.D)	Pending	\$5,000
Health	Joppa Flats Running Club	Nourishing the North Shore (NNS)	Pam Palombo	Pending	\$2,000

City Department	Funding Entity	Project Name	Principal Writer	Response	Amount Requested
Health	Clif Bar Foundation	Nourishing the North Shore (NNS)	Pam Palombo, Nancy Earls (NLEC), Ellie Davis (YWCA)	Pending	\$7,000
Health	Blue Cross Blue Shield	Nourishing the North Shore (NNS)	Pam Palombo	Pending	\$5,000
Health/Schools	Annie's Grants for Gardens	Edible Garden at Bresnahan	Pamela Palumbo	Awarded	\$3,000
Information Technology	Mass IT Grant	Municipal Fiber Network	Nancy London	Pending	\$149,000
Library	Institute for Museum and Library Services	Town-Wide Preservation Assessment Grant	Cynthia Dadd	Awarded	In-Kind
Parks	Stanton Foundation	Dog park	Nancy London	Awarded	\$250,000
Parks	Community Preservation Committee	Fuller Track	Nancy London, Lise Reid	Awarded	\$150,000
Parks	Community Preservation Committee	Joppa Park Renovation Phase II	Nancy London	Awarded	\$25,000
Parks	Newburyport Five Cent Saving Bank Foundation	Richie Eaton Baseball Field	Mayor Holaday, Lise Reid	Awarded	\$100,000
Parks	The Mayor Gayden W. Morrill Charitable Foundation	Multiple beautification projects	Lise Reid	Awarded	\$86,000
Parks	Mass Clean Energy Center DeployMass	Frog Pond cleanup	Lise Reid	Awarded	\$40,500
Parks	Friends of Newburyport Track	Bradley Fuller Track	Lise Reid	Awarded	\$15,000
Parks	Institution for Savings	Bradley Fuller Track	Friends of Newburyport Track	Awarded	\$20,000
Parks	Newburyport Youth Lacrosse Association	Bradley Fuller Track	Lise Reid	Awarded	\$30,000
Parks	Newburyport Five Cent Saving Bank Foundation	Pioneer League Park Playground	Nancy London	Not Awarded	\$25,000
Parks	KaBoom	Pioneer League Park Playground	Nancy London	Pending	In-Kind

City Department	Funding Entity	Project Name	Principal Writer	Response	Amount Requested
Parks	Community Preservation Committee	Bradley Fuller Track grandstand and scoreboard	Lise Reid, Nancy London	Pending	\$150,000
Parks	Essex Heritage Partnership Grant	Interpretive sign and brochures for Edible Avenue	Nancy London	Pending	\$2,000
Parks	MLB Baseball Tomorrow	Phase II of Richie Eaton Baseball Filed	Nancy London, Lise Reid	Pending	\$50,000
Parks	Richie Eaton Foundation	Richie Eaton Baseball Field	Mayor Holaday, Lise Reid	Pending	\$50,000
Planning & Development	Community Preservation Committee	Rail Trail Phase II	Geordie Vining	Awarded	\$160,000
Planning & Development	Mass Works	Traffic Circle Pedestrian Crossing	Nancy London	Not Awarded	\$880,000
Planning & Development	National Endowment for the Arts - "Our Town"	Wayfinding Signage	Nancy London	Not Awarded	\$25,000
Planning & Development	Doppelt Family Fund	Rail Trail Phase II	Nancy London	Pending	\$50,000
Planning & Development	Mass Development	Site Readiness	Andrew Port	Pending	In-Kind
Planning & Development	Merrimack Valley Planning Commission	Brownfields Cleanup Program; Rail Trail Phase II	Geordie Vining	Pending	\$100,000
Police	COPS Program	New Officer	Nancy London	Not Awarded	\$120,000
Police	MA Exec. Office of Public Safety	911 Support and Incentive Grant	Nancy London	Pending	\$37,866
Police	MA Exec. Office of Public Safety	911 Training	Nancy London	Pending	\$10,000
Police	MA Exec. Office of Public Safety	911 EMD Regulatory Compliance	Nancy London	Pending	\$18,000
Schools	Attorney General's Opioid Prevention Grant	Prevention Education	Nancy London	Awarded	\$15,000
Schools	Project Lead The Way	High School STEM	Nancy London	Pending	\$25,000

City Department	Funding Entity	Project Name	Principal Writer	Response	Amount Requested
Schools	MA Efficiency and Regionalization Grant Program	Regionalizing Transition Services	Nancy London	Pending	\$200,000
Schools/Opportunity Works	Cummings Foundation	SPED Program for 18-22 year olds	Debra Andrews (Opportunity Works), Nancy London	Pending	\$100,000
Sustainability	Mass DEP	Organics Pilot	Molly Ettenborough	Awarded	\$16,400
Sustainability	Mass DEP	RDP	Molly Ettenborough	Awarded	\$11,250
Sustainability	National Grid	Energy Efficiency	Molly Ettenborough, Energy Advisory Committee	Awarded	\$10,000
Sustainability	Mass CEC	Solarize	Molly Ettenborough, Nancy London	Awarded	\$5,000 and TA
Sustainability	Mass DEP	Recycling IQ Technical Assistance	Nancy London, Molly Ettenborough	Awarded	\$15,000
Sustainability	MAPC	Street Light Conversion	Molly Ettenborough	Awarded	\$121,000
Sustainability	Mass Dept of Energy Resources	Green Communities	Molly Ettenborough, Nancy London	Awarded	\$250,000
Sustainability	National Grid	Street Light Upgrade	Molly Ettenborough	Pending	\$60,000
Veterans Services	MA Secretary of State	WWI Tablets - City Hall	Kevin Hunt, Nancy London	Pending	\$1,925
Youth Services	Tower Foundation	Prevention Coordinator	Nancy London, Andrea Egmont	Awarded	\$360,000
Youth Services	Newburyport Five Cent Saving Bank Foundation	Community Anti-Drug Coalitions of America (CADCA) Conference	Nancy London	Pending	\$6,366

Total Funding Opportunities **\$4,151,757**

Awarded **\$1,832,600**
Pending **\$1,269,157**
Not Awarded **\$1,050,000**

EXPENDITURE SUMMARY

The Fiscal Year 2018 general fund budget consists of \$64,020,704 in expenditures, including a school budget appropriation of \$28,651,701. In order to continue to deliver quality services at reasonable rates, department heads were asked to be conservative when developing their budgets for FY2018. Department heads were provided with Budget Guidelines on January 9, 2017 that reflected this approach:

“The annual budget process is underway and we are once again excited to construct a professional budget document that speaks to all of the programs and services delivered by your department on behalf of the City of Newburyport. Thanks to your efforts, this document has been recognized with the Government Finance Officers Association’s Distinguished Budget Presentation Budget Award for the past five years and has truly set the ground work for a budget that effectively communicates how we as a City utilize taxpayer and ratepayer dollars.

With regard to expenses, we understand that there are inflationary increases in fixed cost centers and ask you to make accommodations within your budget to balance any and all inflationary pressures. As always, we urge you to be innovative with your funding recommendations and provide any documentation that will further outline possible impacts to your budget.

Should you have a decrease in current service levels/line items or, alternatively, see a need to expand your current service levels or increase a particular line item on the expense side of your budget, please be to prepared to discuss these in detail during your individual departmental meeting with the Mayor, along any other statistical or comparative documentation that explains/supports the proposed changes. A reminder that you should be prepared to discuss, in detail, what comprises every line item within your budget request.”

Department heads met these challenges as most City departments and/or cost centers have been level funded or increased by less than 3.0%. Below is a summary of some of the significant budget changes:

Assessor *-\$54,210 (-19.6%)*

As FY17 was a revaluation year, this line item was reduced from \$50,000 to \$4,000 in the FY18 budget. Additional, changes to personnel in the office, as well as, the restructuring of the Assistant Assessor position have resulted in cost savings for the Assessor’s Office.

Council on Aging *+\$16,230 (+5.7%)*

Recognizing the need to address better management of facility usage at the Senior Community Center, this budget adds a part-time event planner position at \$15,000 with additional funding to be provided

by the Senior Community Center Maintenance Revolving Fund. This position will help to coordinate and assist with facility rentals, including day-of support, such as assisting with use of technology at the center.

Debt (Non-Excluded) -\$51,311 (-5.9%)

The City's debt service obligations are set to decrease for FY18 due to several older bonds paying off. This trend will continue into FY19 and FY20.

DPS – Highway Division +\$158,665 (+5.9%)

Recognizing the need to maintain City facilities and land, this budget adds 1.0 custodian. As we continue the consolidation of the facilities maintenance staff under DPS, we have also shifted the remaining 0.5 custodian from the Library budget, capturing the entire position within DPS. The FY18 budget also provides for an additional \$12,500 for tree maintenance to reflect the increased demand for high hazard tree removals and plantings to replace downed trees. Additionally, the FY18 budget provides an additional \$10,610 for the purchase of road materials, which continue to increase in price. Lastly, in accordance with the Administration's policy decision to allocate 50% of the annual meals tax receipts to sidewalk repairs, that line item increases by \$12,547 in the FY18 budget.

Employee Benefits & Health Insurance +\$454,301 (+5.1%)

Health insurance costs continue to be a major budget driver for municipalities throughout the state, including Newburyport, which will experience a 3.8% increase in premiums for FY18, for an increase of 51.8% over the past ten years. In addition to the increased health insurance premiums, the FY18 budget restores two line items that were originally removed from the FY17 budget including HRA reimbursements of \$30,000 and the Medicare Part B reimbursements of \$45,000.

Essex North Shore Technical School +\$18,000 (+32.7%)

The Superintendent anticipates a maximum of four students attending Essex North Shore Technical High School for the 2017-2018 academic year. There are currently two students enrolled with another two offers for admission in the fall.

General Administration +\$22,977 (+5.6%)

This cost center includes a budget contingency for expiring collective bargaining agreements. For the FY18 budget, there are currently two contracts expiring on June 30, 2017, that are not yet finalized, including the New England Police Benevolent Association Local 31 Superior Officers Union and the Local 30 Patrolmen Union. Additionally, for FY18, the City will experience an increase to the municipal insurance line item of \$14,595 due to higher property and casualty insurance premiums, largely driven by increased replacement costs for newer buildings and equipment. Lastly, the FY18 budget increases maintenance for public restrooms, including new bathrooms located at Cashman Park and the Waterfront.

Human Resources +\$19,919 (+7.3%)

For FY18, the City will experience approximately a 22% increase, or \$15,928, in workers' compensation insurance premiums driven by updated pricing and exposure and experience. Additionally, the salary for the HR Director was brought closer to market.

Library +\$68,176 (+5.2%)

In the FY17 budget, the line item for heat/electricity was reduced due to a large credit that had built on the Library's electricity account. That credit has now been used, requiring the heat/electricity line item to return to its pre-credit level, resulting in a 69.4%, or \$34,000 increase to this line item.

Parks +\$10,660 (+5.4%)

The FY18 budget retains additional funding put in place during FY17 for seasonal and part-time employees. Additionally, funds previously earmarked for upkeep of the Inn Street Fountain and Splash Pad were able to be shifted to city-wide park maintenance as the fountain is now serviced in-house by the Parks Caretaker, a certified pool operator.

Whittier Regional Vocational School Assessment +\$140,781 (+32.9%)

The additional enrollment of 8 students for the upcoming year drives the increase to the annual assessment for Whittier Tech, bringing the total number of Newburyport students to 32.

Harbormaster Enterprise Fund +\$37,116 (+8.6%)

The increase in minimum wage will impact personnel costs for the seasonal workers in the Harbormaster Department. As such, \$10,000 was added in the FY18 budget to account for that additional cost. Additionally, to reflect the new Transient Boater Facility, the electricity budget has increased by \$7,900. Lastly, in accordance with enterprise fund accounting, costs that were previously incurred by the city's general fund, including workers compensation, municipal insurance, and the annual financial audit are now captured as a cost of the Harbormaster Enterprise Fund totaling approximately \$11,000.

Sewer Enterprise Fund +\$676,064 (+10.6%)

For the FY18 budget, debt service will increase \$606,050 driven by the Odor Control Improvements Project and the Graf Road Pump Station Replacement Project, accounting for the majority of the increase from FY17.

EXPENDITURE SUMMARY BY DEPARTMENT

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2018 ADOPTED	\$ CHANGE	% CHANGE
GENERAL FUND						
CITY SERVICES						
ANIMAL CONTROL	46,394	57,324	59,440	65,327	5,887	9.9%
ASSESSORS DEPARTMENT	225,444	281,390	276,517	222,307	(54,210)	-19.6%
AUDITOR'S DEPARTMENT	285,297	315,548	314,082	321,417	7,334	2.3%
BOARD OF REGISTRARS	49,540	45,960	44,131	44,165	34	0.1%
BUILDING DEPARTMENT	167,841	175,635	168,448	178,038	9,590	5.7%
CITY CLERK'S DEPARTMENT	223,542	238,369	240,195	252,997	12,802	5.3%
CITY COUNCIL	68,670	73,926	67,363	67,444	81	0.1%
COMMISSION ON DISABILITY	4,431	3,184	2,703	2,640	(63)	-2.3%
CONSERVATION COMMISSION	1,800	1,800	1,800	1,800	0	0.0%
COUNCIL ON AGING	245,178	288,470	287,204	303,633	16,430	5.7%
DEBT EXCLUSION	2,431,664	2,991,666	3,237,248	3,166,609	(70,639)	-2.2%
EMERGENCY MANAGEMENT	22,628	26,039	28,150	29,100	950	3.4%
FIRE DEPARTMENT	3,482,483	3,597,534	3,537,462	3,644,887	107,425	3.0%
GENERAL ADMINISTRATION	325,591	334,273	407,032	430,009	22,977	5.6%
HEALTH DEPARTMENT	166,381	179,726	215,795	218,045	2,250	1.0%
HISTORICAL COMMISSION	1,800	1,650	1,800	1,800	0	0.0%
HUMAN RESOURCES	137,635	277,699	271,813	291,732	19,919	7.3%
INFO TECHNOLOGY DEPT	277,264	289,667	305,895	308,813	2,917	1.0%
INSURANCE GROUP	7,280,261	7,867,570	8,950,403	9,404,704	454,301	5.1%
LEGAL DEPARTMENT	120,000	60,537	70,000	70,000	0	0.0%
LIBRARY DEPARTMENT	1,275,702	1,239,934	1,314,372	1,352,886	38,514	2.9%
LICENSE COMMISSION	6,235	6,345	6,840	6,340	(500)	-7.3%
MAYOR'S DEPARTMENT	275,256	279,690	282,168	287,230	5,061	1.8%
ORDINARY DEBT SERVICE	855,202	723,389	871,592	820,282	(51,311)	-5.9%
PARKING CLERK DEPARTMENT	43,486	47,888	46,482	48,153	1,671	3.6%
PARKS COMMISSION	167,731	165,725	195,708	206,367	10,660	5.4%
PLANNING & DEVELOPMENT	284,688	311,284	311,333	319,798	8,465	2.7%
PLANNING BOARD	1,650	1,800	1,800	1,800	0	0.0%
POLICE DEPARTMENT	3,236,712	3,474,148	3,555,908	3,588,935	33,027	0.9%
PUBLIC SERVICES DEPARTMENT	2,271,989	2,361,022	2,682,390	2,841,055	158,665	5.9%
RETIREMENT BOARD	3,428,009	3,560,812	3,752,884	3,924,742	171,858	4.6%
SNOW & ICE	885,496	218,068	200,000	200,000	0	0.0%
STABILIZATION OUTLAY	5,000	5,000	0	0	0	0.0%
SUSTAINABILITY	1,097,069	1,226,062	1,216,016	1,221,369	5,353	0.4%
TREASURER'S DEPARTMENT	491,354	442,415	285,307	296,266	10,959	3.8%
VETERANS' DEPARTMENT	274,781	290,838	304,651	305,761	1,109	0.4%
YOUTH SERVICES	253,459	263,963	292,051	279,604	(12,447)	-4.3%
ZONING BOARD	1,800	1,800	1,800	1,800	0	0.0%
CITY SERVICES Total	30,419,464	31,728,150	33,808,785	34,727,854	919,069	2.7%
EDUCATION						
ESSEX NORTH SHORE TECH SCHOOL	21,865	19,829	55,000	73,000	18,000	32.7%
SCHOOL DEPARTMENT	23,234,153	26,388,496	27,402,232	28,651,701	1,249,469	4.6%
WHITTIER VO TECH SCHOOL	336,873	330,403	427,368	568,149	140,781	32.9%
EDUCATION Total	23,592,892	26,738,728	27,884,600	29,292,850	1,408,250	5.1%
GENERAL FUND Total	54,012,356	58,466,878	61,693,385	64,020,704	2,327,319	3.8%
HARBORMASTER ENTERPRISE FUND Total	271,573	306,242	430,714	467,830	37,116	8.6%
SEWER ENTERPRISE FUND Total	5,820,939	5,877,944	6,384,591	7,060,654	676,064	10.6%
WATER ENTERPRISE FUND Total	4,489,461	4,788,528	5,143,412	5,107,870	(35,542)	-0.7%
Grand Total	64,594,329	69,439,592	73,652,102	76,657,058	3,004,957	4.1%

POSITION COUNT BY DEPARTMENT

Department	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Inc.(Dec)
Assessor	3.0	3.0	3.0	3.0	3.0	0.0
Auditor	3.3	4.0	3.8	3.8	3.8	0.0
Building	4.0	4.0	4.5	4.5	4.5	0.0
City Clerk	3.5	4.0	4.0	4.0	4.0	0.0
Council on Aging	4.5	4.5	5.0	5.0	5.5	0.5
DPS: Highway	25.0	27.1	29.7	31.2	32.7	1.5
DPS: Sewer	19.0	18.7	18.7	19.5	19.5	0.0
DPS: Water	20.0	19.7	19.7	19.9	18.9	(1.0)
Emergency Management	2.0	2.0	2.0	2.0	2.0	0.0
Fire	34.0	34.0	34.0	34.0	34.0	0.0
Harbormaster	1.0	1.0	1.0	1.0	1.0	0.0
Health	5.1	3.7	3.7	3.9	3.9	0.0
Human Resources	1.0	2.0	2.0	2.0	2.0	0.0
Information Technology	1.0	1.0	1.0	1.0	1.0	0.0
Library	21.0	24.0	24.0	20.7	20.2	(0.5)
Mayor's Office	3.0	3.6	3.6	3.6	3.6	0.0
Parks	0.6	1.0	1.0	3.5	3.5	0.0
Planning & Development	4.5	4.5	4.5	4.5	4.5	0.0
Police	39.0	37.0	38.0	38.0	38.0	0.0
Sustainability	1.9	2.5	2.5	2.5	2.5	0.0
Treasurer/Collector	5.5	5.0	4.0	4.0	4.0	0.0
Veterans' Services	1.0	1.4	1.8	1.8	1.8	0.0
Youth Services	4.0	4.0	3.5	3.5	3.0	(0.5)
Total FTE*	206.9	211.8	215.1	217.0	217.0	0.0

*See School Budget for School Department position counts.