



The City of REVERE, MASSACHUSETTS

Office of the Mayor

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THOMAS G. AMBROSINO
Mayor

May 19, 2011

The Honorable Revere City Council
City Clerk's Office
Revere City Hall
Revere, Massachusetts 02151

Re: *Proposed FY12 Budget*

Dear Councilors:

Attached you will find the proposed FY12 Budget with Appendix, a separate itemization of the FY12 Water & Sewer Enterprise Fund, a draft Pro Forma Tax Recapitulation Sheet and the most recent DOR Cherry Sheet. As you will see, the total proposed City budget is \$138,742,032, an increase of \$3,334,857 from last year. The increase is almost entirely the result of the School Department Budget, which will be supported by additional Chapter 70 funds.¹ The remainder of the budget, representing the entire City side of government, has increased by approximately \$300,000.

There are a handful of items in the Budget worth noting.

First, the requested group health insurance appropriation, a major driver of budget increases in the past, is actually down from last year by \$727,828. This is due to two factors. As a result of collective bargaining negotiations, the employer contributions for our group health plans have decreased, down to 82% on the municipal side and 80% on the school side, resulting in lower health insurance costs to the City. And, in an effort to utilize a portion of existing reserves in the Health Insurance Trust Fund, the City and its Insurance Advisory Committee have agreed on a four week Premium Holiday for Fiscal Year 2012, which has further reduced the appropriation by almost \$1.3 million.²

¹ The proposed School Department Budget will be voted upon by the Revere School Committee at the end of May. It is possible that the School Department Budget might change slightly before the final Committee vote, but any such changes will not materially impact our numbers.

² A Premium Holiday refers to the fact that, for any given week, neither the employer nor the employee will pay health insurance costs. Instead, the required contributions will be paid from existing reserves in the Health Insurance Trust Fund. The City will save \$1,265,868 by avoiding 4 weeks of health insurance payments. And, during those same 4 weeks, each employee will see an increase in pay because the weekly payroll deduction for health insurance premiums will be eliminated. The City and the IAC have agreed that the 4 week Premium Holiday will take place in November of 2011, providing a boost in pay to employees at the start of the Christmas Holiday Season.

The MWRA Water & Sewer Assessments have decreased by \$224,184. This is because our actual population number is less than the estimate upon which the MWRA relied last year. Although the Assessments are down, other costs within the Water & Sewer Enterprise Fund, including salaries and expenses, have risen, so there still will be an increase in water and sewer rates. However, the increase should be very modest, probably in the 3% range, a far cry from the double digit rate increase last year.

The Fire Department Budget is down by \$143,653. This reflects the fact that the contingent has been reduced from the 96 budgeted in FY11 to the 92 proposed for FY12. Given that size contingent, and the limited Overtime budget of \$250,000, there likely will be periodic closures of fire stations throughout Fiscal Year 2012.

The Police Department contingent is also reduced from FY11. The total number of officers in FY12 will be 86, down from the 89 which the City carried last year. You will note that the budgeted number of officers is unchanged from FY11. The difference is the loss of three officers previously funded by grants, which have now expired.³

The DPW union contingent has also been reduced by three employees, from 31 to 28.

The Mayor's Budget includes a new line item for the Massachusetts Public Employees Dental/Vision Fund. That is a new dental and vision plan available only to DPW union employees and paid entirely by the City. This benefit was negotiated by the DPW union in its last collective bargaining agreement in lieu of a raise on the final day of the contract.

Finally, you will notice one new line item within the Parks & Recreation Department Budget, an appropriation of \$50,000 for Youth Summer Jobs. This is part of the City's ongoing efforts to combat youth violence by means of providing high school students with employment during the Summer months, a critical and well-established method for reducing crime. In the past, the City has relied upon Massport and private donations to fund this initiative. However, the economic climate has made it very difficult to raise private funds, and even Massport has reduced its contribution to the City. In the absence of this municipal appropriation, our Summer jobs program will need to be drastically reduced from past years, an outcome not in the best interests of the City.

Notwithstanding the minimal increase in the total municipal budget, the 4 week Premium Holiday and the unpleasant reductions in public safety and DPW personnel, the City's budget is still out of balance by almost \$1.8 million. Once again, to balance its budget, the City will need to rely upon remaining Reserves. Although we have sufficient funds to cover the gap for FY12, the City will likely have little Reserves left for FY13 and beyond. Unless revenues start to

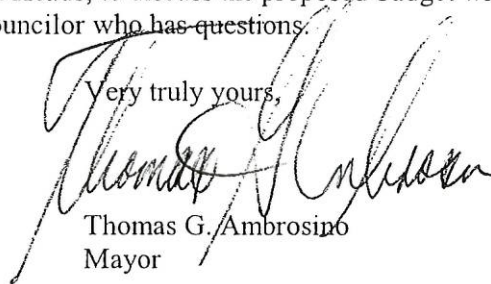
³ The City has received some preliminary indications that the U.S. Dept. of Justice will approve the City's grant request to fund at least 4 police officers for a period of three years. If and when that grant award is finalized, the City will increase its Police Department contingent to 90 and commence hiring. Likewise, the Fire Department has submitted a grant request for an additional 10 firefighters through a SAFER Grant funded by FEMA. That grant request is pending.

The Honorable Revere City Council
May 19, 2011
Page 3

improve and the Commonwealth begins to reverse the devastating local aid cuts of the past few years, the Mayor and City Council next year will face some very unpleasant choices.

I will be available, along with Department Heads, to discuss the proposed budget with the Ways and Means Committee or any individual Councilor who has questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas G. Ambrosino". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas G. Ambrosino
Mayor

Attachments

Cc: Director of Finance George Anzuoni
Auditor Laurie Giardella

City of Revere Pro Forma Recap Sheet FY12

	<u>FY12</u>
Amounts to be Raised	
Appropriations	135,895,647
Tax Levy Debt	2,846,385
Other Amounts	194,923
State Charges	7,713,789
Overlay Reserve	800,000
Snow/Ice/Other Deficits	600,000
Total to be Raised	<u>148,050,744</u>
Estimated Receipts	
Cherry Sheet	50,647,666
Local Receipts	10,000,000
Enterprise Funds	20,176,972
Other Funds	-
Total Receipts	<u>80,824,638</u>
Total Tax Levy	<u>67,226,106</u>
Levy Limit	<u>65,449,364</u>
Excess/Shortfall	(1,776,742)

Shortfall Covered by: City Council Cuts; New Growth; Group Health Concessions; Remaining Reserves

**Massachusetts Department of Revenue
Division of Local Services
FY2012 Local Aid Estimates**

REVERE

	FY2011 Cherry Sheet Estimate	FY2012 Governor's Budget (H1)	FY2012 House Final Budget Proposal	FY2012 SWM Budget Proposal
Education:				
Chapter 70*	37,975,657	40,735,334	40,735,334	40,735,334
School Transportation	0	0	0	0
Charter Tuition Reimbursement	504,260	426,660	463,427	452,308
Smart Growth School Reimbursement	0	0	0	0
Offset Receipts:				
School Lunch	40,962	48,415	48,415	48,415
School Choice Receiving Tuition	0	0	0	0
Sub-Total, All Education Items	38,520,879	41,210,409	41,247,176	41,236,057
General Government:				
Unrestricted General Government Aid	8,700,801	8,071,697	8,071,697	8,071,697
Local Share of Racing Taxes	262,790	314,144	314,144	314,144
Regional Public Libraries	0	0	0	0
Police Career Incentive	31,548	32,612	0	16,306
Urban Renewal Projects	0	0	0	0
Veterans' Benefits	778,490	760,953	760,953	760,953
State Owned Land	214	213	213	213
Exemptions: Vets, Blind, Surviving Spouses & Elderly	212,554	201,788	201,788	201,788
Offset Receipts:				
Public Libraries	59,618	46,508	46,508	46,508
Sub-Total, All General Government	10,046,015	9,427,915	9,395,303	9,411,609
Total Estimated Receipts	48,566,894	50,638,324	50,642,479	50,647,666

On April 14, 2011, the Senate approved a resolution declaring its intent to fund Chapter 70 and Unrestricted General Government Aid at levels not less than the amounts appearing in the House Ways and Means Committee's budget.

*FY2011 Chapter 70 does not include State Fiscal Stabilization Funds of \$203,870.

**FY2012 Local Aid Assessments
REVERE**

	FY2011 Cherry Sheet Estimate	FY2012 Governor's Budget (H1)	FY2012 House Final Budget Proposal	FY2012 SWM Budget Proposal
County Assessments:				
County Tax	0	0	0	0
Suffolk County Retirement	0	0	0	0
Sub-Total, County Assessments	0	0	0	0
State Assessments and Charges:				
Retired Employees Health Insurance	0	0	0	0
Retired Teachers Health Insurance	2,681,388	2,684,334	2,464,642	2,464,642
Mosquito Control Projects	34,730	32,183	32,183	32,183
Air Pollution Districts	13,904	11,949	11,949	11,949
Metropolitan Area Planning Council	18,151	15,728	15,728	15,728
Old Colony Planning Council	0	0	0	0
RMV Non-Renewal Surcharge	152,360	161,340	161,340	161,340
Sub-Total, State Assessments	2,900,533	2,905,534	2,685,842	2,685,842
Transportation Authorities:				
MBTA	3,683,894	3,115,186	3,115,186	3,115,186
Boston Metro. Transit District	603	473	473	473
Regional Transit		0	0	0
Sub-Total, Transportation Authorities	3,684,497	3,115,659	3,115,659	3,115,659
Annual Charges Against Receipts:				
Special Education	11,851	8,019	8,019	8,019
STRAP Repayments	0	0	0	0
Sub-Total, Annual Charges	11,851	8,019	8,019	8,019
Tuition Assessments				
School Choice Sending Tuition	77,820	81,520	81,520	81,520
Charter School Sending Tuition	1,663,162	1,749,138	1,785,933	1,785,933
Essex County Tech Sending Tuition	61,448	36,816	36,816	36,816
Sub-Total, Tuition Assessments	1,802,430	1,867,474	1,904,269	1,904,269
Total Estimated Charges	8,399,311	7,896,686	7,713,789	7,713,789

For information about how the estimates were determined and what may cause them to change, click: [Local Aid Estimate Program Summary](#).