

The Multi-Year Override Plan (Brandel/Sangiolo)

Components:

- \$10 million operating override
- Debt exclusion for NNHS
- Debt exclusion for two elementary schools and six fire station renovations

Goals:

- Provide maintenance of effort funding for the municipal and school departments;
- Keep year-to-year budgetary gaps within an addressable level
- Provide minimal impact on taxpayers
- Free the operating budget from the costs of debt service for capital projects

Assumptions:

- Maintenance of effort budgets based on Mayor's and School Dept. projections
- Annual 5% increase in municipal budget
- Annual 6% increase in School Dept. budget
- 42 additional FTEs for School Dept. over current year (for enrollment increases)

Results:

- Maintains – and improves on – current program and service levels
- Covers operating deficits for more than two years
- Will not require an override vote for the next two years
- Improves transparency of operating budget and capital expenditures
- Demonstrates voter commitment for major capital projects
- Moderates taxpayers' burden
- Provides enough time for City to address structural deficit

What this plan does NOT do:

- It does not cut service levels
- It does not use one-time funds for operating expenses
- It does not terminate any existing funding commitment to any existing project
- It does not harm or threaten any existing project

How a debt exclusion works:

If approved by voters, a debt exclusion allows a City to raise funds for a specific project. This debt service is excluded from the City tax levy. This means that as the debt is paid off, the tax burden for the debt exclusion will decrease, as it follows a simple amortization schedule. If a debt exclusion fails, it has no impact on the existing appropriation for an existing project, such as Newton North HS. It simply means that the funding for NNHS would not be excluded from the tax levy.

What if not all components are approved?

If a debt exclusion referendum fails and operating override passes:

Then the debt for the capital projects remains in the City's operating budget. The \$10 million operating override will cover the budgetary gap for 2009.

If the operating override fails but a debt exclusion passes:

Then removing the debt service expense from the operating budget will reduce the operating deficit by half. Using the Capital Stabilization Fund to repay old debt will further reduce the operating deficit to approximately \$2.5 million