



Benchmarking Study & Financial Planning Guideposts

Town Meeting
12 May 2018

Benchmarking Study Background & Objectives

Benchmarking Study Subcommittee was formed in 2017 to:

1. Establish a program to collect, compile and analyze financial, economic development and demographic data for Long Island and comparable municipalities ***to provide insight and context to guide financial decisions.***
2. Establish ***strategic tax and financial planning guideposts*** that are consistent with the 2008 Comprehensive Plan to:
 - Encourage sound long-term strategic investment
 - Limit tax increases to protect against an increased burden on town residents of modest means
 - Ensure disciplined operational spending by TOLI departments.

Benchmarking Analysis Conclusions

1. Debt & Taxes:

- TOLI financial standing remains strong
- Debt and tax levels in line with the Comprehensive Plan and not excessive in comparison with other island towns.

2. Budget Spending:

- Spending in some departments appears higher than comps
- TOLI education spending is lower than comps

3. CIP Investment & Planning:

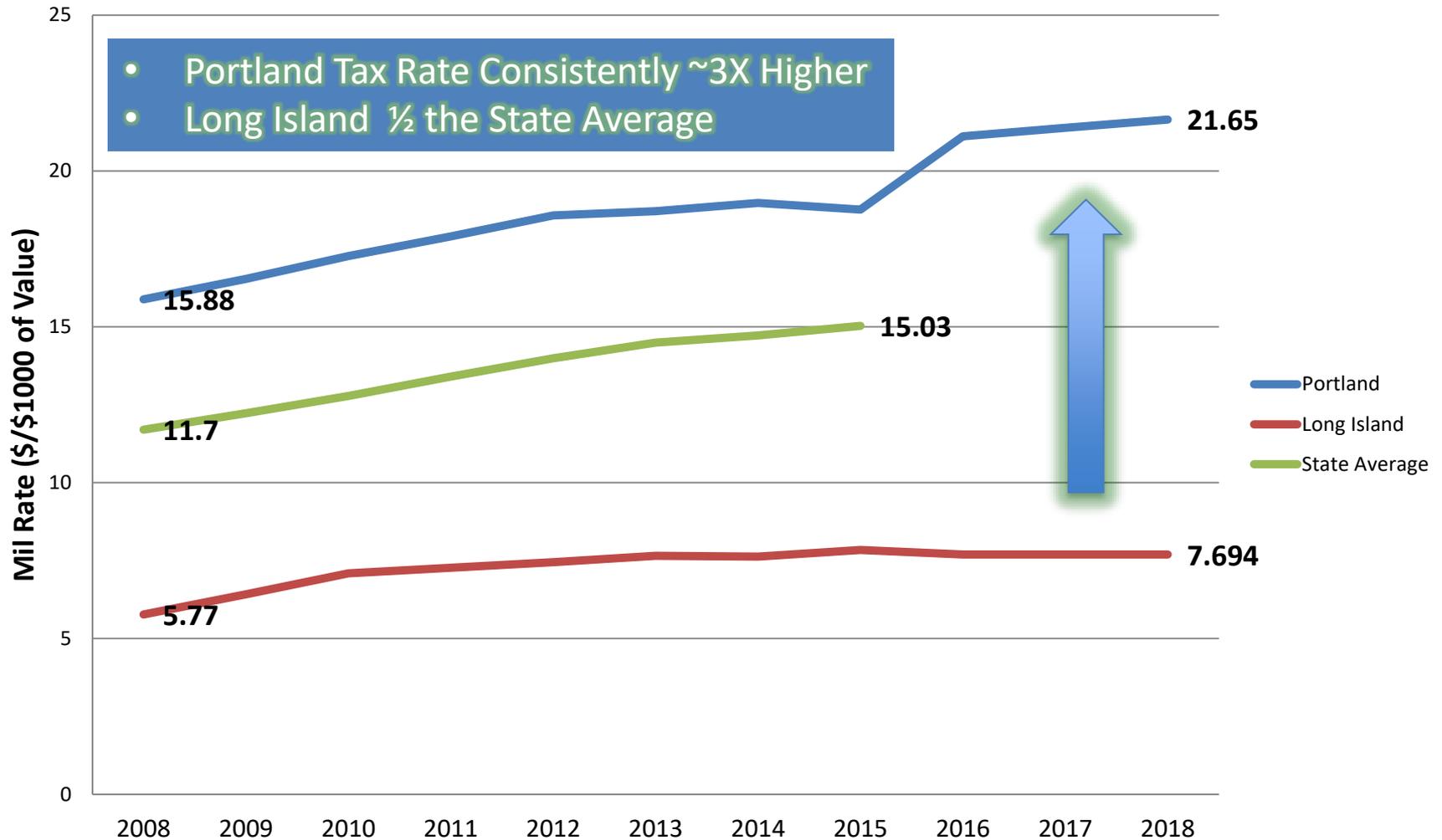
- We have not formulated long-term strategic investment plans
- Are we are *under-investing* in essential town infrastructure?

Preserving Long Island – Key Concern

Lack of strategic financial planning could lead to sharp increases in taxes that could burden island residents of modest means.

25 Years of Fiscal Discipline and Responsibility!

Tax Rate Comparison
Portland vs. Long Island



Capital Spending Plans per Comprehensive Plan

1. Capital spending to maintain essential town services

- Examples: crack sealing, replacement fire trucks and trash trucks

2. Capital to improve essential town services

- Examples: school generator, 1000 foot fire hose
- Funded in the same manner as capital for essential town services, but a *much higher percentage is financed by grants.*

3. Capital to establish or improve nonessential services that make our town a better place to live

- Examples: rec center improvements, tennis court, parking lot paving.
- This capital is *usually funded by grants, donations, and fundraisers, with encouragement and minor funding by the town.*

Financial Planning Guideposts

1. Maintain strict spending discipline for Government Expenditures for the next five years—hold all budgets as close to flat as possible.
2. Limit annual mil rate increase to a maximum of 2.5% in any given year with a five year cumulative increase max at 7.75%.
3. Commit 100%* of mil rate related revenue increase to new debt for CIPs.
4. Limit debt level – not to exceed 1.25% of Assessed Value (currently 0.7%).

*Note: If Operational Budgets require increases, spending increases should not exceed 50% of the revenue generated by the mil rate increase.

Non-Binding Financial Planning Article

Article: Do you favor the establishment of a five-year non-binding strategic Financial Plan that is consistent with the 2008 Comprehensive Plan; prioritizes investments in long-term capital projects; maintains disciplined budget spending; and limits tax increases?

Explanation: *The Select Board and Finance Committee present this non-binding question to the voters to measure support for improved strategic financial planning to encourage measured capital investment and reduce the risk of sharp tax increases.*

The Select Board and Finance Committee both believe that long-term financial planning consistent with the 2008 Comprehensive Plan will help the Town of Long Island preserve its character.



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