



Town of Fairhaven
Massachusetts
Office of the Town Administrator

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TO: Board of Selectmen
FROM: Mark H. Rees, Town Administrator 
DATE: February 11, 2019
RE: Town Administrator's FY19-20 General Fund Recommended Budget
CC: Finance Committee

Pursuant to Section 2(m) of the Town Administrator Act, I am presenting you with the Town Administrator's FY19-20 General Fund Recommend Budget for your consideration. First and foremost, in developing the budget, compliance with the Board of Selectmen Financial Policies should be demonstrated. What follows is a description of each financial bench mark and how this budget does, or does, not adhere to them.

Adherence to the Financial Management Guidelines:

- Maintain a Surplus Revenue (Free Cash) balance of at least 3-5% of the General Fund Operating Budget. *Free Cash as of July 1, 2018 was certified at \$6,187,488 or 12.1 % of the FY20 Recommended Budget of \$50,978,082*
- Maintain a General Fund Stabilization Fund at minimum of 5% of the General Fund Operating Budget. *The balance in the Stabilization fund as of 12/31/18 was \$2,993,224 or 5.9 % of the FY20 Recommended Budget.*
- Should the Capital Stabilization Fund be used to fund capital projects, ensure that financial plans are in place to replenish the fund within 3 years to amount equal to a minimum of 2-3% of the General Fund Operating budget. *The balance in the Capital Stabilization fund as of 12/31/18 was \$3,528,649 which is 6.9% of the FY20 Recommended Budget.*
- Maintain a balance in the Health Insurance Trust Fund equal to three months of average costs of Health and Dental Assessments including administrative fees or \$1.6 million dollars whichever is greater. The three month average trust expenses equals \$1.77 million. The adjusted Claims Trust balance as of 1/31/19 is \$1.23 million which is \$540,000 less than the benchmark. This is a direct result of increased claims this past year and should be addressed going forward by adjusting rates to reflect higher costs of providing health insurance benefits and/or making changes in plan designs .
- With input from the Board of Assessors, fund the Overlay Reserve for tax abatements and exemptions based on an analysis of historical data and specific circumstances such as a property revaluation project. *The Board of Assessors has not yet determined the amount of overlay they will be requesting for FY20. This budget assumes the same amount as was requested funded in FY19 or \$300,000 into the Overlay (Allowance for abatements and exemptions).*

- Continuing the on-going effort of addressing the Other Post-Employment Benefits (OPEB) unfunded liability by increasing the appropriation from the current \$200,000 to a minimum of \$250,000. *The FY20 Recommended budget provides for \$250,000 into the OPEB Trust Fund*
- The General Fund Operating Budget shall be “structurally balanced” defined as prudent and reasonable revenues projections that are equal or greater than operating budget appropriations. *FY20 Revenues are projected to be \$50,958,682 and FY20 Operating Expenses are recommended at \$50,958,682.*
- The use of one time revenues and other financing sources including Surplus Revenue (Free Cash) should be limited to one-time, non-recurring expenses such as capital improvements, property acquisitions, and contributions to various reserves and/or single year appropriations. *The Recommended FY20 General Fund Operating Budget does recommend \$18,400 in Surplus Revenue (free cash) be placed in the Special Education Reserve fund to bring that fund up to the maximum allowed by state law.*

To further demonstrate the financial health of the community, attached you will find a November, 2018 credit rating report from Moody’s Investment Service that speaks to the town’s high level of reserves and strong financial management practices.

Budget Highlights

In terms of overall service and personnel levels, the recommended FY20 budget is consistent with the FY19 budget with a few exceptions as follows:

- The Board of Public Works, the Police Department and the Fire Department have all identified a significant need to modernize the vehicle maintenance operation given the introduction of computer technology into today’s cars and trucks. To that end, this budget recommends the hiring of a qualified Garage Superintendent at a salary of \$65,479 and the purchasing of a modern diagnostic computer. Since it is anticipated that much of the auto repair work currently being contracted out will now be brought in house, 50% of the Garage Superintendent Salary will be offset by reductions in department vehicle maintenance accounts and increases in indirect costs from the water and sewer enterprise fund.
- So as to provide a greater focus on solid waste costs in the budget, the various solid waste expenses previously contained in the Board of Health and BPW Highway budgets have been consolidated into a new department line item called Sanitation. These expenses included \$600,000 for curbside trash collection, \$351,650 for disposal at SEMASS, \$273,020 for curbside collection and processing of recycled material, and smaller amounts for hazardous material collection day, landfill maintenance and the recycling center¹. The total recommended Sanitation Budget for FY20 is \$1.3 million dollars or 2.6% of the general fund operating budget.
- The Fairhaven Public Schools presented various budget options depending upon levels of service and Chapter 70 funding scenarios. This budget recommends a school budget of \$21,082,516 or 3.4% over FY19 levels. There is substantial uncertainty regarding school funding this year as the state legislature and Governor consider changes to the school funding formula. As additional information as to what those changes will be comes forward, this budget line item may have to be revisited.
- The Consolidated Information Technology Department has two new initiatives, the upgrading of the Assessor’s software program which has not been updated in over 10 years and the purchasing of new software to allow for integrated on-line permitting software. It is proposed that building fees be increased

¹ It should be noted that the Town is currently seeking bids for curbside trash collection and curbside recycling and processing. Depending upon what the bids are, which are due in on March 1st, the recommended budget may have to be adjusted.

to pay for this new system. In addition, it is recommended that funding for the recently hired media communications specialist position come from the town and school cable television franchise fee funds.

- Reserves totaling \$306,000 have been put in place for Cost of Living Adjustments (COLAs) for non-union employees and for estimated contract costs for new collective bargaining agreements set to expire on June 30, 2019 and currently under negotiations. It is anticipated that these funds will be distributed to various personnel line items prior to Town meeting.
- Of particular concern in FY20 is the cost of employee health insurance which is expected to increase by \$339, 627 or 8.6% to \$4,296,604. This is the second year where we are seeing health insurance costs increase, after several years of small or no increases. The latter should be considered unusual while the former is more consistent with the overall market place for medical services. There are certain changes in plan design that if implemented, could reduce the rate of increase.

Given revenue constraints and rising fixed costs there were a number of budget requests that had merit, but unfortunately could not be funded. These include:

- Two full time Firefighter/EMTs
- One full time administrative assistant for the Planning and Economic Development Department
- One part time administrative assistant for the Town Clerk's office
- Additional staffing in the Parks Department.
- Expanded custodial services in the Police Department

If additional resources are identified during the upcoming budget review process, consideration should be given to funding these requests.

Board of Selectmen Goals and Objectives:

In November 19, 2018, the Board of Selectmen gave preliminary approval to the FY20 Policy Goals with Objectives, copy of which is attached. As part of their budget submissions, Department Directors were requested in their transmittal letter to identify which goals/objectives they will work towards achieving in the upcoming fiscal year. It is recommended that the Board when reviewing this budget recommendation, in addition to analyzing budget line items also evaluate departments' ability to meet your policy goals. At the conclusion of that review, the Board should consider making revisions to the policy statement, if necessary, and then vote to approve a final policy statement. This approved document will then provide direction and accountability to myself and department directors as we work towards the goals and objectives you have set for the town as in your capacity as "the chief goal setting and policy making agency of the Town of Fairhaven" (Chapter A502 (Special Acts) Section 6, subsection 1 of the Town Code)

In conclusion, the Town Administrator's recommended budget complies with the Board of Selectmen's financial policies, is structurally balanced with conservative revenue projections and prudent expenditure recommendations, and provides the resources to begin implementing the strategic goals and objectives established by the Board. I would like to thank the Budget Team lead by Finance Director Wendy Graves, assisted by Town Accountant Anne Carreiro and Human Resources Director Anne O'Brien for their diligence and dedication in developing this budget. The hard work of the Department Directors and their staff in submitting their budget requests should also be acknowledged. We look forward to working the Board of Selectmen and Finance Committee as we prepare for the May 2019 Annual Town Meeting.

Sincerely,

Mark H. Rees
Town Administrator

Town Administrator Recommended FY20 General Fund Operating Budget

REVENUES & Other Financing Sources	FY18 Actual	FY19 Budgeted	FY20 Dept Requested	Town Adm. Rec	\$ change, FY19 Bud to FY20 Rec	% change, FY19 Bud to FY20 Rec
PROPERTY TAXES						
Prior Year Levy	\$25,653,486	\$26,676,342	\$27,566,372	\$27,566,372	\$890,030	3.3%
Add 2 1/2%	\$641,337	\$666,909	\$689,159	\$689,159	\$22,250	3.3%
Add New Growth	\$381,519	\$125,000	\$125,000	\$125,000	\$0	0.0%
TOTAL LEVY (not including Debt Excl Levy)	\$26,676,342	\$27,468,251	\$28,380,531	\$28,380,531	\$912,280	3.3%
Prop. 2 1/2 Debt Exclusion	\$1,167,578	\$1,138,502	\$968,988	\$968,988	-\$169,514	-14.9%
TOTAL LEVY	\$27,843,920	\$28,606,753	\$29,349,519	\$29,349,519	\$742,766	2.6%
STATE AID						
Chapter 70 & Charter Tuition Reimbursement	\$7,580,960	\$7,722,521	\$7,700,000	\$7,918,997	\$196,476	2.5%
General Government Aid	\$2,252,710	\$2,331,555	\$2,300,000	\$2,394,507	\$62,952	2.7%
Veterans Benefits	\$590,827	\$510,671	\$450,000	\$521,846	\$11,175	2.2%
Exemptions, VBS and Elderly	\$83,850	\$95,899	\$95,000	\$96,784	\$885	0.9%
State Owned Land	\$154,041	\$149,600	\$150,000	\$158,828	\$9,228	6.2%
TOTAL STATE AID (not including SBA)	\$10,662,388	\$10,810,246	\$10,695,000	\$11,090,962	\$280,716	2.6%
LOCAL RECEIPTS						
Motor Vehicle Excise	\$2,080,013	\$1,800,000	\$2,000,000	\$2,000,000	\$200,000	11.1%
Other Excise	\$623,922	\$600,000	\$600,000	\$600,000	\$0	0.0%
Penalties and Interest on Taxes	\$444,645	\$325,000	\$350,000	\$350,000	\$25,000	7.7%
Payments in Lieu of Taxes	\$175,191	\$170,000	\$170,000	\$170,000	\$0	0.0%
Charges for Services-Solid Waste Fees	\$98,544	\$60,000	\$50,000	\$80,000	\$20,000	33.3%
Other Charges for Services	\$51,446	\$0	\$50,000	\$50,000	\$50,000	
Fees	\$220,201	\$220,000	\$220,000	\$220,000	\$0	0.0%
Rentals	\$57,274	\$20,000	\$50,000	\$50,000	\$30,000	150.0%
Dept Revenue-Schools	\$2,790,659	\$2,450,000	\$2,600,000	\$2,700,000	\$250,000	10.2%
Dept Revenue-Recreation	\$252,458	\$250,000	\$250,000	\$250,000	\$0	0.0%
Other Dept. Revenue	\$992,518	\$800,000	\$850,000	\$850,000	\$50,000	6.3%
Medical Marijuana Host Fees				\$100,000	\$100,000	
Licenses and Permits	\$517,217	\$500,000	\$500,000	\$540,000	\$40,000	8.0%
Fines and Forfeits	\$7,471	\$4,000	\$5,000	\$5,000	\$1,000	25.0%
Investment Income	\$98,782	\$30,000	\$80,000	\$80,000	\$50,000	166.7%
Medicaid Reimbursement	\$87,562	\$40,000	\$90,000	\$90,000	\$50,000	125.0%
Misc. Recurring	\$18,991	\$0	\$0	\$0	\$0	
Misc. Non-Recurring	\$176,455	\$0	\$0	\$0	\$0	
TOTAL LOCAL RECEIPTS	\$8,693,349	\$7,269,000	\$7,865,000	\$8,135,000	\$866,000	11.9%
REVENUE APPROPRIATED FOR SPECIFIC PURPOSES						
Waterway Funds	\$64,000	\$79,500	\$64,500	\$64,500	-\$15,000	-18.9%
Ambulance Funds	\$1,050,000	\$1,050,000	\$1,100,000	\$1,000,000	-\$50,000	-4.8%
Title 5 Receipts	\$20,000	\$20,000	\$20,000	\$20,000	\$0	0.0%
Wetland Protection Fund	\$4,000	\$4,000	\$4,000	\$4,000	\$0	0.0%
Council on Aging-Social Day Program	\$36,000	\$36,000	\$36,000	\$36,000	\$0	0.0%
Animal Control Gift Account	\$6,000	\$6,000	\$6,000	\$6,000	\$0	0.0%
Storm Water Subdivision Fees	\$10,000	\$10,000	\$10,000	\$9,847	-\$153	-1.5%
School Cable T.V. Funds				\$29,100	\$29,100	
Town School Cable T.V. Funds				\$29,100	\$29,100	
TOTAL REVENUE APPROPRIATED FOR SPECIFIC PUF	\$1,190,000	\$1,205,500	\$1,240,500	\$1,198,547	-\$6,953	-0.6%
ENTERPRISE FUND INDIRECT COSTS CHARGES						
Water Enterprise Fund	\$413,886	\$442,211	\$400,000	\$460,930	\$18,719	4.2%
Sewer Enterprise Fund	\$549,590	\$580,590	\$560,000	\$640,724	\$60,134	10.4%
TOTAL ENTERPRISE FUND INDIRECT COSTS CHARGI	\$963,476	\$1,022,801	\$960,000	\$1,101,654	\$78,853	7.7%
Overlay Surplus	\$84,000	\$84,000	\$84,000	\$84,000	\$0	0.0%
Surplus Revenue (Free Cash)	\$0.00	\$0.00	\$0.00	\$18,400	\$18,400	
TOTAL OPERATING REVENUES	\$49,437,133	\$48,998,300	\$50,194,019	\$50,978,082	\$1,979,782	4.0%

Town Administrator Recommended FY20 General Fund Operating Budget

Operating Expenses and Transfers	<u>FY18 Actual</u>	<u>FY19 Budgeted</u>	<u>FY20 Dept Requested</u>	<u>Town Adm. Rec</u>	\$ change, FY19 Bud to FY20 Rec	% change, FY19 Bud to FY20 Rec
<u>GENERAL GOVERNMENT</u>						
MODERATOR						
Salaries & Wages	\$800	\$800	\$800	\$800	\$0	0.0%
SELECTMEN/TOWN ADMINISTRATOR						
Salaries & Wages	\$351,203	\$279,147	\$289,352	\$289,352	\$10,205	3.7%
Operating Expenses	\$67,149	\$52,013	\$48,073	\$42,473	-\$9,540	-18.3%
S/T	\$418,352	\$331,160	\$337,425	\$331,825	\$665	0.2%
HUMAN RESOURCES						
Salary & Wages	\$0	\$119,084	\$115,130	\$114,681	-\$4,403	-3.7%
Operating Expenses	\$0	\$23,750	\$28,000	\$28,000	\$4,250	17.9%
S/T	\$0	\$142,834	\$143,130	\$142,681	-\$153	-0.1%
TOWN ACCOUNTANT						
Salary & Wages	\$118,743	\$133,685	\$135,236	\$135,236	\$1,551	1.2%
Operating Expenses	\$41,919	\$45,830	\$46,812	\$46,812	\$982	2.1%
S/T	\$160,662	\$179,515	\$182,048	\$182,048	\$2,533	1.4%
FINANCE DIRECTOR (TREASURER/COLLECTOR)						
Salaries & Wages	\$329,953	\$347,479	\$349,147	\$349,147	\$1,668	0.5%
Operating Expenses	\$84,019	\$139,270	\$141,310	\$141,310	\$2,040	1.5%
S/T	\$413,972	\$486,749	\$490,457	\$490,457	\$3,708	0.8%
TOWN CLERK/ELECTIONS						
Salaries & Wages	\$107,834	\$135,508	\$148,258	\$128,824	-\$6,684	-4.9%
Operating Expenses	\$26,610	\$33,206	\$34,995	\$34,995	\$1,789	5.4%
S/T	\$134,444	\$168,714	\$183,253	\$163,819	-\$4,895	-2.9%
ASSESSORS						
Salaries & Wages	\$141,868	\$167,362	\$173,058	\$173,058	\$5,696	3.4%
Operating Expenses	\$30,489	\$33,113	\$33,113	\$33,113	\$0	0.0%
S/T	\$172,357	\$200,475	\$206,171	\$206,171	\$5,696	2.8%
TOWN HALL						
Salaries & Wages	\$51,102	\$58,991	\$45,650	\$45,650	-\$13,341	-22.6%
Operating Expenses	\$117,031	\$136,792	\$81,016	\$71,016	-\$65,776	-48.1%
S/T	\$168,133	\$195,783	\$126,666	\$116,666	-\$79,117	-40.4%
TOWN MEETING/FINANCE COMMITTEE						
Salaries & Wages	\$480	\$1,088	\$1,088	\$1,088	\$0	0.0%
Operating Expenses	\$5,078	\$7,715	\$7,715	\$7,715	\$0	0.0%
S/T	\$5,558	\$8,803	\$8,803	\$8,803	\$0	0.0%
PLANNING BOARD						
Salaries & Wages	\$1,898	\$3,264	\$3,200	\$3,200	-\$64	-2.0%
Operating Expenses	\$3,186	\$3,905	\$3,990	\$3,990	\$85	2.2%
S/T	\$5,084	\$7,169	\$7,190	\$7,190	\$21	0.3%
PLANNING AND ECONOMIC DEVELOPMENT						
Salaries & Wages	\$107,869	\$110,659	\$132,297	\$110,713	\$54	0.0%
Operating Expenses	\$13,224	\$15,726	\$16,799	\$16,799	\$1,073	6.8%
S/T	\$121,093	\$126,385	\$149,096	\$127,512	\$1,127	0.9%

Town Administrator Recommended FY20 General Fund Operating Budget

ECONOMIC DEVELOPMENT COMMITTEE	\$1,645	\$8,000	\$8,000	\$8,000	\$0	0.0%
BOARD OF APPEALS						
Salaries & Wages	\$1,498	\$2,672	\$4,522	\$2,425	-\$247	-9.2%
Operating Expenses	\$2,492	\$3,800	\$4,100	\$4,100	\$300	7.9%
S/T	\$3,990	\$6,472	\$8,622	\$6,525	\$53	0.8%
LEGAL EXPENSE	\$169,313	\$170,000	\$170,000	\$170,000	\$0	0.0%
CONSERVATION COMM/SUSTAINABILITY						
Salaries & Wages	\$11,772	\$59,386	\$74,380	\$74,380	\$14,994	25.2%
Operating Expenses	\$1,753	\$6,120	\$9,495	\$9,495	\$3,375	55.1%
S/T	\$13,525	\$65,506	\$83,875	\$83,875	\$18,369	28.0%
BUZZARD'S BAY ACTION COMM.	\$1,140	\$1,520	\$1,520	\$1,520	\$0	0.0%
TOTAL GENERAL GOVERNMENT	\$1,790,067	\$2,099,885	\$2,107,058	\$2,047,892	-\$51,993	-2.5%
<u>PUBLIC SAFETY</u>						
POLICE DEPARTMENT & Animal Control						
Salaries & Wages	\$3,334,084	\$3,505,014	\$3,660,251	\$3,570,090	\$65,076	1.9%
Operating Expenses	\$314,760	\$347,451	\$382,125	\$377,625	\$30,174	8.7%
S/T	\$3,648,844	\$3,852,465	\$4,042,376	\$3,947,715	\$95,250	2.5%
FIRE DEPARTMENT/Emergency Mgt						
Salaries & Wages	\$2,193,985	\$2,294,630	\$2,504,136	\$2,380,585	\$85,955	3.7%
Operating Expenses	\$251,368	\$249,406	\$309,921	\$304,921	\$55,515	22.3%
S/T	\$2,445,353	\$2,544,036	\$2,814,057	\$2,685,506	\$141,470	5.6%
BUILDING DEPARTMENT						
Salaries & Wages	\$135,487	\$167,505	\$169,867	\$169,867	\$2,362	1.4%
Operating Expenses	\$3,850	\$6,458	\$10,300	\$10,300	\$3,842	59.5%
S/T	\$139,337	\$173,963	\$180,167	\$180,167	\$6,204	3.6%
MARINE RESOURCES						
Salaries & Wages	\$84,831	\$132,838	\$154,712	\$154,712	\$21,874	16.5%
Operating Expenses	\$28,869	\$43,505	\$51,946	\$47,590	\$4,085	9.4%
S/T	\$113,700	\$176,343	\$206,658	\$202,302	\$25,959	14.7%
EMERGENCY MANAGEMENT AGENCY						
Salaries & Wages	\$1,760	\$1,803			-\$1,803	-100.0%
Operating Expenses	\$10,361	\$24,204			-\$24,204	-100.0%
S/T	\$12,121	\$26,007	\$0	\$0	-\$26,007	-100.0%
SEALER OF WEIGHTS AND MEASURES						
Salaries & Wages	\$6,863	\$7,000	\$7,000	\$7,000	\$0	0.0%
Operating Expenses	\$780	\$998	\$998	\$998	\$0	0.0%
S/T	\$7,643	\$7,998	\$7,998	\$7,998	\$0	0.0%
STREET LIGHTING	\$50,854	\$51,000	\$51,000	\$51,000	\$0	0.0%
TOTAL PUBLIC SAFETY	\$6,417,852	\$6,831,812	\$7,302,256	\$7,074,688	\$242,876	3.6%
<u>EDUCATION</u>						
FAIRHAVEN PUBLIC SCHOOLS	\$19,782,375	\$20,383,354	\$21,524,763	\$21,082,516	\$699,162	3.4%

Town Administrator Recommended FY20 General Fund Operating Budget

GNBRVT HIGH SCHOOL	\$1,955,224	\$1,956,485	\$2,000,000	\$1,880,000	-\$76,485	-3.9%
BRISTOL COUNTY AGGIE HS	\$38,106	\$40,000	\$42,000	\$42,000	\$2,000	5.0%
TOTAL EDUCATION	\$21,775,705	\$22,379,839	\$23,566,763	\$23,004,516	\$624,677	2.8%
<u>PUBLIC WORKS</u>						
ADMINISTRATION						
Salaries & Wages	\$177,298	\$189,451	\$174,952	\$174,952	-\$14,499	-7.7%
Operating Expenses	\$2,177	\$2,815	\$6,250	\$6,250	\$3,435	122.0%
S/T	\$179,475	\$192,266	\$181,202	\$181,202	-\$11,064	-5.8%
HIGHWAY DIVISION						
Salaries & Wages	\$869,717	\$1,006,557	\$1,080,239	\$1,080,240	\$73,683	7.3%
Operating Expenses	\$583,565	\$617,327	\$637,867	\$628,267	\$10,940	1.8%
Snow and Ice Removal	\$50,000	\$60,000	\$60,000	\$60,000	\$0	0.0%
S/T	\$1,503,282	\$1,683,884	\$1,778,106	\$1,768,507	\$84,623	5.0%
TREE DEPARTMENT						
Salaries & Wages	\$23,353	\$39,899	\$39,378	\$39,378	-\$521	-1.3%
Operating Expenses	\$14,539	\$26,205	\$18,705	\$18,705	-\$7,500	-28.6%
S/T	\$37,892	\$66,104	\$58,083	\$58,083	-\$8,021	-12.1%
SANITATION (Recycling & Waste Disposal)						
Operating Expenses	\$1,068,528	\$1,209,032	\$1,306,520	\$1,306,520	\$97,488	8.1%
S/T	\$1,068,528	\$1,209,032	\$1,306,520	\$1,306,520	\$97,488	8.1%
TOTAL PUBLIC WORKS	\$2,789,177	\$3,151,286	\$3,323,911	\$3,314,311	\$163,025	5.2%
<u>HEALTH AND HUMAN SERVICES</u>						
BOARD OF HEALTH						
Salaries & Wages	\$137,237	\$141,675	\$146,503	\$146,503	\$4,828	3.4%
Operating Expenses	\$26,567	\$32,000	\$33,840	\$33,840	\$1,840	5.8%
S/T	\$163,804	\$173,675	\$180,343	\$180,343	\$6,668	3.8%
COUNCIL ON AGING						
Salaries & Wages	\$141,815	\$159,376	\$161,715	\$161,715	\$2,339	1.5%
Operating Expenses	\$30,774	\$35,151	\$35,277	\$35,277	\$126	0.4%
S/T	\$172,589	\$194,527	\$196,992	\$196,992	\$2,465	1.3%
VETERANS SERVICES						
Salaries & Wages	\$47,505	\$73,023	\$77,870	\$77,870	\$4,847	6.6%
Operating Expenses	\$650,310	\$792,100	\$791,800	\$741,800	-\$50,300	-6.4%
S/T	\$697,815	\$865,123	\$869,670	\$819,670	-\$45,453	-5.3%
COMMISSION ON DISABILITY						
	\$400	\$1,300	\$1,300	\$1,300	\$0	0.0%
RAPE CRISIS PROJECT						
	\$2,000	\$2,000	\$2,000	\$2,000	\$0	0.0%
TOTAL HEALTH & HUMAN SERVICES	\$1,036,608	\$1,236,625	\$1,250,306	\$1,200,306	-\$36,319	-2.9%
<u>CULTURE AND RECREATION</u>						
MILLICENT LIBRARY						
	\$665,102	\$669,283	\$684,037	\$684,037	\$14,754	2.2%
RECREATION						
Salaries & Wages	\$157,994	\$179,436	\$184,807	\$183,782	\$4,346	2.4%
Operating Expenses	\$130,152	\$164,700	\$175,775	\$175,775	\$11,075	6.7%
S/T	\$288,146	\$344,136	\$360,582	\$359,557	\$15,421	4.5%

Town Administrator Recommended FY20 General Fund Operating Budget

PARK DIVISION						
Salaries & Wages	\$96,064	\$103,079	\$109,636	\$109,636	\$6,557	6.4%
Operating Expenses	\$32,960	\$26,319	\$38,541	\$32,541	\$6,222	23.6%
S/T	\$129,024	\$129,398	\$148,177	\$142,177	\$12,779	9.9%
OFFICE OF TOURISM						
Salaries & Wages	\$55,448	\$67,576	\$68,057	\$68,057	\$481	0.7%
Operating Expenses	\$23,213	\$24,155	\$24,155	\$24,155	\$0	0.0%
S/T	\$78,661	\$91,731	\$92,212	\$92,212	\$481	0.5%
FINE ARTS						
	\$1,200	\$1,200	\$1,200	\$1,200	\$0	0.0%
HISTORICAL COMMISSION						
	\$7,222	\$14,750	\$16,750	\$16,750	\$2,000	13.6%
MEMORIAL DAY						
	\$2,413	\$2,500	\$2,500	\$2,500	\$0	0.0%
CULTURAL COUNCIL						
			\$2,750	\$2,750	\$2,750	
TOTAL CULTURE AND RECREATION	\$1,171,768	\$1,252,998	\$1,308,208	\$1,301,183	\$48,185	3.8%
CONSOLIDATED INFORMATION TECHNOLOGY						
Salaries & Wages	\$315,840	\$327,200	\$377,016	\$377,016	\$49,816	15.2%
Operating Expenses	\$153,640	\$99,197	\$167,255	\$167,255	\$68,058	68.6%
S/T	\$469,480	\$426,397	\$544,271	\$544,271	\$117,874	27.6%
NON-DEPARTMENTAL						
CONTRIBUTORY RETIREMENT	\$2,946,801	\$3,079,385	\$3,227,999	\$3,227,999	\$148,614	4.8%
GROUP INSURANCE	\$3,583,993	\$3,956,977	\$4,588,857	\$4,296,182	\$339,205	8.6%
MA EMPLOYMENT SECURITY	\$98,524	\$115,000	\$115,000	\$115,000	\$0	0.0%
TOWN INSURANCE	\$818,362	\$880,000	\$928,583	\$928,583	\$48,583	5.5%
MEDICARE ASSESSMENT (EMPLOYER SHARE)	\$353,660	\$398,000	\$418,000	\$418,000	\$20,000	5.0%
WINDTURBINE ELECTRIC EXPENSE			\$700,000	\$650,000	\$650,000	
TOTAL NON-DEPARTMENTAL	\$7,801,340	\$8,429,362	\$9,978,439	\$9,635,764	\$1,206,402	14.3%
DEBT SERVICE						
Principal	\$878,293	\$873,294	\$803,711	\$803,711	-\$69,583	-8.0%
Interest	\$307,877	\$284,074	\$294,616	\$294,616	\$10,542	3.7%
Principal Authorized but not issued	\$0	\$100,000	\$127,600	\$127,600	\$27,600	27.6%
Interest Authorized but not issued	\$0	\$32,375	\$31,900	\$31,900	-\$475	-1.5%
Interest on Temp Loans	\$3,086	\$60,000	\$60,000	\$44,500	-\$15,500	-25.8%
TOTAL DEBT SERVICE	\$1,189,256	\$1,349,743	\$1,317,827	\$1,302,327	-\$47,416	-3.5%
ASSESSMENTS (Cherry sheet charges)						
County Tax	\$221,054	\$226,580	\$233,108	\$233,108	\$6,528	2.9%
Mosquito Control District	\$42,087	\$43,784	\$45,585	\$45,585	\$1,801	4.1%
Air Pollution District	\$4,707	\$4,820	\$4,854	\$4,854	\$34	0.7%
RMV Non-Renewal Surcharge	\$16,660	\$16,660	\$16,660	\$16,660	\$0	0.0%
Regional Transit	\$33,762	\$34,606	\$35,471	\$35,471	\$865	2.5%
Special Education Charges	\$0	\$0	\$1,571	\$1,571	\$1,571	
School Choice Sending Tuition	\$104,758	\$102,515	\$144,288	\$144,288	\$41,773	40.7%
Charter School Sending Tuition	\$11,845	\$15,021	\$15,687	\$15,687	\$666	4.4%
TOTAL ASSESSMENTS	\$434,873	\$443,986	\$497,224	\$497,224	\$53,238	12.0%
TOTAL GENERAL FUND OPERATING BUDGET	\$44,876,126	\$47,601,933	\$51,196,262	\$49,922,482	\$2,320,549	4.9%
APPROPRIATIONS TO RESERVES						
OVERLAY RESERVE (ABATEMENTS & REFUNDS)	\$250,000	\$300,000	\$300,000	\$300,000	\$0	0.0%

Town Administrator Recommended FY20 General Fund Operating Budget

RESERVE FUND	\$16,785	\$100,000	\$100,000	\$100,000	\$0	0.0%
O(ther) P(ost) E(mployment) B(enefits) RESERVE	\$150,000	\$200,000	\$250,000	\$250,000	\$50,000	25.0%
WAGE AND SALARY RESERVE	\$0	\$27,685	\$206,000	\$206,000	\$178,315	644.1%
COLA FOR NON-UNION EMPLOYEES	\$0	\$5,634	\$100,000	\$100,000	\$94,366	1674.9%
TOTAL APPROPRIATIONS TO RESERVES	\$416,785	\$633,319	\$956,000	\$956,000	\$322,681	51.0%
<i>Total General Fund and Reserves</i>	<i>\$45,292,911</i>	<i>\$48,235,252</i>	<i>\$52,152,262</i>	<i>\$50,878,482</i>	<i>\$2,643,230</i>	<i>5.5%</i>
FINANCIAL ARTICLES		\$790,500	\$99,600	\$99,600	-\$690,900	-87.4%
GRAND GENERAL FUND TOTALS		\$49,025,752	\$52,251,862	\$50,978,082	\$1,952,330	4.0%
Revenue	\$49,437,133	\$48,998,300	\$50,194,019	\$50,978,082	\$1,979,782	4.0%
SURPLUS (DEFICIT)	\$49,437,133	-\$27,452	-\$2,057,843	\$0		

ISSUER COMMENT

30 November 2018

RATING

General Obligation (or GO Related) ¹

Aa2 No Outlook

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Town of Fairhaven, MA

Annual Comment on Fairhaven

Issuer Profile

The Town of Fairhaven is located in Bristol County in southeastern Massachusetts, approximately 45 miles south of Boston. The town has a population of 16,078 and a moderate population density of 1,296 people per square mile. The town's median family income is \$80,231 and the September 2018 unemployment rate was 4.1%. ² The largest industry sectors that drive the local economy are health services, retail trade, and manufacturing.

Credit Overview

Fairhaven's credit position is very strong, and its Aa2 rating slightly exceeds the US cities median of Aa3. Key credit factors include a very healthy financial position, an above average wealth and income profile, and a sizable tax base. The town's credit position also reflects an extremely small debt burden and a mid-ranged pension liability.

Finances: The town has a very healthy financial position, which is relatively favorable in comparison to its assigned rating of Aa2. Fairhaven's cash balance as a percent of operating revenues (33.4%) approximates the US median, and grew markedly from 2013 to 2017. In addition, the fund balance as a percent of operating revenues (28.6%) is slightly weaker than other Moody's-rated cities nationwide. Of note, this metric far exceeds the median on an absolute basis. Massachusetts local governments tend to have financial ratios lower than US medians because they generally derive a majority of revenues from stable property taxes and their financials typically incorporate school operations which are predictable.

Economy and Tax Base: The economy and tax base of the town are very healthy overall and are aligned with its assigned rating of Aa2. Fairhaven's full value per capita (\$125,251) is above the US median, and remained relatively stable from 2013 to 2017. The median family income equates to a healthy 118.2% of the US level. On the contrary, the total full value (\$2 billion) is consistent with other Moody's-rated cities nationwide.

Debt and Pensions: The debt burden of Fairhaven is affordable and is a credit strength with respect to the assigned rating of Aa2. The town's net direct debt to full value (0.6%) trails the US median, and declined modestly from 2013 to 2017. On the contrary, the pension liability of Fairhaven is mid-ranged and is unfavorable in relation to its Aa2 rating. The Moody's-adjusted net pension liability to operating revenues (1.1x) favorably is slightly below the US median.

Management and Governance: Massachusetts cities have an Institutional Framework score ³ of Aa, which is high compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. Massachusetts cities

major revenue source, property taxes, are subject to the Proposition 2 1/2 cap which can be overridden with voter approval only. However, the cap of 2.5% still allows for moderate revenue-raising ability. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. However, Massachusetts has public sector unions, which can limit the ability to cut expenditures. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

Sector Trends - Massachusetts Cities

Massachusetts cities will generally benefit from an expanding state economy. The vibrant expansion throughout the greater Boston region will continue to bolster most of the state, resulting in favorable employment trends relative to the nation as a whole. We expect the operating environment of cities to be favorable due to the growing residential and commercial real estate markets which will boost property tax revenues. However, Massachusetts cities will remain somewhat challenged by relatively low housing affordability and very high costs of doing business.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody.com for the most updated credit rating action information and rating history.

EXHIBIT 1

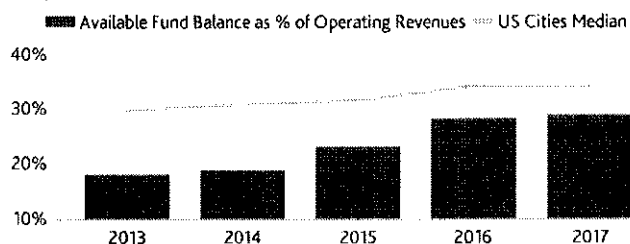
Key Indicators ⁴ ⁵ Fairhaven

	2013	2014	2015	2016	2017	US Median	Credit Trend
Economy / Tax Base							
Total Full Value	\$2,034M	\$2,034M	\$1,947M	\$1,947M	\$2,013M	\$1,867M	Stable
Full Value Per Capita	\$127,517	\$127,366	\$121,507	\$121,122	\$125,251	\$89,200	Stable
Median Family Income (% of US Median)	120%	117%	116%	118%	118%	113%	Stable
Finances							
Available Fund Balance as % of Operating Revenues	17.8%	18.6%	22.8%	28.0%	28.6%	33.9%	Improved
Net Cash Balance as % of Operating Revenues	21.7%	21.5%	27.4%	33.8%	33.4%	36.9%	Improved
Debt / Pensions							
Net Direct Debt / Full Value	1.0%	0.9%	0.9%	0.8%	0.6%	1.1%	Stable
Net Direct Debt / Operating Revenues	0.44x	0.38x	0.40x	0.34x	0.25x	0.88x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	N/A	2.5%	2.6%	2.6%	2.7%	1.8%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	N/A	1.04x	1.12x	1.10x	1.08x	1.51x	Stable
	2013	2014	2015	2016	2017	US Median	
Debt and Financial Data							
Population	15,952	15,971	16,027	16,078	16,078	N/A	
Available Fund Balance (\$000s)	\$8,174	\$8,997	\$10,335	\$12,830	\$14,320	\$7,419	
Net Cash Balance (\$000s)	\$9,943	\$10,431	\$12,424	\$15,441	\$16,727	\$8,404	
Operating Revenues (\$000s)	\$45,916	\$48,429	\$45,311	\$45,745	\$50,137	\$21,930	
Net Direct Debt (\$000s)	\$20,147	\$18,179	\$18,168	\$15,374	\$12,579	\$18,580	
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	N/A	\$50,508	\$50,670	\$50,546	\$54,106	\$32,507	

Source: Moody's Investors Service

EXHIBIT 2

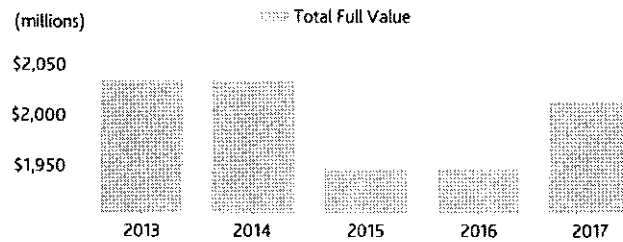
Available fund balance as a percent of operating revenues increased from 2013 to 2017



Source: Issuer financial statements; Moody's Investors Service

EXHIBIT 3

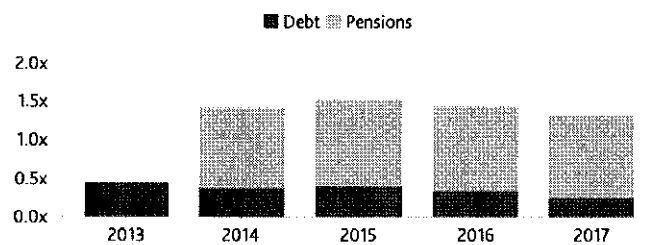
Full value of the property tax base decreased from 2013 to 2017



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

EXHIBIT 4

Moody's-adjusted net pension liability to operating revenues increased from 2014 to 2017



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

Endnotes

- The rating referenced in this report is the issuer's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.
- The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.

The largest industry sectors are derived from the Bureau of Economic Analysis. Moody's allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.
- The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(December 2016\)](#) methodology report for more details.
- For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). Metrics represented as N/A indicate the data were not available at the time of publication.
- The medians come from our most recently published local government medians report, [Medians - Property values key to stability, but pension burdens remain a challenge \(March 2018\)](#) which is available on Moodys.com. The medians presented here are based on the key metrics outlined in Moody's GO methodology and the associated scorecard.

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CLIENT SERVICES

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Board of Selectmen

FY20 Policy Goals with Objectives

Preliminary Approved: November 19, 2018

Blue: Carry Over Objective

Green: New Objective

Goal 1: Human Resources Improvements

To strengthen the Town's Human Resources operation in ways that will enhance employee productivity, create an atmosphere of mutual respect and team work, develop an equitable and competitive compensation and benefits plan, and foster employee accountability for job performance.

FY20 Objectives:

- A. Revise Personnel Rules and Regulations and write Employee Handbook.
- B. Work with Department Directors on developing succession and cross training plans for key employees.
- C. Determine the feasibility of revamping the Employee Health Insurance program to incentives healthy living of town employees and dependents.
- D. Successfully negotiate collective bargaining agreements with Police/Fire/Clerical Unions. Assist BPW in negotiations with Highway/Sewer/Water Unions.
- E. Analyze the possibility of changing the Tree Warden from an elected position to an appointed position.

Goal 2: Town Committees Collaboration

Recognizing that volunteers, both elected and appointed, play an integral part in improving Town government and enhancing civic engagement, establish methods and practices that will enhance collaboration and coordination between various boards, improve interaction with the public, and provide educational resources to ensure compliance with applicable federal, state and local laws and regulations.

FY20 Objectives:

- A. Conduct, annually, a meeting of all chairs (and their membership) of town boards, commissions and committees to discuss matters of mutual interest and ways to collaborate.

Goal 3: Inter and Intra Governmental Cooperation

Identify and advance opportunities for cooperation between Town departments, Fairhaven Public Schools, neighboring municipalities, non-profit organizations and regional governments as ways to improve services and reduce costs.

FY20 Objectives:

- A. Complete Indirect Cost Allocation Agreement with Fairhaven Public Schools Town Administrator/Town Accountant
- B. Complete Revenue Sharing Agreement with Fairhaven Public Schools

C. Complete Memorandum of Understanding on Cable Access Television with Fairhaven Public Schools Town Administrator/Government & Public Access Director.

D. Determine the Feasibility of a Veterans Services District

E. Review possible ways that the town and school building maintenance can be made more efficient and effective, by applying for Community Compact Grant to study feasibility of establishing a consolidated facility management operation.

F. Conduct a comprehensive review of all Waterways Related bylaws and Rules and Regulations and consolidate them into one document.

G. Install and make operational the Fiber Optic Network.

Goal 4: Financial Sustainability

Establish long term financial sustainability for the Town by adherence to approved financial policies regarding reserve levels, balanced budgets and capital financing, financial forecasting, controlling fixed costs (pension, OPEB, Health Insurance) and augmenting revenues (tax base expansion, grants, user fees).

FY20 Objectives:

A. Request that Department Directors report at least annually on their efforts to identify and apply for grants that would benefit their departments.

B. Submit a Municipal Vulnerability Preparedness (MVP) grant application to become a certified MVP Community which then allows us to apply for grants to address goals in the Town's Hazard Mitigation Plan.

C. Develop a monthly Executive Summary Report of Key Financial Indicators

D. Explore the feasibility of implementing "Open Check Book" or similar software to promote transparency of town financial activity.

Goal 5: Economic Development

Diversify and expand the Town's property tax base by implementing strategies and programs that will help existing businesses and industries grow and make Fairhaven an attractive place for new businesses and industries to locate within the town. Included in this goal is the redevelopment of underutilized commercial properties along the various retail corridors in Town and the Atlas Tack property.

FY20 Objectives:

A. Begin Implementation of the Economic Development Plan.

B. Promote Tourism by improving access to the waterfront, supporting restaurant and lodging sectors, strengthening our ties with our sister cities in Japan and Portugal, partnering with New Bedford (including

the water taxi service), and looking at the feasibility of bicycle ride sharing program. Develop a methodology to measure economic impact of Tourism in Fairhaven.

C. Develop a strategy to address the Atlas Tack Property, beginning with working with the EPA to gain site control of the property.

Goal 6: Health and Welfare of Town Residents

Since the health and welfare of the Town's residents is of paramount importance to the community and given that the on-going opioid addiction crises is not abating, develop an interdepartmental approach involving the Board of Health, School Department, Fire & EMS department, Police Department and other stakeholders that will develop education, referral, treatment and response protocols that will effectively address this serious public health and quality of life issue. In addition, identify other initiatives that promote the health and welfare of town residents.

FY20 Objectives:

A. Continue and Expand Participation in the Greater New Bedford Opioid Task Force and Fairhaven Working Group on Opioid Prevention.

B. Continue to Revise and Improve the Town's Emergency Management Response Plan including training of town employees in incident command protocols.

C. Determine the feasibility of having a "pet friendly" emergency shelter.

D. Study ways that communications to and from residents in emergency situations can be improved.

Goal 7: Civic Engagement

Recognizing that what makes a municipality a community is the degree of civic engagement by its residents, implement methods and programs to improve communication and involvement between the Town government and residents with a focus of volunteer recruitment, transparency of information, timely response to citizen concerns, and use of modern communication technology, including public access television and social media.

FY20 Objectives:

A. Develop and Implement a standardized reporting system where by Departments report regularly on their activities to the Town Administrator which is then presented to the Board of Selectmen and posted on the Towns Website.

B. Make fully operational the Public Access Channel.

C. Study the pros and cons of creating a non-profit organization to operate the Town's Government and Public Access Channels.

Goal 8: Long Term Planning

There are number of dynamic changes that will be impacting Fairhaven now and into the future, including the condition of the town's aging infrastructure, sea-level rising, community demographics, energy

consumption, and federal/state environmental regulations. To begin addressing these matters, an emphasis must be placed on long-term planning, including work on the Town's Master Plan, Hazard Mitigation Plan and Capital Improvement Plan.

FY20 Objectives:

- A. Begin implementation of the Town Master Plan.
- B. Begin implementation of the Hazard Mitigation Plan
- C. Complete and adopt the Public Facilities Improvement Plan and begin implementation.
- D. Begin implantation of the Open Space and Recreation Plan
- E. Subject to Board of Selectmen approval, begin implementation of the Rogers School Re-use Action Plan or successfully negotiate the sale of the school.

GOAL 9: Improve Municipal Services:

The Town is in the business of delivering services to residents and businesses and, as such, departments should continually strive to improve municipal services in the most efficient and effective manner possible.

FY20 Objectives

- A. Departments will identify a minimum of two services they provide to the public, or would like to provide, (which could include an objective(s) in this document) and submit a plan to the Town Administrator identifying specific ways the delivery of those services can be improved (including reducing the costs of providing those services.)
- B. Recommend approval of the "Complete Streets" program and the development of a comprehensive strategy to control speeding.
- C. Working with the Dog Park Study Committee, determine the Feasibility of installing a Dog Park.
- D. Upon acceptance into the Green Communities Program begin implementation of energy reduction plan and efficient vehicle use policy.
- E. Implement an integrated, on line, permitting system that encompasses the Building Department, Board of Health, Board of Public Works, Assessors, Conservation Commission, Zoning Board of Appeals and Planning Board.
- F. Reinststitute the Beautification Committee and provide sufficient resources for the Committee to carry out its responsibilities.
- G. Address concerns of residents of North Main Street/Benoit Square neighborhood regarding traffic, graffiti, parking, and vacant/deteriorated buildings.
- H. Prepare a Request for Proposal to hire a consultant to study the building of a Municipally Owned Fiber Optic Utility for town residents and businesses.

