



**FY20 Budget And Warrant Articles Update  
Finance and Warrant Commission  
March 25, 2019**

Select Board

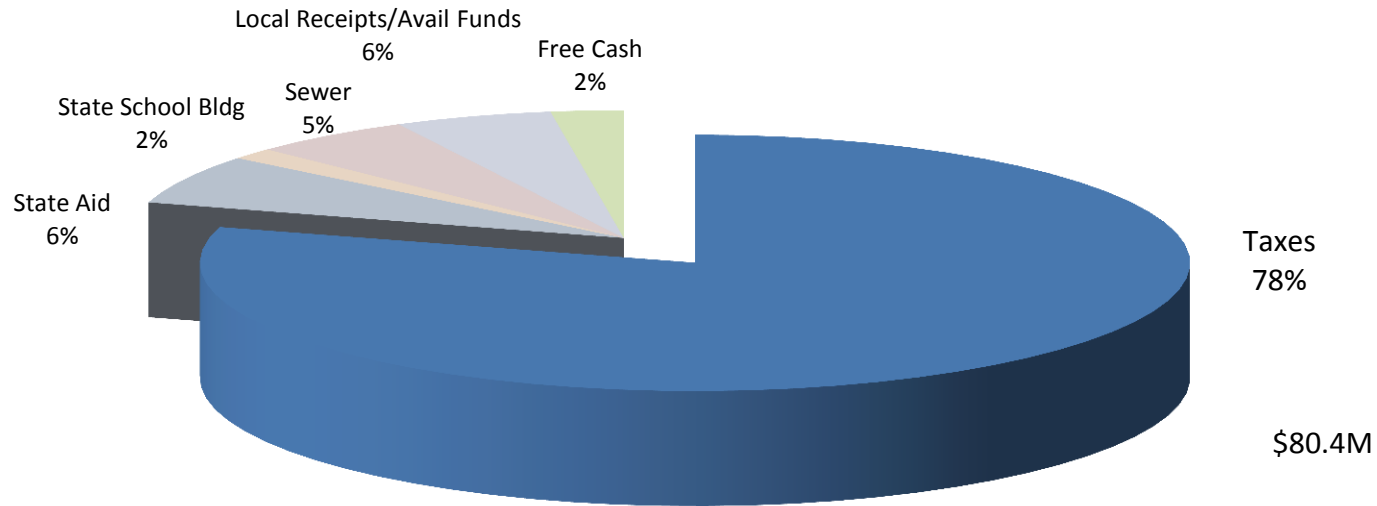


# Financial Overview

March 25, 2019

# FY20 Budget Revenue

FY2020 Projected Budget Revenue - \$102.5M, 3.5% increase



- Typical suburban community revenue chart
- Always a challenging financial model:
  - Main revenue source is restricted (Prop 2 ½)
  - Must balance tax bill impact

# FY20 Preliminary Overall Budget Summary

FY20 Proposed Base Budget is a comprehensive plan that provides for:

Continued Commitment to sustainable operating budget.

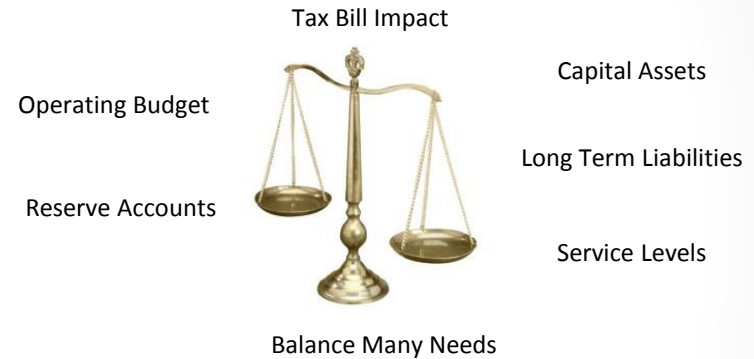
- Maintain high quality of services provided by Town and School departments (Approximately 3.5% operating budget increase)
  - Continued stable and sustainable operating budget growth.

Commitment to Capital Budget

- Base Capital Budget
  - School Capital - \$1.01M
  - Municipal Capital - \$1.32M
- Supplemental Capital Budget - \$1.3M
  - Appropriation for additional capital as done in prior year
  - Funded with Free Cash and Meals/Hotel Tax
- Road Bond – First phase \$900K – within Proposition 2 ½

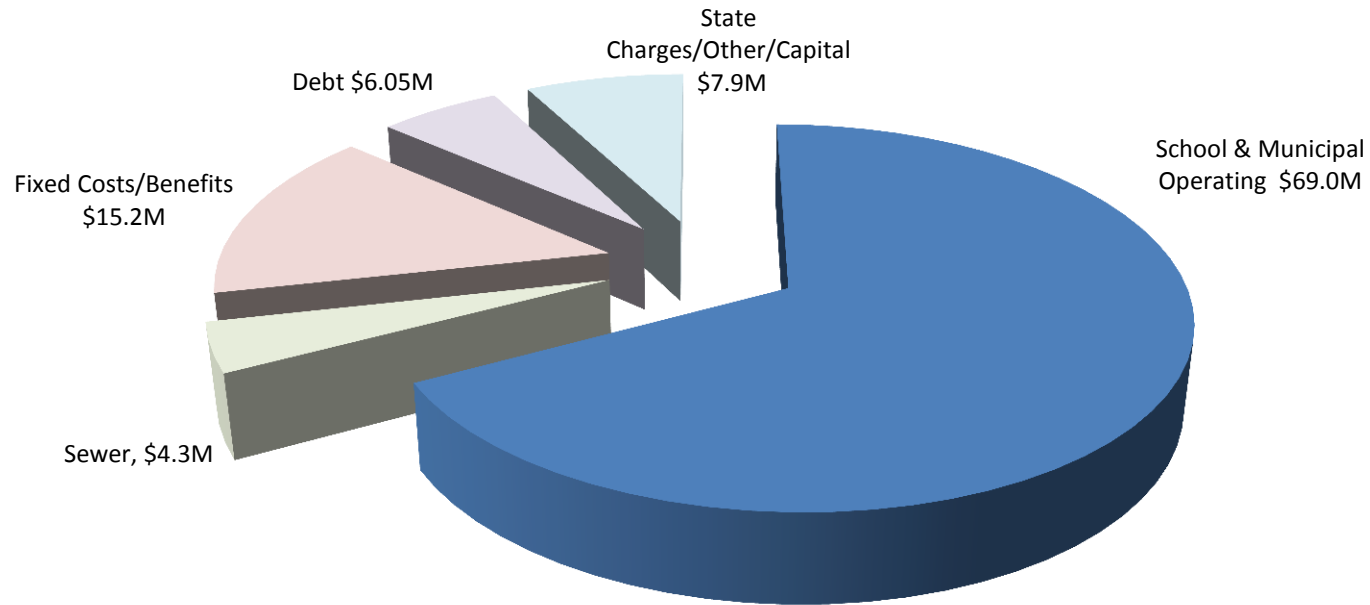
Continue to address reserves and other liabilities

- Liabilities/Reserves
  - \$125K transfer from Free Cash to Stabilization Fund – keeps on target with financial policy
  - \$1.44M contributed to OPEB trust fund – keeps on target with required funding



# FY20 Total Expenditures - \$102.5M

FY20 Expenditure Summary - \$102.5M, 3.5% increase



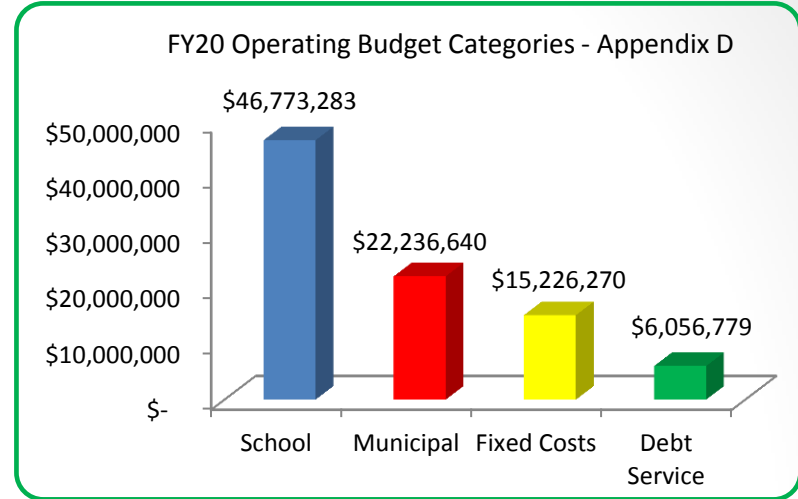
Total expenditure \$102.5M

- \$3.5M, or 3.5% over FY2019
- 91% of total expenditures to be appropriated in the Town Meeting Operating Budget article

# FY20 Operating Budget, \$94.6M

School and Municipal Budget approximate 3.5% increase.

- Provide for core services to community
- Important that operating budgets have moderate growth and are sustainable
- Provides consistency to operating budgets
- In line with five year forecast



	Budget Increases				
	FY16	FY17	FY18	FY19	Proposed FY20
School	5.3%	4.9%	3.3%	3.4%	3.5%
Municipal	5.2%	3.7%	3.6%	3.1%	3.5%

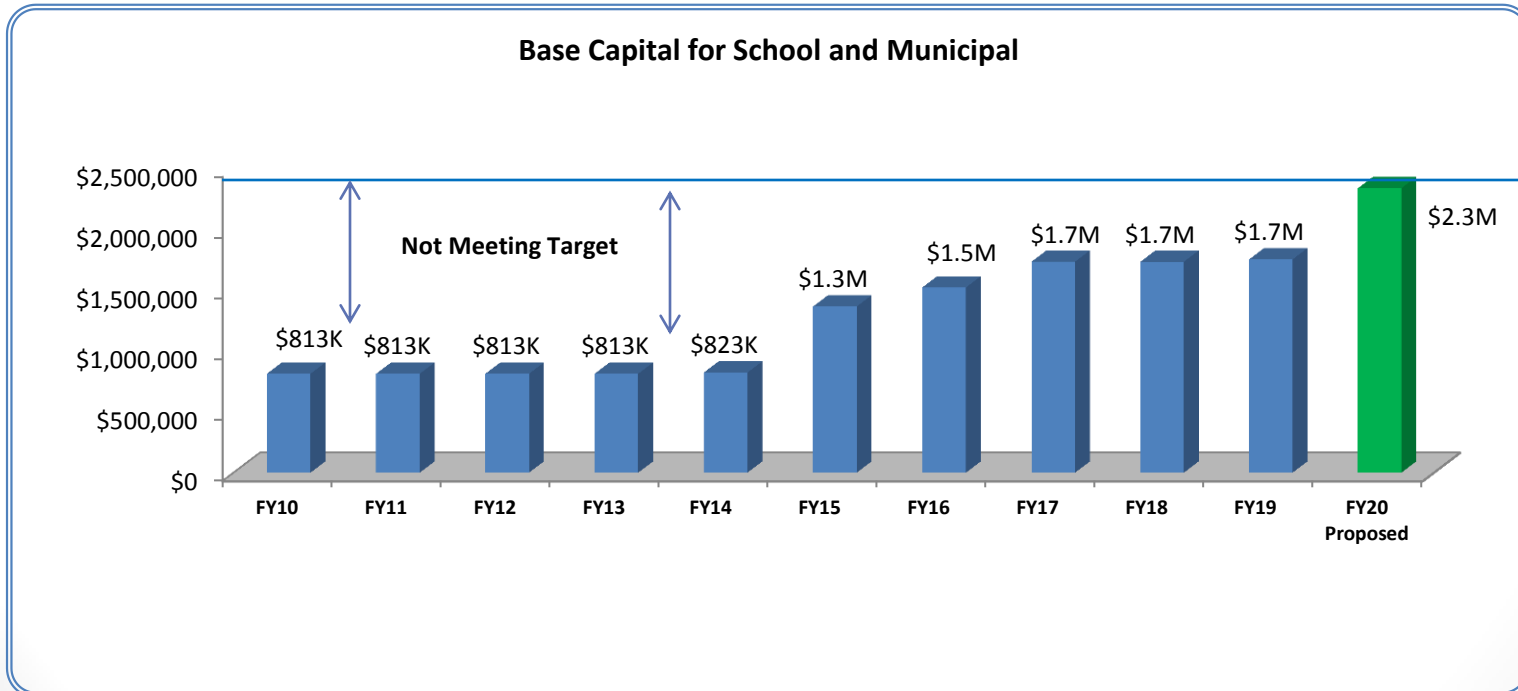
↑ ↑  
Additional University Station Funding

3.8% with  
Snow & Ice  
Adjustment



# Capital Budget Articles

- Important to maintain Town and School assets – buildings, infrastructure, and equipment.
- Financial Policy on capital spending indicates that ongoing capital should be approximately \$2.4M
  - Policy was not met for many years during difficult economic budget cycles.
- The Town has recently made steady progress in increasing the ongoing capital budget.
- FY20 continues improvement in ongoing capital funding.

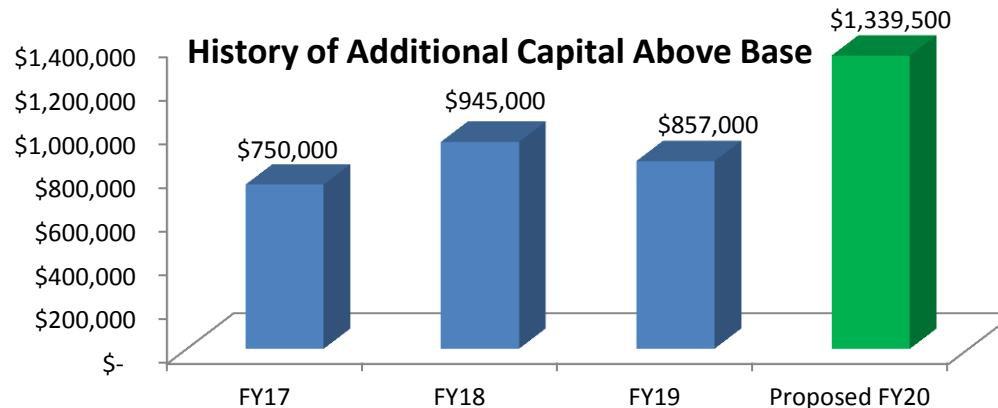


Target Per  
Financial  
Policies  
Approx.  
\$2.4M

Important to continue reinvestment in Town owned buildings, equipment and assets.

# Capital Budget – Other Capital Article

- Each year since FY17, the Town has had an “additional” capital budget article beyond the main base articles.
- The purpose is to address important capital needs with available funding, such as free cash and meals/hotels tax.
- Effort to fund:
  - Capital that has been deferred by past years of not meeting financial goal
  - Larger items that do not easily fit within base capital budget articles:
    - School IT network
    - Middle School Elevator
    - High School Tennis Court Lighting
    - Pool Renovations

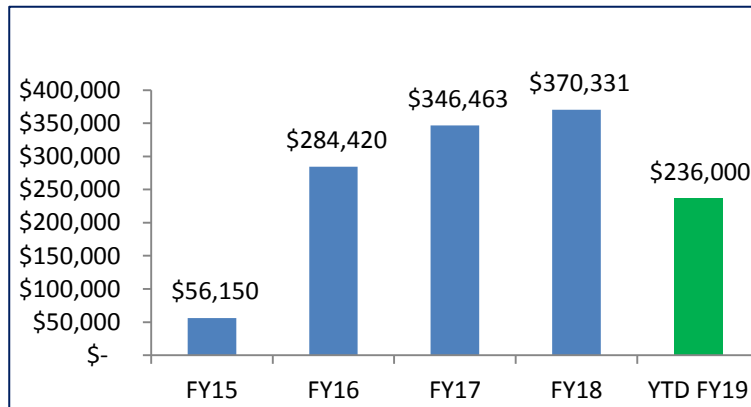




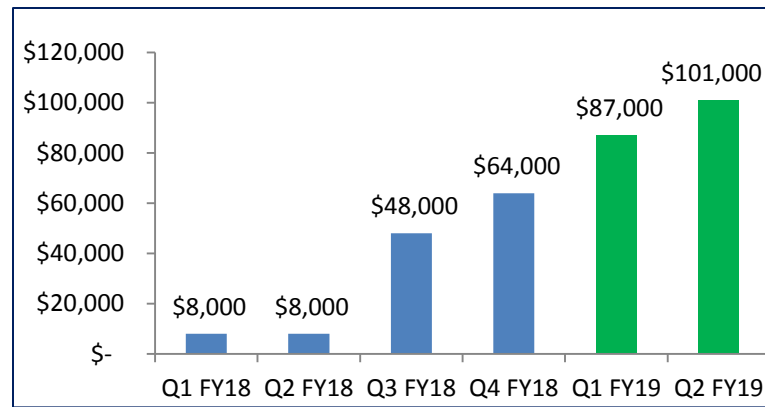
# Meals and Hotels Tax

- Meals/Hotel Tax
  - Meals/Hotel tax revenue to be used for Capital budget
    - Current balance approximately \$1,176,000 as of December 31, 2018
    - The current proposed FY20 budget utilizes \$515,000 of this revenue for capital budget items.
    - Anticipated June 30, 2019 balance \$1,061,000.

### Meals Tax Revenue - Annual



### Hotels Tax Revenue - Quarterly



Total Hotel Tax revenue received in FY18 was \$129K

### Prior Use of Funds

- May 2018 Town Meeting appropriated \$432K of funds for two town wide capital projects:
  - Lighting of the High School tennis courts
  - HVAC project at the High School pool
  - Both of these facilities receive extensive use by residents of all ages.

# Use of Meals/Hotels Tax Revenue

Long Range Financial Planning Committee reviewed policy on use of Meals/Hotels tax revenue.

- After reviewing many alternatives, recommended the revenue to be used for capital budget:
  - Approximately 75% to ongoing capital projects
  - Approximately 25% to save for upcoming long term capital
    - Build funds within the Capital Stabilization fund to help finance large facilities/infrastructure projects.
- Propose to revise Meals/Hotels tax article to allocate 25% of funding directly to Capital Stabilization fund.

# Capital Budget – Large Facility Projects

Large facility, infrastructure, and land purchase projects are funded through borrowing articles.

### Recent Large Projects:

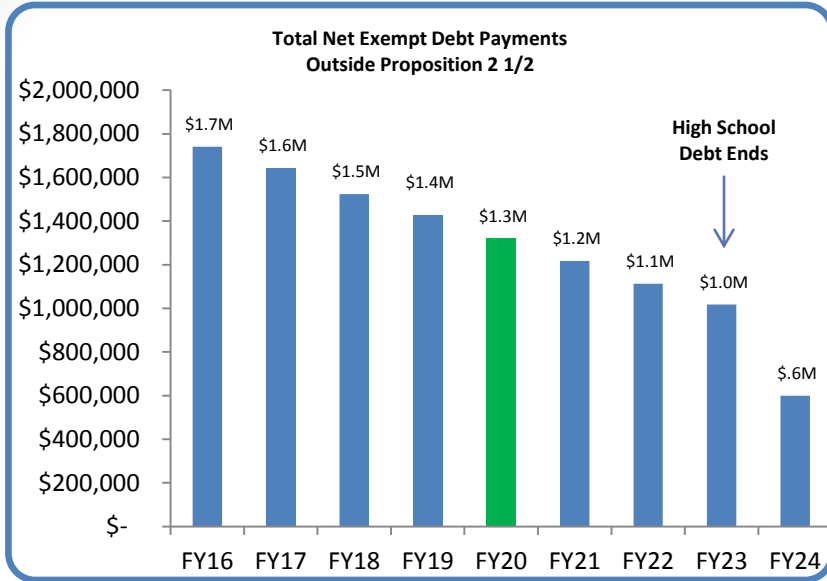
- Police Station 2016
- Land Purchase 2016
- Islington Fire Station 2015
- Public Library 2011

### Future Projects:

- Most Important upcoming project:
  - Schools – Elementary Building Project
- Select Board has prioritized the School project
- Town officials and staff are fully participating in the MSBA process.

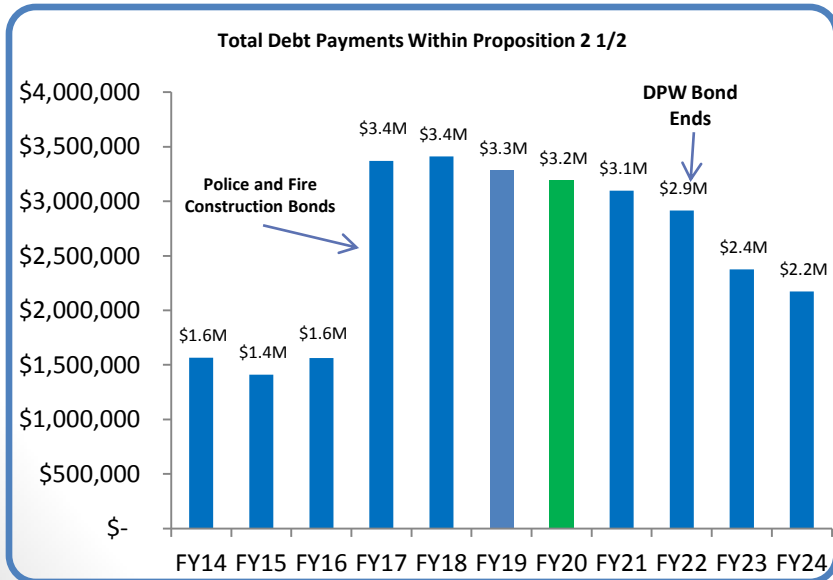


# Analysis of Debt Schedule



## Debt Outside Proposition 2 ½

- FY20: High School \$659,234, Library \$661K
- High School bond ends FY2023, Library FY2031



## Debt Within Proposition 2 ½

- Debt drop off FY23:
  - \$4.6M, 10 year DPW bond for Roads, Equipment, and School Roofs, issued in 2012, is completed in 2022.

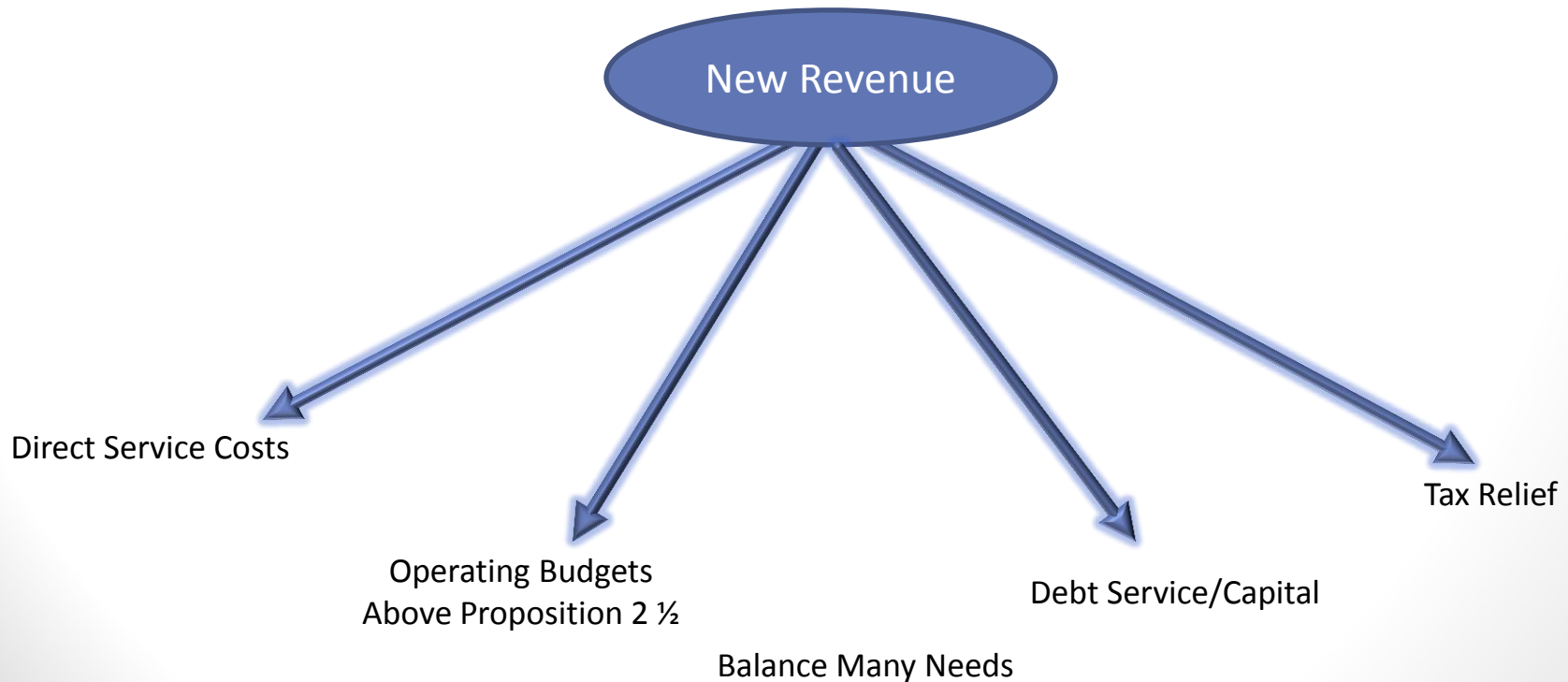
# University Station Revenue Allocation – Address Multiple Areas

- University Station has provided important new commercial tax revenue:

University Station New Growth Tax Revenue

FY15	FY16	FY17	FY18	FY19	Estimated FY20	Total
\$565,000	\$3,242,307	\$1,171,730	\$179,000	\$276,000	\$125,000	\$5,559,037

This chart shows the additional tax revenue each year from the project. The annual revenue is now \$5.5M. As taxes on the property before development were approximately \$2M, the total current University Station development pays over \$7M in annual taxes.



# University Station Revenue Significantly Helps Multiple Budget Areas

## Operating Budgets: Support operating budgets outside the constraints of Proposition 2 ½

<b>Total Increase in funding to Operating Budgets</b>	<b>\$2.63M</b>
School	\$1.9M
Municipal	\$ 733K

## Direct Service Costs: Provides for increases in service costs especially public safety

<b>Total Funding for Direct Service Costs</b>	<b>\$1.94M</b>
School	\$ 265K
Municipal	\$ 1.7M

## Capital: Revenue to fund capital projects within Proposition 2 ½

One Time – Capital Fund	\$975,000
Debt Service – Police Bond	\$800,000
Debt Service – Route 109 Road Bond	\$92,500

## Tax Bill Relief: Apply revenue to subsidize tax bills for all residents

	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Unused Tax Levy	\$500,000	\$670,000	\$279,000	\$555,000	\$0

Reaching Multiple Budget Areas





# Financial Warrant Articles

March 25, 2019



# Article 1 – FY19 Budget Adjustments by Transfers

<b>Transfer</b>			
<b>From Account</b>	<b>Amount</b>	<b>To Account</b>	<b>Amount</b>
<b>Building Maintenance Expense</b>	<b>\$70,000</b>	<b>Building Maintenance Salary</b>	<b>\$70,000</b>
<b>Fincom Reserve Account</b>	<b>\$100,000</b>	<b>Snow and Ice Budget</b>	<b>\$100,000</b>
<b>Retirement Assessment</b>	<b>\$178,000</b>	<b>School Security Projects</b>	<b>\$100,000</b>
		<b>Youth and Family Services Salary</b>	<b>\$42,000</b>
		<b>Selectmen’s Office Salary</b>	<b>\$20,000</b>
		<b>Assessor’s Office Salary</b>	<b>\$8,000</b>
		<b>Legal Salary</b>	<b>\$8,000</b>
<b>Total</b>	<b>\$348,000</b>	<b>Total</b>	<b>\$348,000</b>

- Minor adjustments based on activity during the year
- School Security Project - \$100,000
  - The School Security audit is still underway. This would provide funding should the Schools want to proceed with initial items later this spring/summer.
  - Future School and Municipal security needs to be included as part of future capital budgets.

## Article 2 - FY19 Budget Adjustments by Appropriation

<b>Transfer</b>			
<b>From Account</b>	<b>Amount</b>	<b>To Account</b>	<b>Amount</b>
<b>Ambulance Receipts</b>	<b>\$73,500</b>	<b>Ambulance Services/Equipment</b>	<b>\$73,500</b>
<b>Overlay Surplus</b>	<b>\$26,000</b>	<b>Assessing Revaluation Services</b>	<b>\$26,000</b>
<b>Total</b>	<b>\$99,500</b>	<b>Total</b>	<b>\$99,500</b>

- Standard Adjustments

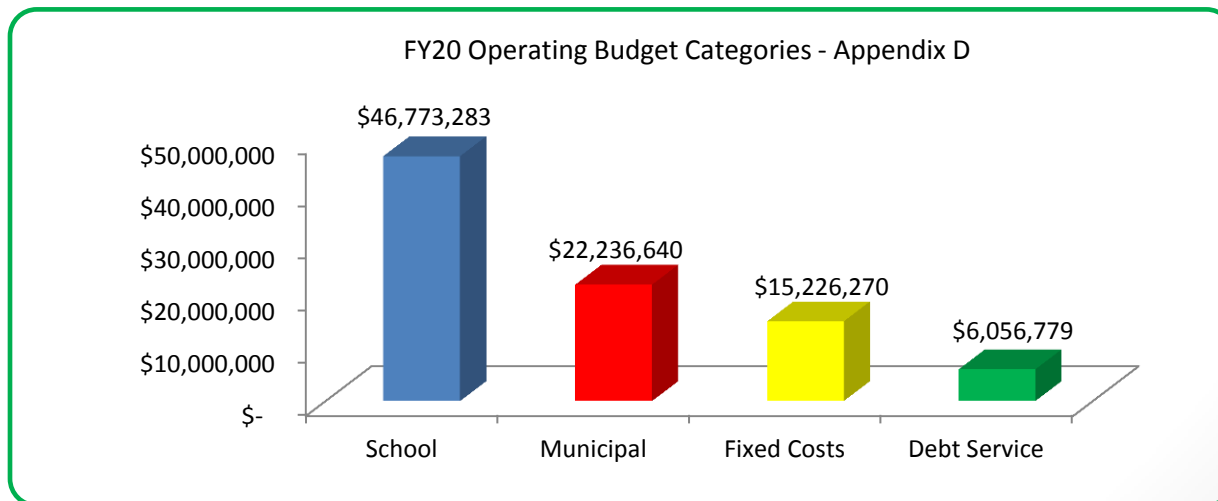
# Article 3 – Operating Budget - Detail in Separate Appendix D

FY20 Operating Budgets - \$94.6M

- ✓ Maintain high quality of services provided by Town and School departments (Approximately 3.5% increase)

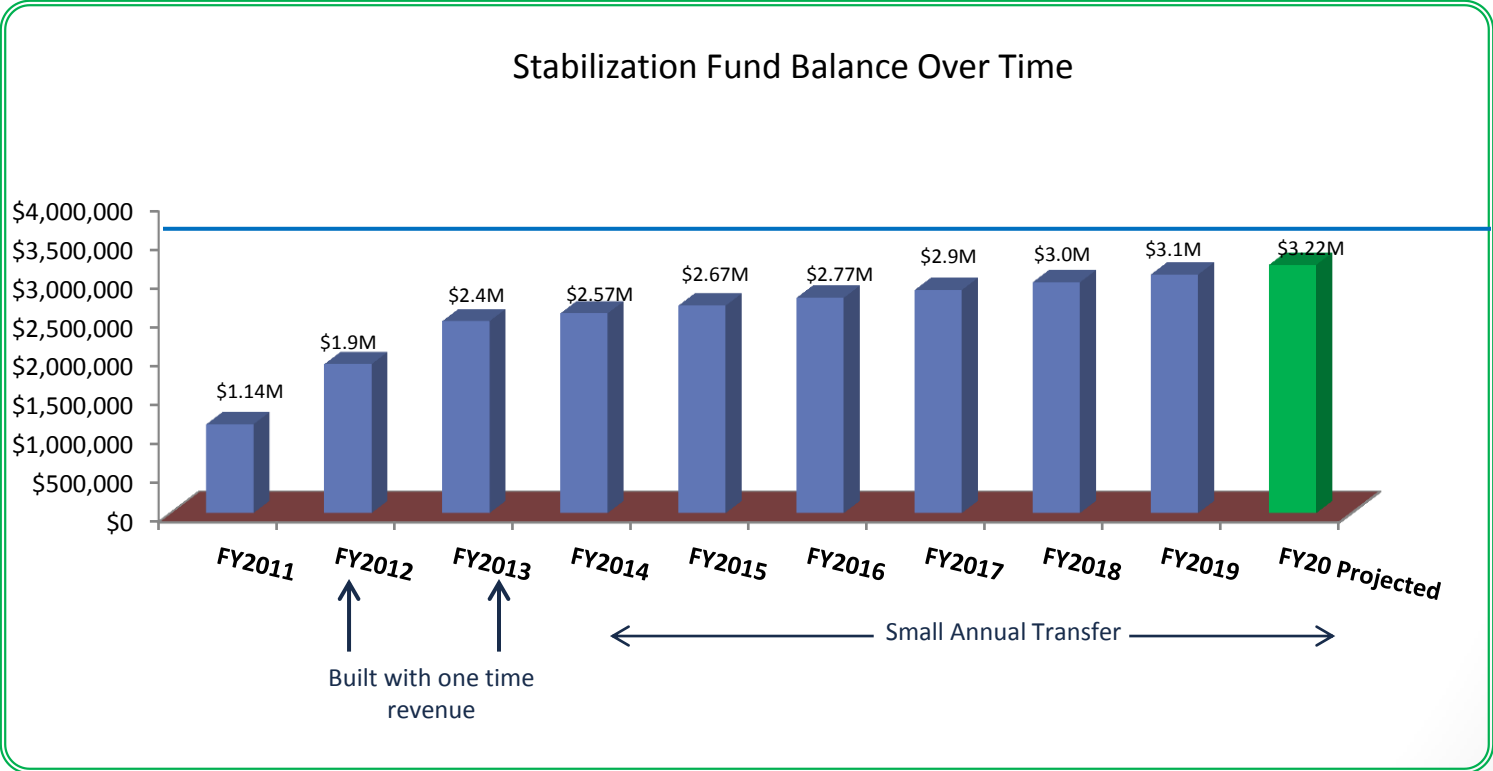
FY19 Budget	Category	Fy20 Selectmen Proposed	\$ Change FY20 v FY19	% Change FY20 v FY19
\$44,903,135	School Operating	\$46,463,031	\$ 1,559,896	3.5%
\$20,963,382	Municipal Operating	\$21,699,140	\$ 735,758	3.5%
	University Station Direct Services	\$ 587,500	\$ 587,500	
\$ 136,373	Blue Hills	\$ 149,576	\$ 13,203	9.7%
\$ 106,541	Traffic Supervisors	\$ 110,676	\$ 4,135	3.9%
\$14,626,822	Fixed Costs	\$15,226,270	\$ 599,448	4.1%
\$ 6,137,978	Debt Service	\$ 6,056,779	\$ (81,199)	-1.3%
\$ 4,319,239	Sewer	\$ 4,334,975	\$ 15,736	0.4%
<b>\$91,193,470</b>	<b>Total</b>	<b>\$94,627,947</b>	<b>\$ 3,434,477</b>	<b>3.8%</b>

- Continued stable and sustainable operating budget growth



# Article - Stabilization Fund

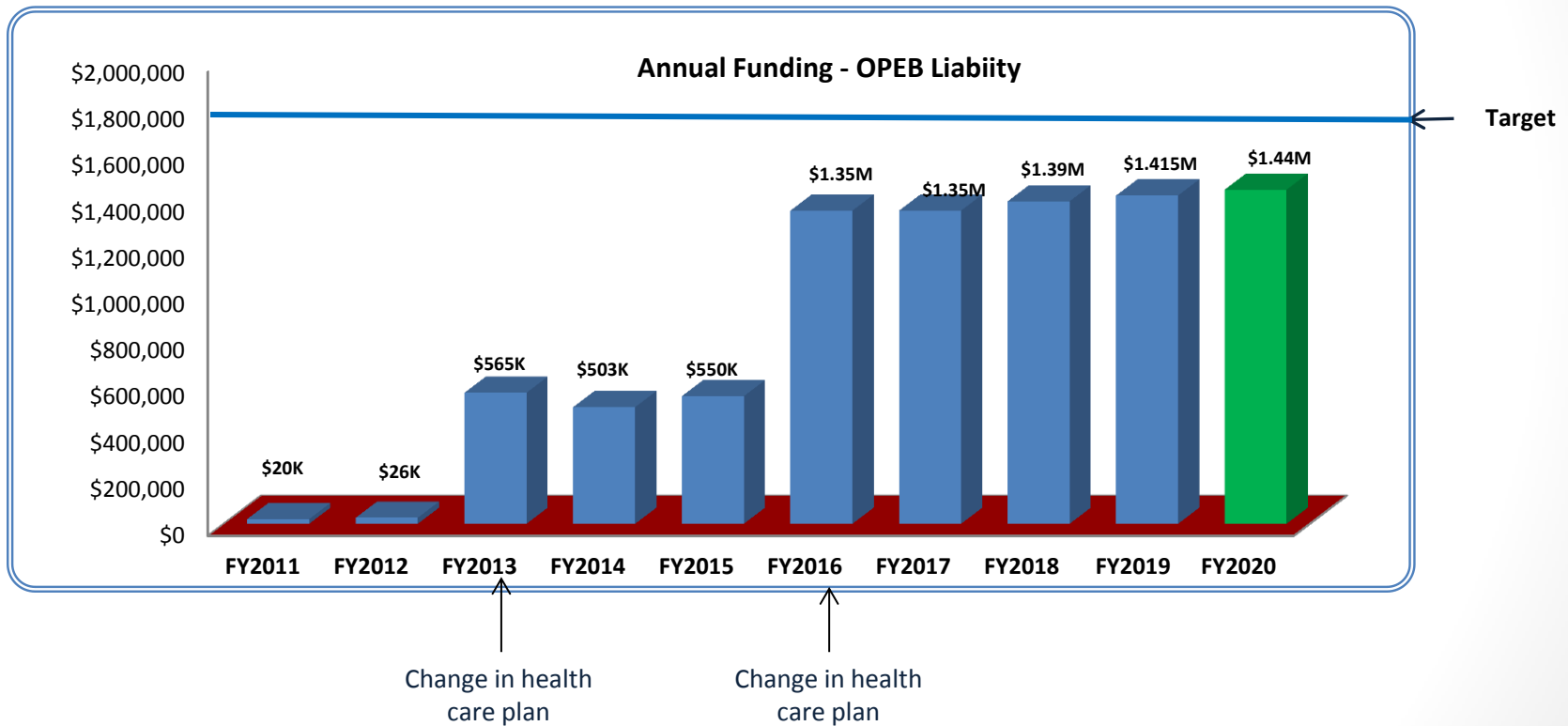
Purpose	Amount	Funding Source
Stabilization Fund	\$125,000	Free Cash



- Town Meeting Article will appropriate \$125K from Free Cash

# Article - OPEB Liability Trust Fund

Purpose	Amount	Funding Source
OPEB Liability Trust Fund	\$1,440,000	Taxation



- Balance in trust fund account as of 12/18 is approximately \$8.3M.
- Town Meeting article will appropriate \$1.44M into trust account.

# Capital Budget Articles – Base Municipal Capital

Equipment/Project	Requesting Department	Cost
One Ton Dump Truck with Plow	DPW	\$70,000
Backhoe Loader Replacement	DPW	\$125,000
Utility Maintenance Van	DPW	\$70,000
Bombadier Sidewalk Plow (B1)	DPW	\$125,000
Fire Turnout Gear Purchase and Replacement	Fire	\$35,000
Fire Engines (2) Lease Payment (Year 3 of 5 payments)	Fire	\$226,400
Fire – Deputy’s Vehicle	Fire	\$42,500
Fire – Radio Upgrade and Replacement	Fire	\$23,850
Police – Safety Equipment	Police	\$31,000
Police – Replacement of Vehicles	Police	\$179,500
Police – Radio Infrastructure	Police	\$75,000
End User Technology – All Departments	Information Technology	\$50,000
Library – Patron/Staff End User Technology	Library	\$18,750
Housing Authority Associates – Building Maintenance and Improvement	Housing	\$100,000
Municipal Buildings – Facilities Maintenance/Energy Efficiency	DPW	\$150,000
	<b>Total</b>	<b>\$1,322,000</b>
		<b>Funded by Free Cash</b>

# Capital Budget Articles – Base Schools Capital

Equipment/Project	Requesting Department	Cost
Technology	School	\$150,000
Roofing	School	\$100,000
Repair and Maintenance	School	\$402,803
Furniture, Fixtures and Equipment	School	\$111,797
HVAC	School	\$192,400
Copiers	School	\$60,000
	<b>Total</b>	<b>\$1,017,000 Funded by Free Cash</b>

# Capital Budget Articles – Ambulance and Sewer

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## Sewer Capital Improvements

Equipment/Project	Requesting Department	Cost	Funding Source
Infiltration and Inflow Reduction Program	Sewer	\$500,000	Sewer Retained Earnings
Stormwater Compliance	Sewer	\$50,000	Sewer Retained Earnings
Pump Station Facility Program	Sewer	\$500,000	Sewer Retained Earnings
	<b>Total</b>	<b>\$1,050,000</b>	

## Ambulance Capital Improvements

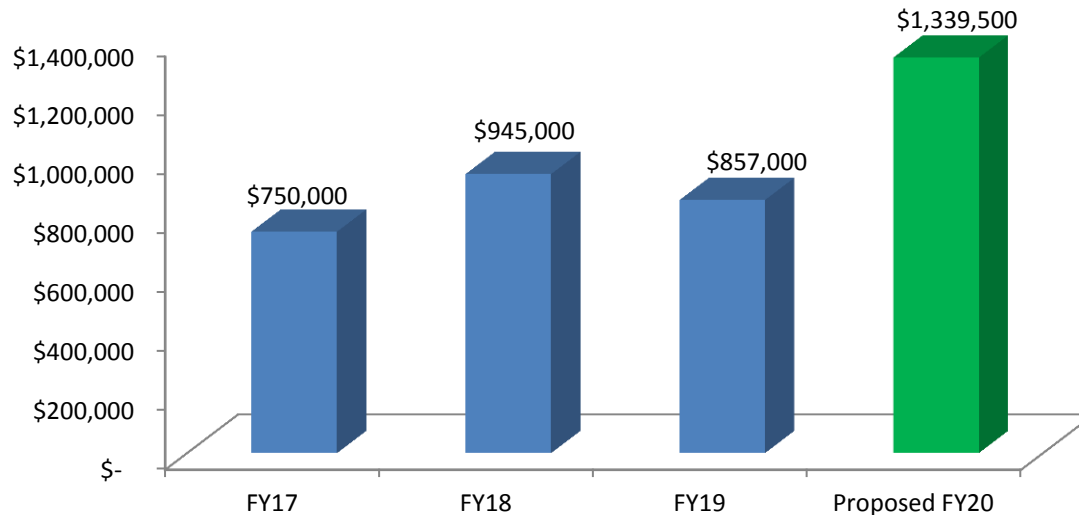
Equipment/Project	Requesting Department	Cost	Funding Source
Self Contained Breathing Apparatus Upgrade and Replacement	Fire	\$44,000	Ambulance Receipts
Rescue Equipment	Fire	\$23,500	Ambulance Receipts
	<b>Total</b>	<b>\$67,500</b>	



# Capital Budget Articles – Other Capital Improvements

Equipment/Project	Requesting Department	Cost	Funding Source
Design For Recreation Field Lighting	Recreation	\$65,000	Meals/Hotel Fund
Thurston Middle School HVAC Project	Schools	\$300,000	Meals/Hotel Fund
Council On Aging HVAC system	DPW	\$150,000	Meals/Hotel Fund
Morrison Basketball Court Refurbishment	Recreation	\$35,000	Free Cash
Carby Street Retaining Wall	DPW	\$250,000	Free Cash
Town/School Financial Enterprise Software	Information Technology	\$237,500	Free Cash
Fire Station 1 Repair and Maintenance	DPW	\$250,000	Free Cash
Perry Crouse Pond Maintenance Project	Conservation	\$32,000	Free Cash
Design new fields on land behind High School tennis courts	Recreation	\$20,000	Free Cash
<b>Total</b>		<b>\$1,339,500</b>	

**History of Additional Capital Above Base**



# Capital Article - Road Bond Within Proposition 2 1/2

**Route 109 Sidewalk/Curbing**

\$900,000

## **Road Improvement Bond – Article**

To see if the Town will vote to appropriate a sum of money to pay costs of making various roadway improvements, including but not limited to: sidewalk and curb ramp replacement and improvements on Route 109 between Nahatan Street and the Walpole town line, including the payment of all costs incidental and related thereto, and to determine whether this amount shall be raised by taxation, transfer from available funds, borrowing or otherwise or to take any other action relative thereto.

## **Motion**

That the Town appropriates \$900,000 to pay costs of making various roadway improvements, including but not limited to sidewalk and curb ramp replacement and improvements on Route 109 between Nahatan Street and the Walpole town line. Including the payment of all costs incidental and related thereto, and that to meet this appropriation, the Treasurer, with the approval of the Selectmen, is authorized to borrow said amount under and pursuant to M.G.L. c. 44, §7(1), or pursuant to any other enabling authority, and to issue bonds or notes of the Town therefor. Any premium received upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with M.G.L. c. 44, §20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount.

- This would be funded by a 10 year bond within the budget (\$92,500 remaining University Station revenue and \$30,000 change in budgeted Blue Hills Assessment estimate.)
  - Additional pieces would then be added at future Town Meetings.

