



TOWN OF MAYNARD
OFFICE OF THE TOWN ADMINISTRATOR
MUNICIPAL BUILDING
195 Main Street
Maynard, MA 01754
Tel: 978-897-1375 Fax: 978-897-8457
www.townofmaynard-ma.gov

Gregory W. Johnson
Town Administrator

January 21, 2022

Dear Honorable Select Board,

I hereby transmit to you my recommended FY2023 comprehensive budget.

The budget as proposed totals \$48,396,799 which is an increase of \$1,263,199, or 2.68%, from the current budget. I have sent you the recommended detailed line item budget and attached is a summary comparison of revenues and expenses.

The funding that supports this budget is structurally balanced using conservative revenue estimates. Every effort has been made to implement measures that maximize productivity and consistently deliver high quality services. We are extremely fortunate to have such a professional and skilled staff that is committed to excellence. In addition to my appreciation for the entire Finance Team in Town Hall, I do need to single out Town Accountant Lauri Plourde for her invaluable assistance in helping me prepare this budget.

The Town's leadership team is committed to moving Maynard forward and building a sustainable community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G.W. Johnson".

Greg Johnson



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Town Administrator's (TA) Recommended Fiscal Year 2023 (FY23) Comprehensive Budget Message

While the world continues to struggle with the side-effects of the pandemic, Town Hall and its departments, as well as the Maynard School District, have successfully adapted to meet the needs of our “customers”. As such, beginning in the Summer of 2021, town officials have collaborated effectively, and usually remotely, towards the development of the FY23 operating and capital budgets. The last two years of the pandemic have been fraught with turmoil, and have been met with invaluable resources through partnerships at every level. Maynard took proper advantage of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act in FY21 and FY22, and while this program ceased at the close of calendar year 2021, the town looks to seize opportunities for advancing plans for health, safety and capital projects through the federal American Rescue Plan Act (ARPA) and a number of state-budgeted earmarks.

My recommended FY23 budget weighs the challenges of meeting the town’s financial obligations against the conservative revenue projects and dedication to needed-services. My goal is to capitalize on opportunities for efficiency and modernization of the town’s offices, and approach the forthcoming fiscal year with a similar cautious optimism that has served departments well thus far.

Revenue:

The basis of any budget begins with revenue projections. For FY23, we began with the prior year’s levy limit of \$33,668,813. We added an increase to property tax collections by 2.5% in accordance with “Prop 2 ½”, which adds \$841,720. Based on the Chief Assessor’s projections, “New Growth” is estimated at \$300,000. This New Growth estimate is derived from an analysis of building permits, market values, and development projections. Thanks to Maynard Crossing and other openings in the last two years, while the town was largely insulated from the worst of the pandemic’s economic downturn, growth seems to be leveling going into the next fiscal year. The sub-total of real estate revenue with Prop 2 ½ and New Growth is projected as \$34,810,533.

“Local Aid” from the state, both for General Government and School support, is uncertain during the development and proposal of this current fiscal year’s operating budget, therefore we projected a conservative increase of 3.5% over FY22’s state contributions. This increase reflects reports of a state surplus in revenues, but also considers the uncertainty of assessments against the town’s local aid, namely derived by from Charter School and “School Choice” out-of-district tuition obligations. This gives revenue from net local aid as \$5,853,611. When Local Aid from the state is known, I will advise the Select Board on how to propose to Town Meeting to appropriate the funds. Options may include: supplementing the Maynard Public School District’s operating budget; supplementing general government’s operating budget; or reducing the appropriation from New Growth, which implies less tax collection and lowering the increase to taxes for FY23. Reimbursement from the state for school construction projects, including the High School, is set at \$897,660, and may be adjusted as the Green Meadow Elementary School building project’s feasibility phase continues.

“Local receipts” collected through fees, permits, licenses and other forms of payments other than real-estate taxes is conservatively estimated to be \$104,875 over this current fiscal year’s, for a total projection in FY23 to be

\$2,979,875. With recreational marijuana establishments now operating downtown, and the ongoing success of Maynard Crossing, as well as the expected re-opening of other establishments downtown, I am confident that receipts will continue to rise. Solid waste fees collection has also risen recently due to enforcement, and an evaluation of the town's approach to trash and recycling services should be expected in the future.

Tax-collected revenue for current excluded-debt is \$2,647,495 which is \$112,775 less than FY22 as we pay off bonds. As excluded debt for the high school, police station and school boilers is paid off, the amortized bond premium on excluded debt decreases by \$(3,166) from FY22.

Transfers from other internal sources contributes to calculated revenue, including from the water, sewer enterprise budgets, the ambulance services' receipt for appropriation, and from "Public, Educational, Governmental" (PEG) payments from local cable providers. The total in transfers is projected to decrease for FY23 by \$(185,250) because of the recent recalculation of indirect costs attributed to water and sewer enterprises operations, and my proposal to have ambulance receipts prepared to fund the acquisition of a new fire apparatus (truck), while continuing the lease of an ambulance. Ambulance receipts had traditionally been transferred to supplement the general fund, and while this is an acceptable practice, a better policy may be to apply these receipts towards the capital needs of the fire department. PEG funds are not expected to change for FY23, but my office is scheduling negotiations with Verizon, who may be withdrawing its cable-footprint in Maynard, which may reduce revenue in FY24 and therefore require general fund subsidization of PEG-reliant programming, especially WAVM.

The total revenue projected for the TA Recommended FY23 Budget is \$48,396,799. This is an increase of \$1,265,209 or 2.68% over the current FY22 budget.

For the current FY22, the average single family (ASF) household valuation is \$414,137, and the ASF tax bill is \$8,498.

For FY23, the ASF value is estimated to increase to \$422,420. For the TA proposed FY23 budget using 2.5%, all of New Growth and existing debt exclusion tax collection, applying the current FY22 tax rates and the FY23 assessed ASF home value, the estimated ASF household tax bill increases by \$250.

Grants are and will be aggressively pursued to help offset operating and capital demands on revenue. Other extraordinary forms of revenue may be possible but not projected, included further taxes and impact payments from recreational marijuana sales not yet already in development, infill and parcel re-use from key addresses like the outgoing fire station lot, 115 Main Street ("Gruber Building"), Powder Mill Corridor focused development, and additional stores and restaurants in Maynard Crossing.

Recreational marijuana establishments are required to provide a portion of their revenues towards Community Impact Payments, but these funds are not for use in the general fund, and must be used to fund initiatives to mitigate the impacts from the industry on the community.

Expenses:

Expenses are proposed by government function. For General Government, the TA recommended FY23 budget proposes an increase of \$282,263 which is 8.47% over the FY2022 budget. The largest factors contributing to this increase includes the additional funds towards Pay-As-You-Go Capital totaling \$205,000, which is an additional \$83,925 over FY22. The town's Capital Planning Committee will provide its recommendations to the TA and Select Board through its Capital Improvement Plan (CIP) for capital items proposed to be funded by this source. Their CIP will be presented separately from this message. More information as to the proposed use of the Pay-As-You-Go Capital will be provided later in this message.

Another increase to General Government is a significant increase to the town's liability insurance premium in the amount of \$71,367, which is an increase of 14% and can be attributed to the claims filed over the last three years. The TA office is also planning to negotiate six contracts going into FY23, including the Professionals, Public Works Laborers, and Fire Fighters unions, as well as the Public Works Director, Assistant Town Administrator and Fire Chief. In anticipation of these contracts, I am recommending to add \$30,000 towards personnel contracts. The Data Processing line of General Government is proposed to increase by \$55,503 for a number of purposes: the establishment of a new website platform; incorporating Clear Gov's online budgeting platform; the planned regular turnover of computer work stations and new servers; and the increase to contracted computer support. Another significant obligation to the General Government function is that most town departments, some more than others, needed to appropriate budget for the impacts of the recently ratified Clerical Union contract, as reflected in personnel and salary costs. General town facilities expenses also increases, in order to support repairs and maintenance, gas price increases, training opportunities, and the new Fire Station's utilities, which is expected to be occupied by the end of Summer 2022. The town's Office of Municipal Services (OMS) welcomed a new full time Health Agent, and I am planning to offset the eligible portion of that new employee's salary with ARPA funding. OMS is also investing in pre-application procedures to support interested developers, which requires professional consulting before application fees are obligated. A department submitted-request for an additional administrative support position was not forwarded in my FY23 recommendation, and while I do agree with the justification for hiring this position, attention was drawn elsewhere to meet other demands on the town's budget.

Public Safety's budget proposal is an increase of \$111,524 which is 2.18% over the FY2022 budget. This reflects contractual obligations for salaries for Maynard Police, Fire and Dispatchers, as well as the parking enforcement officer. The fire department's budget includes expected operational costs when occupying the new fire station, and logistical demands, such as the increase to clothing costs, vehicle and equipment repairs and maintenance, SCBA flow testing, and medical supplies. The fire department's budget request included an increase in salaries for a Deputy Fire Chief position, and I endorse the justification presented by the Fire Chief for the creation of this position. However, the demands of other departments' budgets requires restraint for FY23, but I strongly encourage the appropriation for the salary for a Deputy Fire Chief in the near future in order to support the department's leadership structure to meet the demands of growth in the community.

For Maynard Public School District, the TA recommended FY23 budget proposes an increase of \$327,673 which is 1.55% over FY22. The School Committee and Superintendent's Office is expected to provide a report as to their proposed expenditures based on this recommendation. The TA recommended appropriation is \$(565,000) less than their originally requested budget increase. With no accurate estimation of Local Aid for the School District from the state in the current TA recommended budget, the Select Board can consider adjusting the District's budget appropriation when information is received. It should be noted that school department expenses are funded through other avenues in the TA recommended comprehensive budget, including capital funding, liability and health insurance. Assabet Valley Regional Technical High School's assessment is estimated to increase by 3%, for an increase of \$37,517 over the current fiscal year.

Public Works' budget proposal is an increase of \$129,816 which is 6.03% over the FY2022 budget. This reflects an increase to supporting repairs and maintenance of vehicles, equipment, street lights, buildings and grounds, and tree maintenance. Public works is also budgeted for an increase to Municipal Separate Storm Sewer System (MS4) services, while also reducing administrative support through reliance on the water and sewer enterprise accounts. This budget proposal attempts to meet the demands on the expense-side of the department's operations, but does not include the creation of a number of requested positions, including: business manager; operations supervisor; and, town engineer. The Director of Public Works has sound justification for the positions, and these positions may align with the FY22 goals of the Select Board, therefore the Board may redirect proposed appropriations accordingly. With the many capital projects being planned for thanks to earmarks and grants, Public Works' consulting line was increased to help with the burden of managing the great demand.

Culture and Recreation's budget is for library services, and my proposal is an increase of \$39,406 which is 6.55% over the FY2022 budget. Nearly all of this increase is attributed to meet the obligations of the clerical union contract.

Regarding debt paid from the General Fund, not including water and sewer enterprises, the town's bonds advisory firm reports that compared to initially higher FY22 estimates, actual figures coming in under the estimates would be attributable to a favorable interest rate environment last June 2021 when the town sold its 30-year bonds and locked in a net rate of 1.988% while also taking advantage of a refunding opportunity for its 2011 bonds for additional savings through FY32.

Debt exclusion, approved by the voters, allows the town to assess taxes above the Proposition 2 ½ limits set by law. Debt exclusion collection for FY23 is projected at \$2,647,495, which includes coverage for the new Fire Station construction of \$629,975. No new excluded debt service is proposed for FY23. The grant reimbursement from the Massachusetts School Building Authority (MSBA) for the debt associated with the construction of the high school is scheduled for final payments in FY23.

Non-excluded debt service budget proposal decreases by \$(101,499) or (43.8)%, for a total of \$130,499 in FY23. This is debt paid for out of the levy limit, and not collected separately for exclusive purposes. New non-excluded debt service is being considered, but is not incorporated into this budget recommendation, including: replacement of the Alumni Field bleachers at an approximate cost of up to \$1,000,000; and, replacement of the roof and renovations to the building's envelope at the Maynard Golf Course's club house and Senior Center. More research, including private consulting, is expected to plan for these projects.

Debt service for enterprise funds for FY23 is proposed to be \$778,123 for Sewer and \$647,485 for Water, which includes the estimated \$67,500 for Well 4A's establishment.

The percentage of the non-excluded debt of the total General Fund budget for FY23 is 0.27%. The percentage of excluded debt of the total General Fund budget is 7.38% in FY23. Therefore, the total debt of the General Fund budget would be 7.65% in FY23.

The budget proposal for employee benefits increases by \$552,697, or 6.3% for FY23. This reflects increases to retirement system pension contributions for \$161,321, and \$391,376 for an estimated 7% increase for the cost of health insurance to employees over this current fiscal year. This amount does not factor any new full-time employees that may be hired in FY23. The town's health insurance provider, MIIA, has not yet provided the FY23 premium increase report at this time. The Board will need to consider how any funds should be budgeted for if the health insurance increase is not as high as 7%. Options may include: towards other departments; capital items; or not re-allocated and therefore allowing for some cushion should substantial health-care costs from claims arise over the course of the year. MIIA has indicated that the town has an advantageous "loss-ratio", but adds that they are uncertain how to predict the scale of ongoing and post-COVID claims.

The proposed funding amount of a reserve fund is level at \$250,000.

Funding towards "Public, Educational, Governmental" (PEG) access is offset by revenue provided by local cable network providers. It should be noted that expenses mainly fund positions for the school district's WAVM communication program's teaching staff, and that expenses outweigh contracted-set revenue projects by the close of FY2023.

Funding for the “overlay” reserve to offset tax abatements remains at FY22 level which is \$240,000. There are a number of cases at the state’s Appellate Tax Board (ATB) and otherwise for which the town’s Chief Assessor is not recommending releasing overlay funds until settled.

Total expenditures for the TA recommended FY23 budget is \$48,396,799, which is \$1,263,199 or 2.68% over the current FY22 budget.

The Water Enterprise budget is recommended to increase by \$289,313, and totals \$2,488,423 for FY23. The town’s water systems are aging and strained, and investments must be made to both meet current needs and future demands. In addition to the increase budget for operations, expenses include half of the costs of a new collections clerk employee (the other half from sewer enterprise), debt increase of \$33,549, and indirect costs of \$133,185. More information on this proposal is already provided to the Board from the Director of Public Works.

The Sewer Enterprise budget is recommended to decrease by \$26,591, and totals \$3,494,225 for FY23. Adjustments to customers’ rates will reflect this budget proposal. Increases to the budget include operations and maintenance by \$111,052, infiltration mitigation of \$65,000, and waste water treatment facility (WWTF) capital needs of \$20,000. However, debt and indirect costs reduction offset these increases. More information on this proposal is already provided to the Board from the Director of Public Works.

Capital:

The Town Administrator’s (TA) Office is working with the newly re-established Capital Planning Committee (“CapCom”) to develop a Capital Improvement Plan for FY23. The committee is expected to present their Capital Improvement Plan (CIP) to the Board and community at the Joint Budget Review meeting.

“Free Cash” of funds not used in FY21 is currently estimated at \$500,000, and the certified amount is anticipated to be known in February 2022. The allocation of Free Cash is proposed in this TA recommended FY23 budget to be used in the following way:

Devote \$200,000 towards snow and ice response services; provide \$65,000 towards General Stabilization; invest \$25,000 towards “Other Post-Employment Benefits” (OPEB) obligations; contribute \$50,000 to Capital Stabilization; and, fund one-time capital proposals totaling \$160,000.

The recommendation for the General Stabilization transfer serves towards replenishing this fund following last year’s withdrawal of \$1,000,000 for the cost of a feasibility study to replace or renovate the Green Meadow Elementary School. This endeavor is in collaboration with the Massachusetts School Building Authority (MSBA), and it is expected to receive approximately 55% in funds from the state to offset the costs of this project, as well as eventually the entire school’s construction costs. The town’s General Stabilization fund currently has \$1,732,434. Capital Stabilization currently has \$335,315.

The one-time capital proposals from Free Cash is limited to replacing the expired communications systems of public safety’s dispatch operations, in the amount of \$160,000.

The one-time capital proposals from Pay-As-You-Go Capital from the General Fund include: Fire hose replacement in the amount of \$40,000; high school roof repairs in the amount of \$40,000; HVAC repairs for all schools in the amount of \$50,000; repairs to school doorways in the amount of \$20,000; and, the purchase of a hybrid-motored Police Cruiser in the amount of \$55,000.

The state’s allocation of “Chapter 90” road and sidewalk infrastructure funding is \$293,469 for the current fiscal year. This amount was after a supplement of nearly \$30,000, and may not be level-funded for FY23. Therefore, a more conservative estimate is expected at \$264,000 for FY23. For this budget, it is not recommended to enhance

this funding from other revenue or budgetary sources. But the general fund should be considered to supplement Ch 90 state funding going forward, as the state aid is not enough to keep up with vital infrastructure maintenance.

A number of other funding sources provide for capital needs beyond the town's tax-collection. A new "pumper" truck for the Fire Department in the amount of \$110,000 per year is proposed from ambulance receipts. The American Rescue Plan Act (ARPA) direct allocation funds are proposed for a study to determine required upgrades to the Old Marlborough Road Water Treatment Plant in the amount of \$800,000, as well as funding designs for water quality treatment to Water Treatment Plan #4 in the amount of \$2,000,000. There are a large number of state funding sources, either from budget earmarks, major grants, or ARPA earmarks, that will be used for the town's needs, including: crosswalk and rail trail connection at Brown Street in the amount of \$215,000; the installation of a traffic light at the intersection of Concord, Hayes and Brown Streets in the amount of \$500,000; a curb extension at Glendale Street in the amount of \$125,000; a curb extension at Nason Street in the amount of \$60,000; a structural analysis of the Department of Public Works "yard" on Winter Street in the amount of \$150,000; storm water drainage repair and upgrade on Main Street in the amount of \$200,000; safety improvements at the Waste Water Treatment Facility in the amount of \$60,000; and, support for repairs to the Art Space building in the amount of \$50,000.

Respectfully submitted,

Greg Johnson

<u>FINANCIAL MODEL - REV9</u>	FY2022 Budget Final	FY2023 Budget REV 1
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REAL ESTATE REVENUES

Prior Year Levy Limit	32,083,704	33,668,813
2.5 % Increase	802,364	841,720
amended new growth	10,888	
New Growth	650,000	300,000
	33,546,956	34,810,533

DEBT EXCLUSION

Library Exclusion	216,520	209,595
School Partial Adv Refunding 2000	155,801	98,820
Poice Statiion	263,687	247,913
School Boilers	45,739	44,225
High School (9/29/11)	454,034	424,025
High School (2/15/12)	484,235	485,675
High School (2/14/13)	461,841	459,567
GMES Roof	48,928	47,700
Fire Station	629,486	629,975
Total Excluded Debt	2,760,270	2,647,495

TOTAL TAX REVENUE

36,307,226 37,458,028

Education - Chapter 70	5,480,621	5,480,621
Education - Charter School Reimbursement	225,264	225,264
Less: Assessments - Charter School	(1,440,555)	(1,440,555)
Less: Assessments - School Choice	(272,541)	(272,541)
General Government	1,773,634	1,773,634
Less: Assessments General Government	(110,760)	(110,760)
	197,948	3.5% incre
TOTAL LOCAL AID	5,655,663	5,853,611

Motor Vehicle Excise	1,314,000	1,346,850
Other excise - Meals	100,000	145,000
Penalties & Interest on Taxes & Excise	94,000	94,000
Payments in Lieu of Taxes	28,000	28,000
Charges for Services - Solid Waste Fees	545,000	576,645
Fees	90,000	94,000
Rentals	75,000	75,000
Dept Revenue- Cemeteries	24,000	24,000
Other Department Revenue	10,000	16,000
Licenses & Permits	290,000	265,380
Fines & Forfeits	50,000	50,000
Investment Income	30,000	30,000
Medicaid Reimbursement	60,000	60,000
Marijuana excise tax	125,000	175,000
Marijuana Impact Fee	40,000	-
TOTAL LOCAL RECEIPTS	2,875,000	2,979,875

Bond Premium Reimbursement - Police Station		
Bond Premium Reimbursement- School Boilers		
Bond Premium Reimbursement - High School		
Bond Premium Reimbursement - High School	12,607	10,967
Bond Premium Reimbursement - High School	14,532	13,005
TOTAL BOND PREMIUM REIMBURSEMENT	27,139	23,973

School Construction Reimb. - Fowler School	897,660	897,660
Water Indirect Costs - Transfer to GF	307,050	436,615
Sewer Indirect Costs - Transfer to GF	527,218	342,413
Ambulance Receipts - Transfer to GF	170,000	40,000
Ambulance Receipts - Transfer to GF (For Capital)	-	
PEG Access - Comcast	182,317	182,307
PEG Access - Verizon	182,317	182,317
TOTAL TRANSFERS FROM OTHER FUNDS	1,368,902	1,183,652

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Free Cash

TOTAL REVENUE	\$ 47,131,590	\$ 48,396,799
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	<u>STM Revised FY22</u>	<u>FY23 TA Recommendation</u>	<u>Difference from FY22</u>	<u>Percent Difference from FY22</u>
<u>REAL ESTATE REVENUES</u>				
Prior Year Levy Limit	32,083,704	33,668,813	1,585,109	4.94%
Proposition 2.5% Increase	802,092	841,720	39,628	4.94%
amended new growth	10,888		(10,888)	-100.00%
New Growth (Estimate)	650,000	300,000	(350,000)	-53.85%
	33,546,684	34,810,533	1,263,849	3.77%
Debt Exclusions	2,760,270	2,647,495	(112,775)	-4.09%
Debt Exclusions - Fire Station	-	-	-	-
			-	-
TOTAL TAX REVENUE	36,306,954	37,458,028	1,151,074	3.17%
Education - Chapter 70	5,480,621	5,480,621	-	0.00%
Education - Charter School Reimbursement	225,264	225,264	-	0.00%
Less: Assessments Charter School	(1,440,555)	(1,440,555)	-	0.00%
Less: Assessments School Choice	(272,541)	(272,541)	-	0.00%
			-	-
General Government	1,773,634	1,773,634	-	0.00%
Less: Assessments General Government	(110,760)	(110,760)	-	0.00%
School Construction Reimbursement	897,660	897,660	-	0.00%
			197,948	197,948
NET LOCAL AID	6,553,323	6,751,271	197,948	3.02%
TOTAL LOCAL RECEIPTS	2,875,000	2,979,875	104,875	3.65%
			-	-
TOTAL BOND PREMIUM REIMBURSEMENT	29,421	23,973	(5,448)	-18.52%
TOTAL TRANSFERS FROM OTHER FUNDS	1,368,902	1,183,652	(185,250)	-13.53%
FREE CASH	-	-	-	-
			-	-
TOTAL GENERAL FUND REVENUE	\$ 47,133,60	\$ 48,396,79	1,263,199	2.68%
<u>EXPENSES</u>				
General Government	3,334,360	3,616,623	282,263	8.47%
Public Safety	5,116,894	5,228,418	111,524	2.18%
Education - Maynard	21,136,261	21,463,934	327,673	1.55%
Education - Assabet	1,250,559	1,288,076	37,517	3.00%
Public Works	2,152,847	2,282,663	129,816	6.03%
Culture and Recreation	601,344	640,750	39,406	6.55%
Capital - Debt Service Exempt	3,685,069	3,569,128	(115,941)	-3.15%
Capital - Debt Service Non Exempt	232,255	130,499	(101,756)	-43.81%
Capital - Non Debt	-	-	-	-
Employee Benefits	8,767,577	9,320,274	552,697	6.30%
Reserve Fund	250,000	250,000	-	0.00%
PEG Access (Offset by revenue in transfers)	366,434	366,434	-	0.00%
			-	-
TOTAL GENERAL FUND EXPENSES	46,893,600	48,156,799	1,263,199	2.69%
			-	-
Overlay - Assessment	240,000	240,000	-	0.00%
			-	-
TOTAL EXPENDITURES	47,133,600	48,396,799	1,263,199	2.68%