



TOWN OF MAYNARD
OFFICE OF THE TOWN ADMINISTRATOR

MUNICIPAL BUILDING
195 Main Street
Maynard, MA 01754
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www.townofmaynard-ma.gov

Gregory W. Johnson
Town Administrator

January 21, 2023

Dear Honorable Select Board,

I hereby transmit to you my recommended FY2024 comprehensive budget.

The General Fund budget as proposed totals \$48,940,587 which is an increase of \$415,859 or 0.86% 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 Finance Director 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. Johnson".

Greg Johnson



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Town Administrator's (TA) Recommended Fiscal Year 2024 (FY24) Comprehensive Budget Message

As is seemingly the case in most of the country, Maynard is adapting to a “new normal” following the height of the COVID-19 pandemic. While some pandemic-related programs are continuing for a time, such as federal funding schemes like the American Recovery Plan Act (ARPA), outdoor seating by restaurants, and online attendance of public meetings, my Town Administrator’s Recommended FY24 operational budget reflects being “on the other side” of the worst of the pandemic. One such reflection may be the cost of employee benefits for health insurance premium costs, as predictions for subscribers’ return to their doctors’ offices lead the town’s consultant to advise doubling the regular increase in health insurance premium from the General Fund. Other new norms to observe include how the “business” of state government is executed with the new Governor’s administration, and how the local economy evolves considering Maynard Crossing’s build-out, recreational marijuana’s second year, and the re-use of properties such as the old fire station, the Gruber Building at 115 Main Street, and the old Fowler School as Art Space ends its lease. I am confident that the community will take changes in stride, and come out stronger for them, just as Maynard has exemplified its resiliency and adaptability during the pandemic.

My recommended FY24 budget weighs the challenges of meeting the town’s financial obligations against the conservative revenue projections 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 FY24, we began with the prior year’s levy limit of \$34,986,734. We added an increase to property tax collections by 2.5% in accordance with “Prop 2 ½”, which adds \$874,668. 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. While the town received substantial growth from new property developments in the last few years, new development is limited, and growth seems to be leveling going forward. The sub-total of real estate revenue with Prop 2 ½ and New Growth is projected as \$36,161,402.

“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, mainly due to the transition to a new Governor’s administration. The town’s receipt of funds for the debt attributed to the Fowler Middle School in the amount of \$897,660, will not be included in FY24, which marks a significant difference in overall state aid from past year’s. Reimbursement from the state for school construction projects may be adjusted as the Green Meadow Elementary School building project’s feasibility phase continues. Projections for “local aid” from the state is projected at \$5,933,798, or \$144,727 at 2.5% over FY23 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. 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 FY24.

"Local receipts" collected through fees, permits, licenses and other forms of payments other than real-estate taxes is conservatively estimated to be \$159,380 over this current fiscal year's, for a total projection in FY24 to be \$3,215,380. With recreational marijuana establishments now operating downtown, and the ongoing success of Maynard Crossing, as well as the expected opening of other establishments downtown, I am confident that receipts will be stable. Receipts from trash sticker sales is down at this time in the current fiscal year, which is attributed to end of bulk-waste collection. This decrease is expected to be offset by a reduction in expenses for the tonnage to be processed. A task force was formed to evaluate solid waste and recycling to explore options to program and service changes to be recommended to the Select Board.

Tax-collected revenue for current excluded-debt is \$2,537,106 which is \$110,389 less than FY23 as we pay off bonds. As excluded debt is paid off, the amortized bond premium on excluded debt decreases by \$(2,423) from FY23. Over \$1,000,000 in excluded debt will decrease from expenses for FY24, as the town concludes its payments for the construction of the Fowler Middle School, and thereby revenue receipt ceases from the state's Massachusetts School Building Authority (MSBA) for that particular project.

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 FY24 by about \$(154,000) as PEG revenue projections are unknown before negotiations settled through Special Counsel with Verizon, who may be withdrawing its cable-footprint in Maynard.

The total revenue projected for the TA Recommended FY24 Budget is \$48,940,587. This is an increase of \$415,859 or 0.86% over the current FY23 budget. However, removing the MSBA's contribution to revenue that is mirrored by reduced expenses, my "true" revenue projection for the FY24 General Fund is \$1,313,519.

Grants are and will be aggressively pursued to help offset operating and capital demands on revenue. In FY22, we benefited from over \$800,000 in grant awards. So far in FY23, the town has been awarded over \$200,000. 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 FY24 budget proposes an increase of \$51,581 which is 1.47% over the FY23 budget. This increase is attributed to vendor service contract increases, including Town Counsel and information technology (IT) support, and expected utility energy rates increases. Other increases are attributed to personnel contracts already ratified. However, a number of personnel contracts, both union and non-union affiliated, are scheduled to be negotiated, including the Police Patrolmen and Superiors, Clerical staff, Police Chief and Deputy Chief, Planning Director, and Human Resource Director. In order to provide a balanced budget, no additional funds were budgeted in "personnel contracts" accounting line, as had been in the past. Instead, Free Cash could be appropriated for the unbudgeted wage increases that are the result of negotiations. General Government is not budgeted for capital-pay-as-you-go

funding, which had been funded in recent past fiscal years. Instead, Free Cash can be appropriated for capital planning items. The town's liability insurance premium is expected to increase for cyber-security coverage and for the new fire station. An Office of Municipal Services (OMS) department submitted-request for an additional administrative support position was not forwarded in my FY24 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 \$58,250 for FY24 which is 1.11% over the FY23 budget. This reflects contractual obligations for salaries for Maynard Fire and Dispatchers, but not Police, who's contracts have not yet been negotiated. The fire department's budget includes expected operational costs when occupying the new fire station, and logistical demands, such as the increase to technology costs, vehicle and equipment repairs and maintenance. Although not included in the Fire Chief's FY24 proposal, in FY23 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 FY24, 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 FY24 budget proposes an increase of \$563,327 which is 2.6% over FY23. 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 \$(514,842) less than their "level-funded" requested amount. 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 2.5%, for an increase of \$29,775 over the current fiscal year.

Public Works' budget proposal is an increase of \$75,176 which is 3% over the FY2023 budget. This reflects an increase to meet contractual obligations, but level funds nearly all other operations, including supporting repairs and maintenance of vehicles, equipment, street lights, buildings and grounds, and tree maintenance, as well as Municipal Separate Storm Sewer System (MS4) services. This budget proposal 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 FY23 or future FY24 goals of the Select Board, therefore the Board may redirect proposed appropriations accordingly.

Culture and Recreation's budget is for library services, and my proposal is a decrease of \$3,402 which is 0.53% less than the FY23 budget. This balance is attributed to a reduction in Children's Librarian personnel costs to reflect current actual costs, but increases the facility's energy costs, and does not increase personnel wages for the majority of staff who's contract, as members of the Clerical union, has not yet been negotiated for FY24. The Library Director requests adding a part-time position to supplement programming, in response to the recent Community Survey as part of the library's Strategic Plan in development, but that position was not afforded in my recommendations.

Debt exclusion, approved by the voters, allows the town to assess taxes above the Proposition 2 1/2 limits set by law. Debt exclusion collection for FY24 is projected at \$2,558,655, which is \$1,010,473 less than FY23, mainly due to the end of payments for the Fowler Middle School's construction costs. For FY24, however, the proposed new Green Meadow Elementary School construction may be funded through additional excluded debt.

Non-excluded debt service budget proposal decreases by \$(55,266) or (31.49)%, for a total of \$120,234 in FY24. 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 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 the project. New bleachers at Alumni Field may be considered to be funded through non-excluded debt, or else bonded in the same borrowing appropriation scheme for the proposed Green Meadow Elementary School construction.

The budget proposal for employee benefits increases by \$726,890, or 8% for a total of \$9,880,480 in FY24. This reflects increases to retirement system pension contributions for \$174,152, and \$552,738 for an estimated 8% 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 FY24. The town's health insurance provider, MIIA, has not yet provided the FY24 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 8%. 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" in the past, but adds recent, ongoing and post-COVID claims may impact health insurance premium rates for FY24. The town's health insurance consultant has proposed potential plan-design changes to the town's Insurance Advisory Committee (IAC) of union and non-union representatives that may yield lower premium costs if implemented.

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. Therefore, this recommended budget reduces the projected revenue by \$154,000, and continues a trend of shifting town department use of PEG funds by decreasing the town's use by \$20,000 and adding those expenses to the General Fund's technology support budget. Negotiations through Special Counsel with Verizon are expected to last through the winter of calendar years 2023-2024, and the General Fund budget may need to be adjusted depending on results of a renewal agreement for the license associated with Verizon's utilities in town.

Funding for the "overlay" reserve to offset tax abatements remains at FY23 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 FY24 budget is \$48,940,587, which is \$415,859 or 0.86% over the current FY23 budget.

The FY24 budgets for the Water and Sewer Enterprises, separate from the General Fund, will be presented to the Select Board in the near future, as the Director of Public Works works with the contracted consulting firm to assess the current operations, future projects and capital investments, appropriate reserve levels, and proposals to the forthcoming utility rates.

Capital:

The Town Administrator's (TA) Office is working with the Capital Planning Committee ("CapCom") to develop a Capital Improvement Plan for FY24. 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 FY22 is currently estimated at \$1,900,000, and the certified amount is anticipated to be known in February 2023. The allocation of Free Cash is proposed in this TA recommended FY24 budget to be used in the following way:

Devote \$400,000 towards snow and ice response services, which considers adding to the usual \$119,000 in the General Fund for increases to fuel costs over the 5-year average of snow/ice expenses of \$402,000; provide \$100,000 towards General Stabilization; invest \$25,000 towards “Other Post-Employment Benefits” (OPEB) obligations; contribute \$50,000 to Capital Stabilization; and, fund not-yet negotiated personnel contract costs with \$100,000.

The town’s General Stabilization fund currently has \$1,750,021. Capital Stabilization currently has \$372,969. The current OPEB fund has \$1,507,462.

The one-time capital proposals from Free Cash of \$1,225,000 will be proposed in collaboration with the town’s Capital Planning Committee at the Joint Budget Review. The Capital Planning Committee reports having developed a draft Capital Improvement Plan (CIP), but has not finalized their recommendations.

The state’s estimated allocation of “Chapter 90” road and sidewalk infrastructure funding is \$270,000 for the next fiscal year. 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.

Respectfully submitted,

Greg Johnson

| | <u>FY23</u> <u>STM Approved</u> | <u>FY24</u> <u>TA Recommendation</u> | Difference | |
|--|------------------------------------|---|---------------------|-----------------|
| REAL ESTATE REVENUES | | | | |
| Prior Year Levy Limit | 33,668,813 | \$ 34,986,734 | \$ 1,317,921 | |
| Proposition 2.5% Increase | 841,720 | \$ 874,668 | \$ 32,948 | |
| amended new growth | | \$ | \$ | - |
| New Growth (Estimate) | 300,000 | \$ 300,000 | \$ | - |
| | <u>34,810,533</u> | <u>\$ 36,161,402</u> | \$ 1,350,869 | 3.88% |
| Debt Exclusions | <u>2,647,495</u> | <u>\$ 2,537,106</u> | \$ (110,389) | -4.17% |
| Debt Exclusions - Fire Station | | \$ | \$ | - |
| | | \$ | \$ | - |
| TOTAL TAX REVENUE | 37,458,028 | \$ 38,698,508 | \$ 1,240,480 | 3.31% |
| Education - Chapter 70 | 5,554,961 | \$ 5,693,835 | \$ 138,874 | 2.50% |
| Education - Charter School Reimbursement | 370,652 | \$ 379,918 | \$ 9,266 | 2.50% |
| Less: Assessments Charter School | (1,516,872) | \$ (1,554,794) | \$ (37,922) | 2.50% |
| Less: Assessments School Choice | (355,396) | \$ (364,281) | \$ (8,885) | 2.50% |
| | (15,390) | \$ (15,775) | \$ (385) | 2.50% |
| General Government | 1,857,572 | \$ 1,904,011 | \$ 46,439 | 2.50% |
| Less: Assessments General Government | (106,456) | \$ (109,117) | \$ (2,661) | 2.50% |
| School Construction Reimbursement | 897,660 | \$ | \$ (897,660) | -100.00% |
| | | \$ | \$ | - |
| NET LOCAL AID | 6,686,731 | \$ 5,933,798 | \$ (752,933) | -11.26% |
| | | \$ | \$ | - |
| TOTAL LOCAL RECEIPTS | 3,056,000 | \$ 3,215,380 | \$ 159,380 | 5.22% |
| | | \$ | \$ | - |
| TOTAL BOND PREMIUM REIMBURSEMENT | 23,973 | \$ 21,550 | \$ (2,423) | -10.11% |
| TOTAL TRANSFERS FROM OTHER FUNDS | 1,199,996 | \$ 1,071,351 | \$ (128,645) | -10.72% |
| Overlay Surplus | 100,000 | \$ | \$ (100,000) | -100.00% |
| | | \$ | \$ | - |
| TOTAL GENERAL FUND REVENUE | \$ 48,524,728 | \$ 48,940,587 | \$ 415,859 | 0.86% |
| | | \$ | \$ | - |
| EXPENSES | | | | |
| General Government | 3,513,855 | \$ 3,565,436 | \$ 51,581 | 1.47% |
| Public Safety | 5,253,418 | \$ 5,311,668 | \$ 58,250 | 1.11% |
| Education - Maynard | 21,666,408 | \$ 22,229,735 | \$ 563,327 | 2.60% |
| Education - Assabet | 1,190,983 | \$ 1,220,758 | \$ 29,775 | 2.50% |
| Public Works | 2,504,663 | \$ 2,579,839 | \$ 75,176 | 3.00% |
| Culture and Recreation | 640,750 | \$ 637,348 | \$ (3,402) | -0.53% |
| Capital - Debt Service Exempt | 3,569,128 | \$ 2,558,655 | \$ (1,010,473) | -28.31% |
| Capital - Debt Service Non Exempt | 175,499 | \$ 120,234 | \$ (55,266) | -31.49% |
| Capital - Non Debt | | \$ | \$ | - |
| Employee Benefits | 9,153,590 | \$ 9,880,480 | \$ 726,890 | 7.94% |
| Reserve Fund | 250,000 | \$ 250,000 | \$ | - |
| PEG Access (Offset by revenue in transfers) | 366,434 | \$ 346,434 | \$ (20,000) | -5.46% |
| | | \$ | \$ | - |
| TOTAL GENERAL FUND EXPENSES | 48,284,728 | \$ 48,700,587 | \$ 415,859 | 0.86% |
| | | \$ | \$ | - |
| Overlay - Assessment | <u>240,000</u> | <u>\$ 240,000</u> | \$ | 0.00% |
| | \$ | \$ 1 | \$ 1 | |
| | \$ | \$ | \$ | - |
| TOTAL EXPENDITURES | 48,524,728 | \$ 48,940,587 | \$ 415,859 | 0.86% |

Local Receipts Revenue FY24

| | | |
|---|-----------|---------------------|
| Motor Vehicle Excise | \$ | 1,402,500.00 |
| Other excise - Meals | \$ | 185,000.00 |
| Penalties & Interest on Taxes & Excise | \$ | 100,000.00 |
| Payments in Lieu of Taxes | \$ | 28,560.00 |
| Charges for Services - Solid Waste Fees | \$ | 570,000.00 |
| Fees | \$ | 100,000.00 |
| Rentals | \$ | 61,200.00 |
| Dept Revenue- Cemeteries | \$ | 40,800.00 |
| Other Department Revenue | \$ | 16,320.00 |
| Licenses & Permits | \$ | 300,000.00 |
| Fines & Forfeits | \$ | 51,000.00 |
| Investment Income | \$ | 35,000.00 |
| Medicaid Reimbursement | \$ | 125,000.00 |
| Marijuana excise tax | \$ | 200,000.00 |
| Marijuana Impact Fee | | |
| TOTAL LOCAL RECEIPTS | \$ | 3,215,380.00 |

Transfers from Other funds

| | | |
|----------------------|----|------------|
| Water indirect costs | \$ | 458,447.00 |
| Sewer indirect costs | \$ | 362,904.00 |
| Ambulance RR | \$ | 40,000.00 |
| Comcast RR | \$ | 105,000.00 |
| Verizon RR | \$ | 105,000.00 |

| | | |
|--------------|-----------|---------------------|
| Total | \$ | 1,071,351.00 |
|--------------|-----------|---------------------|

| | | |
|---------------|----|-----------|
| Bond Premiums | \$ | 21,550.00 |
|---------------|----|-----------|