



Town of Maynard, Massachusetts
Finance Committee

May 17, 2018

To Maynard Town Meeting Voters:

The Finance Committee (FinCom) is unique among the various boards and committees that comprise Maynard's municipal government. The FinCom is appointed by the Town Moderator and serves all Town Meeting voters—in accordance with Massachusetts General Laws (Chap. 39, Sec. 16) and Maynard's Town Charter and By-laws—in three important ways:

- 1. Work throughout the year on behalf of Town Meeting voters and in collaboration with the Board of Selectmen (BoS), School Committee, Town Administrator, and other Town stakeholders to (a) research impartially and understand the Town's finances and important financial trends, and (b) take proactive steps to make this understanding more accessible to Town Meeting voters.**
- 2. Provide independent oversight of Town finances, representing the interests of Town Meeting voters.**
- 3. Review and analyze the Town Meeting warrant articles and make informed recommendations for consideration of Town Meeting voters as they decide how to vote.**

Pursuant to this last point, Maynard's Town Charter requires the FinCom to "report, in writing, its recommendations on every article contained in a town meeting warrant together with a statement of the reasons for each such recommendation." These recommendations are provided below.

The Charter also requires the FinCom to "hold one or more public hearings to permit public discussion of the subject matter of all articles contained in the warrant." The FinCom held this public hearing on **May 14**.

The information in this report is organized into three sections:

- a. Current Status of Town Finances (starting on page 1)
- b. FinCom Recommendations on 2018 Warrant Articles (starting on page 4)
- c. Long-Term Financial Outlook (starting on page 7)

A. Current Status of Town Finances

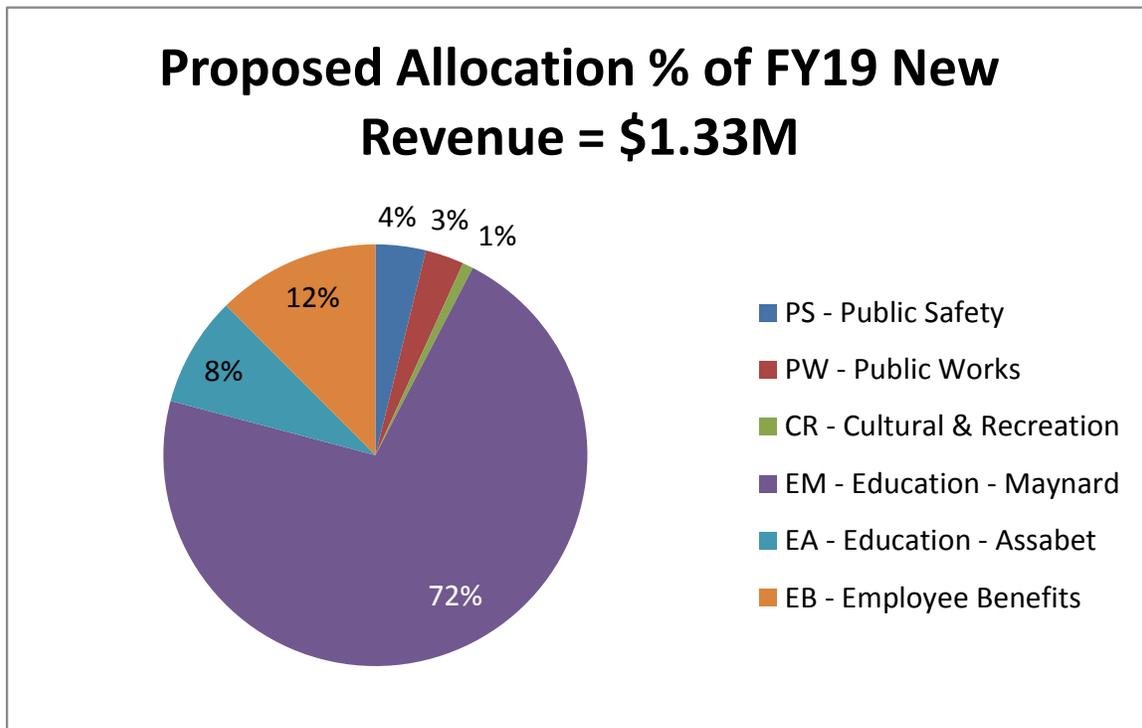
The FinCom—in close collaboration with the BoS, School Committee, Town Administrator, and other Town stakeholders—put together the following analysis, aimed at providing concise, clear, and accessible context for the operating budget proposals for the coming fiscal year. *(Please note that the trends below are taken from FinCom assessments completed earlier this spring and so therefore do not match exactly the final budget numbers submitted at Annual Town Meeting, although the associated trends and assessments remain the same.)*

- 1. The total FY2019 budget request for this analysis was \$41,981,539, representing a 3.3% increase over FY2018. (The actual budget request is \$250,000 higher, with that amount representing the FinCom reserve fund.)**

Key to Budget “Department” Categories:

- (GG) General Government
- (PS) Public Safety (i.e., Fire, Ambulance, Police, and Civilian Dispatch)
- (EM) Maynard Public Schools (not including \$8M, inclusive of employee benefits and other accommodated costs)
- (EA) Assabet Valley Regional Technical School
- (PW) Public Works
- (CR) Culture and Recreation (including Library, Historical Commission)
- (DS) Debt Service
- (EB) Employee Benefits (Pensions and benefits for both Town and School employees)

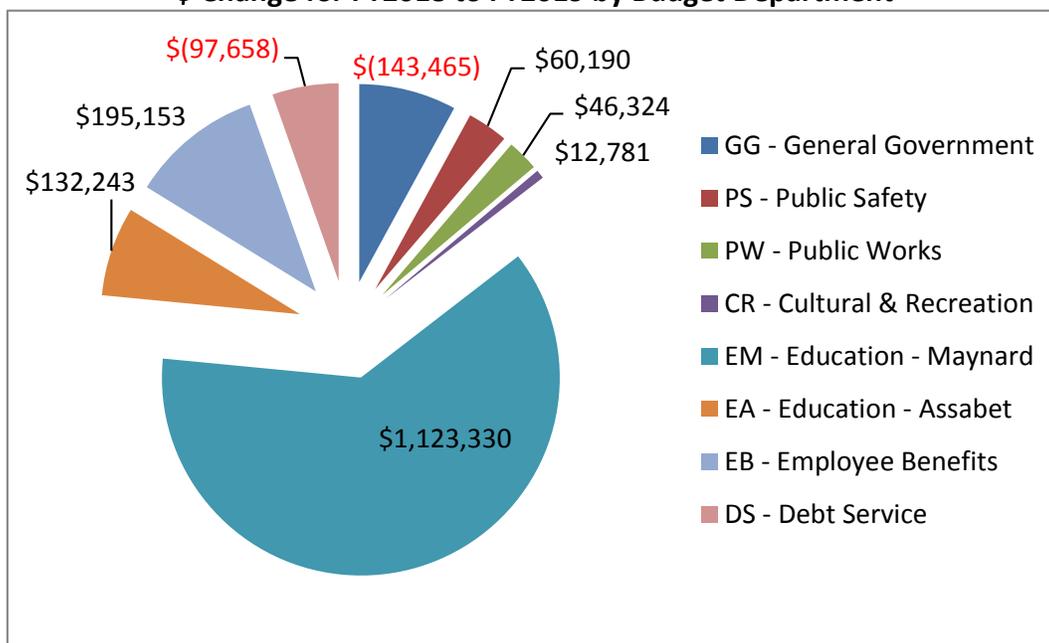
2. “Proposed Allocation % of FY2019 New Revenue” by Budget Department (figure below) shows that approximately 80% of new funding will go to educating students attending school in Maynard and at Assabet Valley Regional Technical High School. Only 8% of new funding will go to Public Safety, Public Works, and Culture and Recreation; two Departments (GG and DS) will receive no additional new funding.



3. “\$ Change for FY2018 to FY2019 by Budget Department” (figure below, on next page) shows the change from FY2018 to FY2019 in dollar terms, with two areas showing a decrease. Again, the two Education-related Departments received the majority of new funding in dollar terms.

It’s important to note that “Education–Maynard” and “Education–Assabet” funding does not include (a) projected net **School Choice tuition received** of approximately \$210,000 (i.e., net gain for Maynard) for Maynard students attending schools in other districts (which is offset by students from other districts “choicing” into Maynard) or (b) projected net **Charter School tuition sending** of approximately \$630,000 (i.e., net loss for Maynard) for students attending public Charter Schools. The net amount of approximately \$420,000 represents additional spending by the Town on behalf of Maynard students that is not reflected in the operating budget because it is part of the Chapter 70 funding received from the state, deducted prior to transfer to Maynard. The net impact is \$420,000 less funding available to the Town for Maynard Public Schools.

\$ Change for FY2018 to FY2019 by Budget Department

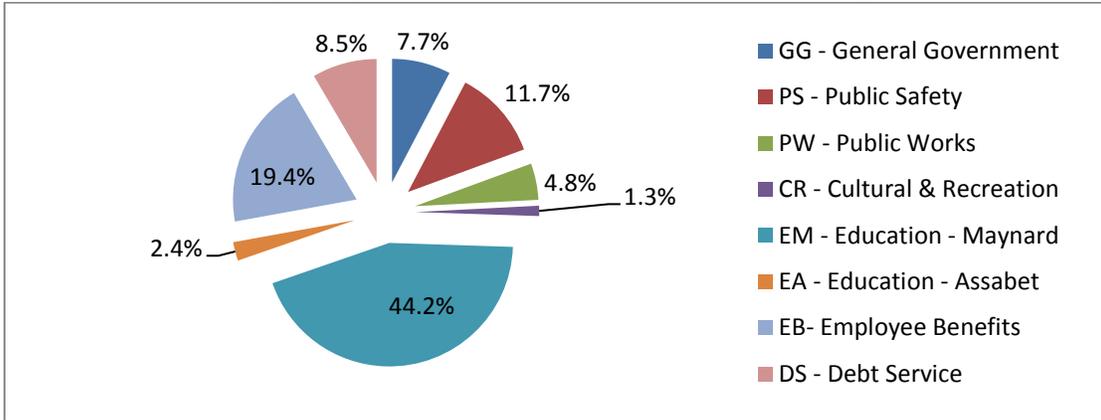


One implication of this data is that making reductions in non-education Budget Departments will not yield significant funding that could be shifted to Maynard Public Schools without severely affecting other important Town services.

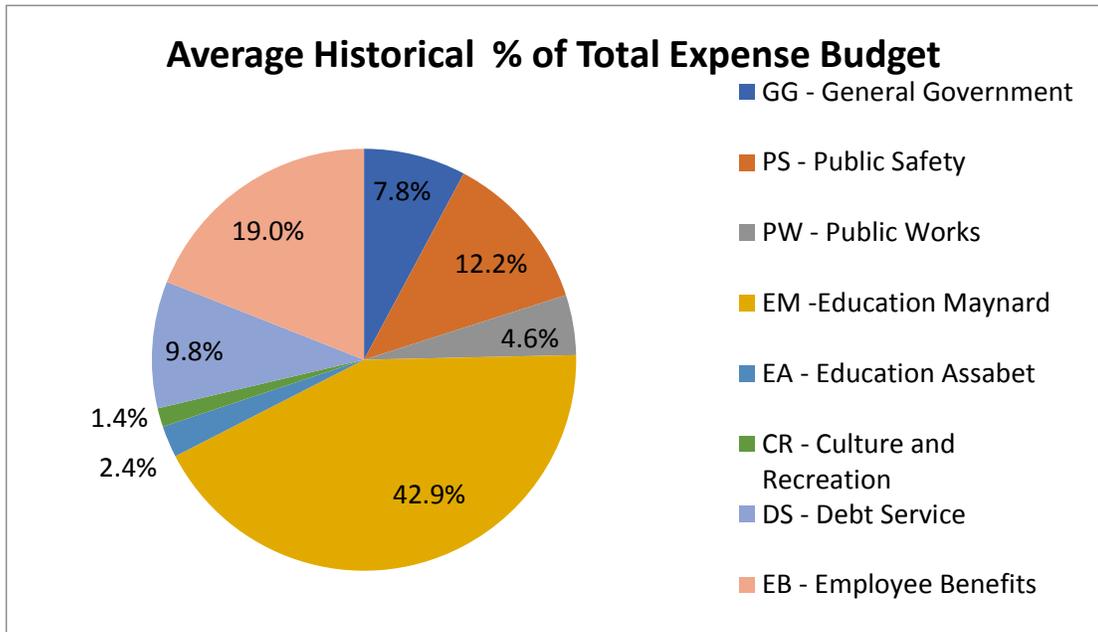
4. OVERVIEW: 4 YEAR BUDGET HISTORY AND FY2019 REQUESTS. The table below and the figures below on the next page show that the proportion of the Town's budget has been spread across the eight customary Budget Departments fairly consistently over the past five budgets, FY2015 through FY2019 (proposed), indicating a consistent approach to funding a broad range of Town services.

	General Government	Public Safety	Public Works	Cultural & Recreation	Education - Maynard	Education - Assabet	Employee Benefits	Debt Service	Total
FY15	\$ 2,447,528	\$ 4,517,304	\$ 1,661,932	\$ 535,719	\$ 15,500,897	\$ 743,110	\$ 6,737,686	\$ 4,055,488	\$ 36,199,664
FY16	\$ 2,753,869	\$ 4,618,566	\$ 1,684,271	\$ 521,343	\$ 16,151,275	\$ 789,627	\$ 7,037,638	\$ 3,965,398	\$ 37,521,987
FY17	\$ 3,150,171	\$ 4,788,781	\$ 1,791,236	\$ 531,747	\$ 16,756,163	\$ 1,039,677	\$ 7,432,954	\$ 3,810,657	\$ 39,301,386
FY18	\$ 3,370,746	\$ 4,858,821	\$ 1,958,551	\$ 548,224	\$ 17,426,410	\$ 893,191	\$ 7,949,445	\$ 3,647,253	\$ 40,652,641
FY19	\$ 3,227,281	\$ 4,919,011	\$ 2,004,875	\$ 561,005	\$ 18,549,740	\$ 1,025,434	\$ 8,144,598	\$ 3,549,595	\$ 41,981,539
FY18-FY19									
\$ change	\$ (143,465)	\$ 60,190	\$ 46,324	\$ 12,781	\$ 1,123,330	\$ 132,243	\$ 195,153	\$ (97,658)	\$ 1,328,898
FY19 % Change	-4.3%	1.2%	2.4%	2.3%	6.4%	14.8%	2.5%	-2.7%	3.3%

Budget Department % share of total FY2019 Budget



Average Historical % of Total Expense Budget



B. FinCom Recommendations on 2018 Warrant Articles

The FinCom voted to **recommend to Town Meeting voters all 26 articles** on the 2018 Annual Town Meeting (ATM) Warrant and offers below the reasons for its recommendations:

Article 1: Amend Zoning By-Law: FinCom Recommends

Reasons: This amendment would permit additional uses in Industrial Districts consistent with currently allowed uses, but only by Special Permit by the Planning Board (PB). The FinCom supports measures recommended by the PB to restrict these additional uses to protect the Town’s interests.

Article 2: Town Report Acceptance: FinCom Recommends

Reasons: This is an annual procedural article to accept reports from various Town committees.

Article 3: Obsolete Equipment, Material: FinCom Recommends

Reasons: This is an annual procedural article to allow the BoS to sell or dispose of surplus equipment in accordance with state law.

Article 4: Disposal of 12 Bancroft (Coolidge School): FinCom Recommends

Reasons: This article defines a property lot that would separate the Coolidge School from the Coolidge Park and would permit the BoS to sell or otherwise dispose of the building and lot “on terms and conditions it deems appropriate and are in the best interest of the Town.” The conversion of this property to private use would generate tax revenues, preserve important elements in Coolidge Park, and make possible the preservation of important features of the Coolidge School. *(See also sponsor’s comments in the Warrant.)*

Article 5: General By-Law 36 To Add a Recreation Revolving Fund: FinCom Recommends

Reasons: This article would establish a 53E1/2 revolving fund for the Town’s recreation programs, providing an appropriate mechanism for activity fee collections and disbursements (including publicity, wages, facility costs, and equipment). *(See also sponsor’s comments in the Warrant.)*

Article 6: Authorize Revolving Funds Chapter 44, Section 53E1/2: FinCom Recommends

Reasons: This is annual procedural article to authorize revolving funds so that the Town can collect and disburse money for certain stated purposes. *(See also sponsor’s comments in the Warrant.)*

Article 7: Amend By-Law Chapter 18 Section 4A: FinCom Recommends

Reasons: This article, sponsored by the By-Law Committee, would amend the section of the Town By-laws requiring every dwelling, building, or structure to post an assigned street number. *(See also sponsor’s comments in the Warrant.)*

Article 8: Amend By-Law Chapter 28 Fire Alarms Systems: FinCom Recommends

Reasons: This article, sponsored by the By-Law Committee, would amend the section of the Town By-laws pertaining to fire alarm systems. *(See also sponsor’s comments in the Warrant.)*

Article 9: Fiscal Year 2019 Salary Administration Plan: FinCom Recommends

Reasons: This is an annual procedural article to make adjustments to the salary table and other terms in the Town’s Salary Administration Plan. *(See also sponsor’s comments in the Warrant.)*

Article 10: Amend By-Law Chapter 30 Underground Fuel: FinCom Recommends

Reasons: This article, sponsored by the By-Law Committee, would amend the section of the Town By-laws pertaining to underground fuel. *(See also sponsor’s comments in the Warrant.)*

Article 11: Amend By-Law Chapter 29 Hazardous Materials: FinCom Recommends

Reasons: This article, sponsored by the By-Law Committee, would amend the section of the Town By-laws pertaining to hazardous materials. *(See also sponsor’s comments in the Warrant.)*

Article 12: Sewer Enterprise Fund Budget Fiscal Year 2019: FinCom Recommends

Reasons: This proposed enterprise fund budget makes modest adjustments from last year’s budget but also adds \$210,000 for capital improvements to the Town’s sewer system.

Article 13: Water Enterprise Fund Budget Fiscal Year 2019: FinCom Recommends

Reasons: This proposed enterprise fund budget makes modest adjustments from last year’s budget but also adds \$340,000 for capital improvements to the Town’s water distribution system.

Article 14: Amend By-Law Chapter 40 Fire Prevention/Safety: FinCom Recommends

Reasons: This article, sponsored by the By-Law Committee, would amend the section of the Town By-laws pertaining to fire prevention and safety. *(See also sponsor’s comments in the Warrant.)*

Article 15: Community Preservation Reserve Fund Appropriations Fiscal Year 2018: FinCom Recommends

Reasons: This article would appropriate money from the Town’s current Community Preservation Reserve Funds for four Community Preservation projects, as recommended by the Town’s Community Preservation Committee (CPC). *(See also sponsor’s comments in the Warrant.)*

Article 16: Community Preservation Fund Budget Fiscal Year 2019: FinCom Recommends

Reasons: This article would appropriate and reserve money from the coming year’s Community Preservation Fund revenues in a manner recommended by the Town’s CPC and with 10% reserved in each of three areas—historic preservation, open space, and community housing—as required by law. *(See also sponsor’s comments in the Warrant.)*

Article 17: Fire Station Plan Design: FinCom Recommends

Reasons: This article would transfer \$832,000 from the Town’s Capital Stabilization Fund to pay costs associated with the development of engineering and construction design documents (including the cost of the Owners Project Manager, surveys, etc.) for a proposed new fire station for the Town. This would complete the second phase of a three-phase process recommended by the Town’s Fire Station Building Committee (FSBC) to design and build a new fire station. The third phase would be actual construction, which would need to be funded by a future Town Meeting vote. *(See also sponsor’s comments in the Warrant.)*

The FinCom agrees that the need for a new fire station is obvious and overdue and has been well documented. The proposed concept plan looks to be a modest and appropriate design, and the Town has already invested considerable sums towards the design of the fire station and purchase of property where it would stand.

Nevertheless, at its meeting on May 7, the FinCom initially voted 4-2 not to recommend this article to Town Meeting voters. The primary concern was that \$832,000 is a substantial sum, representing just over 60% of the Town’s current Capital Stabilization Fund balance, and such a large expenditure would make financial sense only with a viable framework outlining the amount, sources, and timing of construction funding in the near term.

On May 14, the FSBC and other town officials provided to the FinCom details of its funding framework to be shared with Town Meeting voters. The FinCom found the framework to be viable and reconsidered its previous vote, subsequently **voting 3-1 to recommend this article.**

The FinCom notes, however, that the **effectiveness of this proposed funding framework is contingent largely upon the Town’s commitment in future years** to setting aside funding for the proposed new fire station and other capital projects, drawn from future expiring debt service, new revenue growth in excess of 3.5%, and targeted amounts of free cash to Capital Stabilization. Although this is a viable, disciplined approach, it **may limit the Town’s use of debt, new revenues, and free cash in future years for other purposes.**

Article 18: Special Education Fund Chapter 40A Section 13E: FinCom Recommends

Reasons: This article would establish, as allowed by Massachusetts General Law, a Special Education Reserve Fund to set aside funds to pay unanticipated expenses related to special education, which would help the Maynard Public Schools (MPS) to fund these expenses more efficiently. In the FinCom’s view, this fund has adequate controls, such a ceiling amount for the reserve fund and requiring that funds be expended only by a joint vote of the School Committee and the BoS. *(See also sponsor’s comments in the Warrant.)*

Article 19: Inclusionary Zoning By-Law: FinCom Recommends

Reasons: This article would create a new zoning by-law that would allow the Town to begin using “Inclusionary Zoning” as a tool to encourage development of new housing that is affordable to low- and moderate-income households, thereby helping Maynard increase its stock of affordable housing and meet stated Town and Commonwealth goals. *(See also sponsor’s comments in the Warrant.)*

Article 20: Appropriate Overlay Surplus: FinCom Recommends

Reasons: This article would allow the Town to reduce this year’s Snow and Ice deficit using Overlay Surplus funds. *(See also sponsor’s comments in the Warrant.)*

Article 21: Certified Free Cash Appropriation: FinCom Recommends

Reasons: This article would allow the Town to fund a number of important expenses and initiatives using this year’s Certified Free Cash. *(See also sponsor’s comments in the Warrant.)*

Article 22: Authorize Town Fund 5085 Redevelopment Authority: FinCom Recommends

Reasons: This article would allow \$6000 to be used by Maynard’s Economic Development Committee (EDC) to support programs and activities to spur development and investment in the Town. *(See also sponsor’s comments in the Warrant.)*

Article 23: Sewer Capital Equipment: FinCom Recommends

Reasons: This article would authorize the Town to raise \$1,000,000 to fund much needed capital improvements to the Town’s sewer system. *(See also sponsor’s comments in the Warrant.)*

Article 24: Water Capital Equipment: FinCom Recommends

Reasons: This article would authorize the Town to raise \$900,000 to fund much needed capital improvements to the Town’s water distribution system. *(See also sponsor’s comments in the Warrant.)*

Article 25: Authorize Funds for Scholarships: FinCom Recommends

Reasons: This article would authorize the Town to establish and collect voluntary donations for a town scholarship fund. *(See also sponsor’s comments in the Warrant.)*

Article 26: Town General Fund Budget Fiscal Year 2019: FinCom Recommends

Reasons: This article would authorize the Town to raise from municipal, state, and federal sources and expend the funds as necessary for the Town’s regular operations during the coming year. The appropriated amount is divided into eight customary budget areas, or “Departments,” plus a Reserve Fund appropriation of \$250,000, which has previously been treated as a separate warrant article. *(See also sponsor’s comments in the Warrant.)*

C. Long-Term Financial Outlook

1. Maynard’s long-term financial outlook demonstrates certain strengths, including disciplined spending. However, the ability to raise taxes is limited by state law (Prop 2½), with a cap on the total tax amount a town can raise (called the **levy ceiling**). In light of Maynard’s current levy ceiling, over-ride amounts—even if they were to be considered—are finite, and the Town cannot meet all requested budget needs this way.
2. The FinCom will continue to monitor and examine the following trends affecting the Town’s finances:
 - a. **Funding for Maynard Public Schools (MPS):** Due to limits on increases for property tax revenues (which are restricted by Prop 2½), the MPS continue to be funded at a level below level-service funding. Impacting that is the significant growth trend in funding going out to other public schools, particularly public charter schools.
 - b. **Capital Projects:** The list of important capital projects needed by Maynard is long and will require significant investment every year to address in an appropriate and timely manner.

- c. **Water/Sewer Infrastructure:** Although not technically part of Maynard’s operating budget, the adequacy of the Town’s Water and Sewer Enterprise Funds is of paramount importance, and longer term investment is needed.
- d. **Increasing Tax Revenue through Growth:** There a number of proposed and planned development projects in Maynard that are expected to bring additional revenues to the Town, adding to the tax base and shifting some of the tax revenue burden from current taxpayers.
- e. **Recreational Marijuana:** Within the next year or two, Maynard will likely begin seeing sales tax revenue and community impact fees generated from the sale of recreational marijuana.

3. As noted, Maynard can expect **incremental growth** in coming years from the 129 Parker St. development and other planned development projects, as well as, to a lesser extent, tax from marijuana sales. The table below is a simplified “exercise” outlining what might happen if the Town were to apply \$1 million in new tax revenue in the same proportions as has occurred in the past five years. This exercise demonstrates that **the Town will still not be able fund all budget needs without a substantial increase in tax revenue**, and that the Town will need to plan out when investments can be made within existing revenue constraints.

Planning Scenario next 5 years :

4% growth. In addition spread \$1M increase over 8 categories starting FY21

Total Exp Budget 2a	FY 19 EST BGT	FY 20 EST BGT	FY 21 EST BGT	FY 22 EST BGT	FY 23 EST BGT	FY 24 EST BGT	
3 year trend increasing 4% YoY	42,278,747	43,969,897	45,728,692	47,557,840	49,460,154	51,438,560	
Incremental revenue \$1M in FY21			46,728,692	48,557,840	50,460,154	52,438,560	
\$ Delta from incr revenue- split even			1,000,000	1,000,000	1,000,000	1,000,000	
	FY 19 EST BGT	FY 20 EST BGT	FY 21 EST BGT	FY 22 EST BGT	FY 23 EST BGT	FY 24 EST BGT	Avg % of Total
GG General Government	3,297,742	3,429,652	3,691,567	3,787,512	3,935,892	4,090,208	7.8%
PS Public Safety	5,145,323	5,351,136	5,686,882	5,924,056	6,156,139	6,397,504	12.2%
PW Public Works	1,949,050	2,027,012	2,154,193	2,233,661	2,321,167	2,412,174	4.6%
EM Education – Maynard	18,107,987	18,832,307	20,013,899	20,782,756	21,596,946	22,443,704	42.9%
EA Education – Assabet	1,023,146	1,064,071	1,130,834	1,165,388	1,211,044	1,258,525	2.4%
CR Culture and Recreation	608,814	633,167	672,893	679,810	706,442	734,140	1.4%
DS Debt Service	4,113,722	4,278,271	4,546,702	4,710,110	4,894,635	5,086,540	9.7%
EB Employee Benefits	8,032,962	8,354,280	8,887,797	9,225,990	9,587,429	9,963,326	19.0%
Total Exp Budget 2a	42,278,747	43,969,897	46,784,767	48,509,282	50,409,694	52,386,121	100.1%

Plain and simply put, Maynard will need more revenue growth and/or changes to the Town’s budget expenditure model to make ends meet.

4. The FinCom intends to **continue rigorous planning discussions with stakeholders across the Maynard community** to address these challenges head-on in an effort to provide clear choices and, ideally, timely prioritization of investments.

5. The FinCom encourages all Maynard voters to attend meetings of the various municipal bodies—including the Board of Selectman, the School Committee, the Planning Board, and the FinCom—throughout the year to become more informed and express their views about these and other trends.

Respectfully submitted,

Ken Estabrook (Chair)
Peter Campbell

P.J. Gauthier (Clerk)
Bob McCarthy

Jill Prendergast
Laura Weinstein