



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, 2020

Town Administrator's (TA) Recommended Fiscal Year 2021 (FY21) Comprehensive Budget Message

The development of FY21 operating and capital budget began in the Fall of 2019. This budget-development process has the same challenges as every year before, and for every town: keeping up the level of services as in the past year, as well as being responsive to future needs. We want to position ourselves to be ready for the next chapter of Maynard. With the growth from Maynard Crossing, development on Powder Mill Road, and new storefronts downtown, new residents, new businesses, and new visitors will be the norm in the very near future.

It is critical in our preparation to follow through with the town's investments, such as water and sewer infrastructure, street and sidewalk maintenance, building upkeep, and executing the next phase of the new Fire Station's construction. Town Meeting funded the purchase of the new station's property, design of the building, and hiring of a Project Manager, so we are prepared to move forward when given the green light at the Town Meeting in May.

Revenue:

The basis of any budget begins with revenue projections. For FY21, we began with the prior year's levy limit of \$30,432,490. We added an increase to property tax collections by 2.5% in accordance with "Prop 2 ½", which adds \$760,812. Based on the Chief Assessor's projections, "New Growth" is estimated at \$520,000, which is \$(136,502) less than the prior fiscal year's New Growth. The sub-total of real estate revenue with Prop 2 ½ and New Growth is projected as \$31,713,302.

"Local Aid" from the state, both for General Government and School support, was unpredictable during the development and proposal of this current fiscal year's operating budget, therefore we projected a level-funded amount for the FY21 budget proposal. This gives revenue from net local aid as \$5,961,045. When Local Aid is known, I will advise the Board of Selectmen 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 FY21.

Reimbursement from the state for school construction projects, including the High School, is set at \$897,660. "Local receipts" collected through fees, permits, licenses and other forms of payments other than real-estate taxes is conservatively estimated to be \$170,831 over this current fiscal years, for a total projection in FY21 to be \$2,890,000.

Tax collected revenue for current excluded-debt is \$2,178,366, which is \$67,783 less than FY20 as we pay off the bonds. The TA Recommended FY21 Budget proposal includes paying for bonds through debt exclusions for the construction of a fire station and repairs to the Green Meadow Elementary School roof. In FY21, revenue required to collect through debt exclusions for the fire station is \$300,000. This is the first payment of interest only for a \$16,000,000 project through a 30 year bond at 3.75% rate. In FY22, the amount required to be collected will go up to \$900,000 for the remainder of the fire station project's bond. Both the project cost and interest rate are

conservatively estimated on the high end. For the school's roof, the project is estimated at \$2,200,000, to be funded through at 10-year bond at the same 3.75% rate. The revenue through debt exclusion for the elementary school's roof repair project is budgeted as \$267,875 each year. Again, both the project cost and rate are conservatively estimated on the high end.

As excluded debt for the high school, police station and school boilers is paid off, the amortized bond premium on excluded debt decreases by \$(4,914) from FY20.

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 FY21 by \$(24,824) or (1.69)% because of less demand for PEG and ambulance-revenue funding.

The total revenue projected for the TA Recommended FY21 Budget is \$45,707,266. This is an increase of \$1,871,997 or 4.27% over the current FY20 budget.

For the TA proposed FY21 budget using 2.5%, all of New Growth and existing debt exclusion tax collection, applying the current FY20 tax rates and the FY20 assessed home value of the average single family (ASF) household at \$393,611, the estimated ASF household tax bill increases by \$313.

Tax collection for the debt exclusion to pay \$300,000 for the first year's construction of a new fire station will impact the ASF household tax bill in FY21 by \$74.79, using the FY20 assessed ASF home value and the FY20 tax rate. In FY22, the ASF tax bill impact will be \$224.36 to fund approximately \$900,000/year debt exclusion, applying the FY20 assessed ASF home value and the FY20 tax rate.

Tax collection for the debt exclusion to pay for the roof repairs to the Green Meadow Elementary School will impact the ASF household tax bill in FY21 by \$66.91, using the FY20 assessed ASF home value and the FY20 tax rate.

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 taxes and impact payments from recreational marijuana sales, mitigation funding through a partnership with the Fazheng Group's international school at 111 Powder Mill Road, credits from solar-panel installations on school property, and the infill of Mill and Main or other existing properties in town.

Expenses:

Expenses are proposed by government function. For General Government, the TA recommended FY21 budget proposes an increase of \$43,513 which is 1.5% over the FY2020 budget. This reflects contractual obligations for salaries and increasing to a full-time Assistant Town Clerk, instead of the part-time position from FY20. This increase in employment is in response to the Town Clerk's assessment of her office's needs to provide the utmost customer services and meeting the obligations of her position's charge. The TA recommended FY21 budget also increases the General Government function by consolidating \$55,000 of fuel expenses into a single line, and withdraws the budgeted amounts from all individual departments. This consolidation is meant to provide better evaluation of fuel usage for the town's operations. To support the shared Director of Building Operations position with the Maynard School District, \$75,000 is transferred out of the FY21 budget. The benefits of the transition in the role of the TA's Executive Assistant to the town's Human Resources (HR) Coordinator in FY20 are numerous and are expected to reap rewards, including \$19,000 of insurance credits, improved rapport and successful negotiations with multiple collective bargaining units, and highly-effective hiring and department-staff administration. This role will continue to be vital to the successful management of the town's staff in FY21 as multiple-retirements, subsequent hiring, and departmental re-organization is expected.

Public Safety's budget proposal is an increase of \$81,201 which is 1.62% over the FY2020 budget. This reflects contractual obligations for salaries for Maynard Police, Fire and Dispatchers, an increase of \$15,905 for a new dispatcher position, \$7,500 for dispatchers' education and certifications support, and an increase of \$29,479 to meet the trend in overtime by Firefighters. The Communications Director is recommending the addition of a single dispatcher to counter the current budget demands for over-time, as well as easing the operational burden due to over-timed staff. One police cruiser costing \$45,000 is recommended from the Maynard Police Department's operating budget. The Maynard Fire Department's administrative support staff personnel is recommended to be hired as a part-time position, rather than the current full-time position which is filled by a soon-to-be-retiring employee.

For Maynard Public School District, the TA recommended FY21 budget proposes an increase of \$801,807 which is 4.11% over the FY2020's final budget (the final budget reflects the appropriations of the Special Town Meeting held in October 2019). 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 \$(150,000) 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 Board of Selectmen can consider adjusting the District's budget appropriation when information is received.

Assabet Valley Regional Technical High School's assessment increased by nearly 9% for FY21, as an increase of \$100,866 over the current fiscal year.

Public Work's budget proposal is an increase of \$52,943 which is 2.54% over the FY2020 budget. This reflects contractual obligations for salaries, and an increase of expenses towards solid waste and recycling processing, as well as the demands to address municipal separate storm sewer systems (MS4s) management.

Culture and Recreation's budget proposal is an increase of \$13,570 which is 2.35% over the FY2020 budget. This reflects contractual obligations for salaries, but no increase for non-salary expenses.

The excluded debt service budget proposal is an increase of \$495,179 which is 15.46% over the FY2020 budget. This reflects the retiring debt of \$(72,696) against the additional debt of \$567,875 for the fire station's construction and repairs to the elementary school roof.

Non-excluded debt service budget proposal decreases by \$(8,206) or (3.1%), for a total of \$256,140 in FY21. This is debt paid for out of the levy limit, and not collected separately for exclusive purposes. No new non-excluded debt service is proposed for FY21.

The percentage of the non-excluded debt of the total General Fund budget remains constant for FY21 at 0.6%. The percentage of excluded debt of the total General Fund budget increases from 7.3% in FY20 to 8.1% in FY21. Therefore, the total debt of the General Fund budget would be 8.7% in FY21.

The budget proposal for employee benefits increases by \$317,561, or 3.82%. This reflects increases to retirement of \$139,821 and a 7% increase for the cost of health insurance to employees over this current fiscal year. Health insurance costs decrease by \$93,000 from an one-time employee premium reimbursement, and another decrease of \$31,000 because an additional PEG-funded communications staff's benefits will be covered through PEG revenue. However, the town's health insurance provider, MIIA, has not provided the FY21 premium increase report at this time, and the town's health insurance advisor is optimistic in review of our claims that the town can expect a mid-single digit increase over last year. The Board will need to consider how to 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 not impacting the need to collect as much taxes from new growth.

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. This expense is \$(4,824) less or (1.32)% than this current FY, because of a decrease from the previous year’s budget, per the school district’s and town’s usage. 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 FY2022.

Funding for the “overlay” reserve to offset tax abatements decreases by \$(10,636) or (4.42)%, and is in keeping with budgeted trends.

Total expenditures for the TA recommended FY21 budget is \$45,707,266, which is \$1,882,974 or 4.3% over the current FY20 budget.

The Sewer Enterprise budget is recommended to increase by \$729,080, which is 23.68% over the current fiscal year, and totals \$3,808,056 for FY21. Adjustments to customers’ rates will need to reflect this budget proposal. The need for this increase is to meet the demands of the town’s infrastructure needs and protect the town’s vital assets, just as it should do for its water systems. More information on this proposal will be provided to the Board from the Director of Public Works.

The Water Enterprise budget is recommended to increase by \$311,850, which is 19.18% over the current fiscal year, and totals \$2,244,764 for FY21. The town’s water systems are aging and strained, and investments must be made to both meet current needs and future demands. More information on this proposal will be provided to the Board from the Director of Public Works.

The ambulance service’s revenue contributes to a fund that is annually tapped to offset General Fund operating expenses. While the FY21 budget proposes the same scheme, it would be ideal to move away from this dependence, which would allow for the ambulance fund to pay for the costs leasing the new ambulance starting in FY22.

Capital:

The Town Administrator’s (TA) Office is working with the newly re-established Capital Planning Committee (“CapCom”) to develop a town-wide capital policy. While the new capital policy is not complete, the TA recommended FY21 capital budget proposal was reviewed by CapCom, and their participation should be encouraged in deliberation of this model.

Free-cash of funds not used in from FY19 is certified at \$658,227. This amount, plus a proposal to “close-out” long-unused line-item accounts totaling \$99,882, gives a total of \$758,109 that the TA recommended FY21 budget proposes to be used in the following way:

Devote \$400,000 towards snow and ice response services; provide \$60,000 towards Capital Stabilization; contribute \$49,882 towards General Stabilization; invest \$34,227 towards “Other Post-Employment Benefits” (OPEB) obligations; and, fund one-time capital proposals totaling \$214,000.

The one-time capital proposals include:

Providing the down-town enhancement fund with \$45,000 to re-invest economic growth in the business districts and supporting the Parking Authority’s mission of preparing to implement a new parking scheme; purchasing a

police cruiser in the amount of \$45,000 for the Maynard Police Department; funding the renovations of bathroom facilities in the Fowler Middle School in the amount of \$12,000; renovating the bathrooms in the Green Meadow Elementary School in the amount of \$40,000; and, beginning the first of a two-year upgrade to the “wifi” across the entire school-district in the amount of \$72,000. The second year of “wifi” upgrading is projected at \$71,500.

Funding from Capital Stabilization is recommended to be withdrawn to support the first of a 5-year lease of a new ambulance for the Maynard Fire Department, in the amount of \$79,413 for the first year. The Ambulance Enterprise Fund may be used to fund the remaining years, if not necessary to be transferred to support the operating expenses of the town, as traditionally done. Capital stabilization is also recommended to fund the easements, water valve replacements, and processing demands to replace the bridge at Florida Road, in the amount of \$280,000. While the multi-million dollar cost to replace the bridge is nearly entirely to be paid for by the Massachusetts Department of Transportation (MassDOT), the infrastructure improvements beyond the scope of the state’s work falls on the town.

In addition to a cruiser funded from Free Cash, the Maynard Police Department’s operating expenses includes the purchase of another cruiser for \$45,000, which would provide the department two new cruisers for FY21.

The Maynard Public Library’s software requires period upgrade, and in FY21, \$13,000 is recommended to be appropriated from their General Government’s data-processing operating expense line.

The Maynard Golf Course’s club house roof is reportedly in need of repairs in the amount of \$20,000 which is budgeted from the funds turned-over to the town of the Course’s revenue.

It is highly recommended to conduct a model analysis of the current capacity and future demands of the waste water treatment plant. This service is projected to cost \$80,000, and is recommended to be funded through the sewer enterprise budget.

Continued investment in the expansion of the well system, namely Rockland Avenue’s, is projected at \$150,000 for FY21, to be budgeted through the water enterprise budget.

The final construction phase for Well 4A is projected to cost \$1,500,000, and is recommended to be funded through the water enterprise budget’s debt allocation.

The state’s allocation of “Chapter 90” road and sidewalk infrastructure funding is \$293,469 for the current fiscal year. This same amount is optimistically projected for FY21 and beyond. It is not recommended to enhance this funding from other revenue or budgetary sources.

As reported earlier, both the new Fire Station’s construction and the repairs to the GMES’ roof are recommended to be funded through bonds paid by debt-exclusions.

To fund the feasibility study as the first step towards a new Green Meadow Elementary School (GMES), \$1,000,000 is conservatively projected and recommended to be funded through General Stabilization. The Massachusetts School Building Authority (MSBA) will determine the proportion of this study, and eventually the entire school’s construction costs, to be reimbursed to the town, but it is unknown at this time. A portion of any extraordinary revenue received in FY21 and beyond, possibly from a partnership with the Chinese-international school or marijuana sales, should be considered to replenish the General Stabilization fund.

Respectfully submitted,

Greg Johnson 