



FY2021 Revised Budget
Presentation to the Select Board

Melvin Kleckner, Town Administrator
06/02/2020

FY2021 Budget History and Context

Initial FY2021 Budget Submitted (February 15, 2020)

- ❑ \$359 million; 6.8% increase over FY2020
- ❑ Funds third year of the 2018 Override Plan
- ❑ Investments in CIP and Reserves

COVID -19 Impacts on Economy and Town's Budget (March-May 2020)

- ❑ Rapid and comprehensive impacts on economy. In Massachusetts, nearly 900,000 have filed unemployment claims since COVID-19 shut down the economy
- ❑ For FY2021, impacts will be felt in State Aid reductions and in Local Receipts

FY2021 Revenue Projections and Budget Shortfall /Allocation Scenarios (April-May 2020)

- ❑ Developed three revenue scenarios, projected loss ranges from \$6M to \$19M
- ❑ Settled on a composite scenario at \$12.7 million
- ❑ Final projected shortfall of \$12.1 million following Select Board direction on a parking meter rate increase

Discussion of Budget Policy Issues (May 2020)

- ❑ Convened Town School Partnership Committee
- ❑ Received input and policy direction from the Select Board and Advisory Comm.
- ❑ Use of Free Cash and/or Reserves
- ❑ Funding the Capital Improvement Plan
- ❑ BFAC Recommendation on Stabilization Fund appropriation
- ❑ Timing/length of the budget problem

Presentation of Town Administrator's Recommendations (June 2, 2020)

FY2021 Budget Two-Step Process

Interim Budget for June 23 Annual Town Meeting

- Legal requirement is to have a budget in place by July 1, 2020

Final Budget for November Special Town Meeting

- A final balanced budget must be in place for setting the Town's tax rate prior to January 1, 2021
- Will have more information available on revenues and possible federal aid
- Will provide more time for in-depth consideration of policy issues and variable budget strategies with a longer-term view
- Will allow for more public input

Revised Budget Highlights

Budget Shortfall = \$12,159,415 (from Original FY2021 Budget)

- ❑ State Aid reduced by \$3,336,225
- ❑ Local Receipts reduced by \$8,823,190

Capital Budget reduced by \$3.5 million

- ❑ School Classroom Capacity reduced by \$2.5M
- ❑ Park renovation projects deferred \$1.3M (\$160K savings in FY2021)
- ❑ Further consideration of all projects in Fall 2020

Departmental Operations

- ❑ School Department budget reduced by \$4,362,148 (-3.5%)
- ❑ Municipal Department budgets reduced by \$3,342,341 (-4.1%)

Reserves and Long-Term Obligations

- ❑ Use of one-time funds not recommended for “Year 1”
- ❑ Defer OPEB annual increase of \$250,000
- ❑ Stabilization Fund vs. Annual Reserve Fund

COVID-19 Direct Impacts- Relying on Federal Funding (FEMA, CARES, CDBG)

Scenario 2 Assumptions on Local Receipts

Revenue Source	FY2020 Budget	FY2021 Original Budget	FY2021 Revised Budget (6/20)	Variance	%	Notes
Motor Vehicle Excise	\$ 6,142,644	\$ 6,265,497	\$ 5,952,222	\$ (313,275)	-5%	
Local Option Taxes	3,460,310	5,243,495	2,871,748	(2,371,747)	-45%	Hotel, meals, marijuana sales
Licenses & Permits	1,170,775	1,180,775	952,259	(228,516)	-19%	Alcohol, common vic., fire prevention
Parking & Court Fines	3,300,000	3,300,000	1,650,000	(1,650,000)	-50%	
General Government	4,564,268	5,317,930	5,052,033	(265,897)	-5%	Building permits, host community agreements
Interest Income	974,977	999,351	749,513	(249,838)	-25%	
In Lieu of Taxes	1,010,509	1,530,719	1,377,647	(153,072)	-10%	
Refuse Fees	2,850,000	3,598,654	3,224,327	(374,327)	-10%	Assumes mid-year rate increase
Departmental & Other	7,646,736	8,438,378	5,221,860	(3,216,518)	-38%	Parking meters
Total	\$ 31,120,219	\$ 35,874,799	\$ 27,051,609	\$ (8,823,190)	-25%	

Municipal Department Reductions

Goals

1. Minimize reductions in staff and direct service impacts
2. Minimize layoffs of incumbent personnel

Budget Reduction Strategies

- Take advantage of facilities, programs and services impacted by COVID-19 (Library, Senior Center and Recreation programming)
- Eliminate funding for vacant positions where possible
- Eliminate new investments in staffing and programming
- Reduce office supplies, equipment replacement and other “Low impact” accounts

Departmental Budget Reductions

Department	Reduction	Notes
Select Board	\$ 37,514	Continue to furlough PT position, professional development
Human Resources	44,300	Professional development, consulting services
Information Technology	43,975	Intern program, services
Diversity, Inclusion, & Comm. Rel.	23,750	Programming
Finance	188,160	Reduced credit card trans, 1 vehicle, postage, software
Town Counsel	106,140	General consulting, claims and settlements
Town Clerk	9,450	Overtime, supplies
Planning & Community Dev.	125,423	1.5 vacancies, delay filling sustainability position
Police	506,412	Continue to furlough 2 FT positions, 1 vacancy, equipment
Fire	424,894	1 vacancy, equipment, supplies
Building	261,980	1 vacancy, repairs and maintenance
Public Works	676,647	3 vacancies, capital outlay, supplies, services
Library	388,535	Continue to furlough PT positions for part of year, supplies
Health	30,000	1 vehicle
Veterans	34,600	Intern program, services
Council on Aging	94,037	Continue to furlough PT positions
Recreation	110,934	Shift 2 positions to the Revolving Fund
Leased Computers (Town wide)	20,000	
Utility Savings (Town wide)	86,175	Recent gasoline/diesel bids
Group Health (Town wide)	129,415	Vacant position reductions
Total	\$ 3,342,341	

Recommendations

- Reduce by \$3.5 million to mitigate impacts to staffing and direct service impacts during the COVID-19 emergency
- Reduce funding for Classroom Capacity (future leases)

Policy Issues

- Remaining operating revenue of \$12,735,013 does not meet town policy of capital funding target of at least 6% or prior year net revenue
- Overall capital funding of \$21,050,477 does meet 7.5% Policy
- Review status of large bond funded projects in Fall of 2020

Capital Budget Reductions

Revised FY2021 Capital Budget

Description	Revenue or Bond Financed	Amount	Reduction	Notes
Garage floor sealants	R	\$ 215,000	\$ (215,000)	
Traffic calming	R	81,500	81,500	Alternate funding source is the Parking Meter Fund
Parking meter upgrades	R	322,000	(106,080)	Provides operating relief
Street rehab	R	2,649,916	(370,420)	Alternate funding source is prior year CIP accounts
Robinson Playground	B	1,150,000	(1,150,000)	
Schick Park	R	160,000	(160,000)	
Town/School grounds	R	165,000	(10,000)	
School furniture	R	70,000	(70,000)	
HVAC equipment	R	150,000	(50,000)	
Oil tank removal	R	100,000	(100,000)	
Classroom capacity	R	6,573,751	(2,500,000)	
Total Revenue Financed Reductions			\$ (3,500,000)	
Total Bond Financed Reductions			\$ (1,150,000)	

Note: Projects highlighted in blue are in line with the AC Capital Subcommittee recommendation



Reserves and Long-term Obligations

Reserves

- Stabilization Fund
- Free Cash (Unreserved Fund Balance)

Long-term Liabilities

- Pension Funding
 - OPEB
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Free Cash



\$14,392,269.00

	Feb-20	Jun-20
Free Cash Certification	\$14,392,269	\$14,392,269
1. Operating Budget Reserve (25% of operating budget reserve)	699,726	1,699,726
2. Fund Balance	4,600,000	4,326,549
a. Unreserved Fund Balance (left unappropriated)	2,600,000	3,326,549
b. Stabilization Fund (appropriated)	2,000,000	1,000,000
3. Liability Reserve (to get fund to 1% of prior year net revenue)	50,529	50,529
4. Capital Improvements (to get to 7.5% of prior year net revenue)	4,198,356	4,198,356
5. Affordable Housing Trust Fund (if Fund Balance falls below \$5M)	726,549	-
Sub-Total	\$10,275,160	\$10,275,160
Amount available for Special Uses	\$4,117,109	\$4,117,109
6. Special Uses:		
a. Additional CIP	\$4,117,110	\$4,117,110

Timing and Next Steps for Phase 1

- Special budget meeting of the Select Board on Thursday, June 11
- Advisory Committee review and report by June 18
(supplement mailing deadline)
- Possible budget amendments
- Town Meeting on June 23