

# Town Manager's Presentation of FY25 Updated Level Service Estimates and Preliminary Capital



November 20, 2023 – *Town Manager John S. Mangiaratti*

# Level Services...

- We are discussing estimates ahead of the typical budget process.
- Typical process:
  - Department requests are reviewed and adjusted
  - Presentation of Capital Plan followed by a Town Manager's Recommended Budget
  - Recommended budget meets available revenues



# FY2025 Budget Schedule

11/20/2023	Presentation of Facility Study and Preliminary Capital Plans
12/4/2023	Presentation FY2025-2034 Capital Improvement Plan
12/18/2023	Presentation of Town Manager FY2025 Recommended Budget
1/11/2024	Budget Workshop with Finance Committee and Select Board
5/6/2024	Annual Town Meeting



# Overview of November 14, 2023

## ALG Plan Estimates

- FY24 Total Town Spending: \$38,538,251
- A 3% increase in FY25 spending would be a **\$1.15M** increase over FY24
- Current projections for health insurance and pension: **\$1.08M** increase over FY24
- FY25 Preliminary Level Services Estimate: **\$3.8M** increase over FY24
  - Includes \$1.25M placeholder for new capital (571k increase)



# FY 2025 Budget Challenges

- Large increases in fixed costs Projected \$2.8M
- Capital Needs - Infrastructure Est. more than \$10M
- Staffing to meet service demands DPW, Fire, Library, Police, Rec.
- Other Post Employment Benefits More than \$600k annually
- Urgency of climate change needs Stormwater, Electrification..
- Mental health needs Public Safety, Health etc.
- Maintaining public spaces More sidewalks, parks, and facilities that need to be maintained



# Increases Included in FY25 Level Services

Health Insurance	\$854k
Personnel / Contractual Salaries	\$792k
Debt Service	\$478k
Equipment-Related Costs	\$446k
Pension and OPEB	\$234k
<b>Subtotal of Increases</b>	<b>\$2.8M</b>

Limited resources available for other expenses needed to provide level services..



# What is included in level services?

- Contractual increases for personnel
- Increases for higher costs of supplies and services
- Deferred staffing needs for evolving service demands
- Increased streets, grounds, and facilities maintenance expenses
- Debt service for previously approved projects
- A placeholder for capital projects needed to maintain our infrastructure
  - More than \$20M in capital needs...



# Highlights of FY25 Capital Needs

Facility Study Recommendations (Priority 1)	\$8.8M
DPW Facility - Fueling Station Relocation	\$2.6M
Sidewalk Program - New Construction	\$2.3M
Replacement of the 2009 aerial ladder truck	\$2.1M
Complete Streets - Hayward/Main Intersection	\$1.75M
Electrification, HVAC, and Standby Power - Town Hall,	\$1.3M
Public Safety Radio and SCBA Replacements	\$1.2M
Town Hall / Memorial Library parking lot Reconstruction	\$650k



# Highlights of FY25 Capital Needs

Complete Streets- Great Rd (Davis to Harris)	\$800k
Bridges/Culverts - Design, Construct, Replace	\$800k
Town Hall / Memorial Library parking lot Reconstruction	\$650k
Complete Streets – Prospect/Main Intersection	\$400k
Cemetery Improvements – Driveways, Gates	\$407k
FRA Train Whistle Ban – Rail Crossing Safety	\$180k
NARA Park Roof Replacements	\$125k
Comprehensive Community Plan Update	\$75k



# Sources for Funding Capital Plan

Exempt debt	Requires voter approval for debt exclusion
Non-exempt debt	First year debt service and borrowing cost funded from Free Cash, future years in operating budget
Operating Budget	Approved in operating budget (operating capital)
Free Cash	Approved at Town Meeting, funding remains future years subject to (town bylaw reference)
Capital Stabilization	Approved at Town Meeting in same fashion as Free Cash (except 2/3 vote required)
Enterprise, Revolving Funds	Only available for the capital associated with the program (eg: ambulance purchase from ambulance ent.)
Trust funds, mitigation funds	Subject to conditions of the trust or the mitigation
Grants and Earmarks	Subject to award, competitive
Closed out Articles	Unused Funding from Previous Articles can be Re-appropriated



# Funding Needed for FY25 Capital Plan

- Current ALG Preliminary Level Services Estimate shows \$1.25M in new capital
  - This is a \$571k increase over FY24
- **This would not fund all of the FY25 capital needs**



# Seeking Board Input on Options for Funding Capital Plan

- **Assumptions:**
  - The \$1.25M is a placeholder
  - The following options are based on this placeholder figure
  - If a different placeholder number is preferred, the options would be adjusted accordingly



# Seeking Board Input on Options for Funding Capital Plan

Option #1 for how to invest \$1.25M in capital projects:

1. Request borrowing for \$8M in new capital with estimated debt service cost of \$860k
2. Request \$390k in Free cash projects



# Seeking Board Input on Options for Funding Capital Plan

Option #2 for how to invest \$1.25M in capital projects:

1. Request borrowing for \$10M in new capital estimated debt service cost of \$1M
2. Request \$250k in Free cash projects



# Seeking Board Input on Options for Funding Capital Plan

Option #3 for how to invest \$1.25M in capital projects:

1. Seek a debt exclusion for a certain amount of debt for specific projects and reduce the borrowing under the levy accordingly
2. Use the remaining \$ for Free cash projects



# Seeking Board Input on Options for Funding Capital Plan

Additional Options for Guidance from the Board:

- Indicate that it prioritizes one (or more) projects
- Indicate that the 1.25M placeholder is too high or too low
- Require that new capital spending remain level with FY24
- Direct that spending on new capital be deferred in FY25



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