

# **Presentation of Alternative FY 2025 Budget and Capital Plan ("B" Budget)**



**February 5, 2024 – *Town Manager John S. Mangiaratti***

# Acton Leadership Group Process

The Acton Leadership Group (ALG):

- includes representatives from Select Board, Finance Committee, AB School Committee
- next meeting February 12th
- through consensus has decided to consider an operational override for FY25 and to develop “A” and “B” versions of ALG Plan
  - “A Plan”: \$6.6M in additional revenue from override
  - “B Plan”: No additional revenue (no override)



# Health Insurance Update

## Health Insurance

- HIT Assessment and 22.8% increase
  - Implemented hiring freeze and cost control measures to ensure funding available in FY24
  - Employee portion of increase covered for first two months and to be considered further

## Health Insurance Working Group

- Meeting on February 6th
- Discussing plan design changes
- Considering alternative structures, new shared collaboratives
- Goal to have changes in place for FY2025



# FY2025 Budget Presentations

- Tonight is the 7<sup>th</sup> budget presentation since departments submitted level services operational requests
- Feedback incorporated from each presentation
- Several budget reductions presented (including tonight)

|            |   |
|------------|---|
| 11/6/2023  | Presentation of Preliminary Level Services Est. Capital Needs |
| 11/20/2023 | Presentation of Facility Study and Preliminary Capital Plans  |
| 12/4/2023  | Presentation of FY2025-2034 Capital Improvement Plan (CIP)    |
| 12/18/2023 | Presentation of Town Manager FY2025 Recommended Budget        |
| 1/10/2024  | Budget Workshop with Finance Committee and Select Board       |
| 1/11/2024  |   |
| 1/22/2024  | Presentation of Revised FY2025 Recommended "A" Budget         |



# Summary of Operating Budget Reductions

## (including subsidies and offsets)

|           |  |              |
|-----------|--|--------------|
| Oct. 2023 | Operating Requests from Departments for FY2025   | \$41,498,889 |
| 12/18/23  | Town Manager's Recommended Level Services Budget | \$40,751,997 |
| 1/22/24   | Current "A" Budget Proposal                      | \$39,465,686 |
| 2/5/24    | Current "B" Budget Proposal                      | \$39,000,027 |

- Current "B" Budget Proposed Spending on Operations
  - \$2.5M reduction from Department Operating requests
  - \$1.75M reduction from Town Manager's Recommended Level Services



# Overview of FY2025 “A” & “B” Budgets

- The “A” budget would be presented to Annual Town Meeting if an override vote passes by majority during the Annual Town Election
- The “B” budget would be presented if there is not an override
- The following cost reduction measures are included in the current “A” and “B” budgets:
  - Subsidy reductions
  - Staffing reductions
  - Expense reductions
  - Reallocations to other funding sources
  - Potential new offsets (OPEB & Cemetery Funds)
  - Reductions to Capital Budget
  - Alternative revenue proposals



# Subsidy Reductions

| Department      | Level Services FY2025 | Subsidy Description - Level Services                                  |
|-----------------|-----------------------|---|
| Fire Department | \$390,000             | Ambulance staffing including two impact shift positions and benefits  |
| Transportation  | \$150,000             | Funding for the four transportation programs and dispatching services |
| <b>TOTAL</b>    | <b>\$540,000</b>      |   |

- **Current “A” Budget Proposed Subsidy**
  - Reduces one impact shift position (-\$87,977 from Level Services)
- **Current “B” Budget Proposed Subsidy:**
  - Requires additional reduction of \$100,000 from “A” Budget
    - Cut \$100,000 from Transportation Subsidy?
    - or
    - Cut another \$100,000 from Fire, including 2<sup>nd</sup> impact shift position?



# Review of Staffing Reductions

- Town Manager's Level Services Budget did not include requested new positions such as:
  - Fire Prevention Officer and ambulance staffing for Fire Department
  - Administrative Lieutenant for the Police Department
  - Assistant Recreation Director for Recreation
  - Office Manager for the Operations Department





# Review of Staffing Reductions

- “A” Budget reduces staffing resources in several departments:
  - Finance
  - Fire
  - Libraries
  - Nursing
  - Operations (Technology)
  - Police
  - Public Works
  - Town Manager
- “B” Budget further reduces staffing in these departments



# Staff Reductions - “B” Budget

|                    |            |   |
|--------------------|------------|---|
| Finance Department | -\$191,814 | Cut finance director position and part time accounting staff    |
| Town Manager       | -\$198,000 | Cut project manager position, comp reserve                      |
| Fire               | -\$87,977  | Reduce subsidy towards impact shift position                    |
| Libraries          | -\$55,000  | Reduce staffing hours at both libraries                         |
| Police             | -\$60,000  | Reduce clinician from full time to part time                    |
| Public Works       | -\$56,000  | Moved DPW crew member to Transfer Station ent.                  |
| Police/Fire        | -\$30,000  | Cut overtime to support town events (4 <sup>th</sup> July, etc) |
| Nursing            | -\$26,516  | Cut three part time positions                                   |
| Technology         | -\$20,984  | Cut part time position  |
| Town Clerk         | -\$10,000  | Reduced funding for election workers                            |



# Expense Reductions - “B” Budget

|                |            |  |
|----------------|------------|--|
| Finance        | -\$238,115 | banking services, professional development, overtime, retiree health insurance |
| Police         | -\$182,000 | vehicles, professional development (add'l 120k moved to capital)               |
| Facilities     | -\$133,584 | building improvements, and utilities (30k moved to capital)                    |
| Technology     | -\$70,000  | contracted services and GIS  |
| Public Works   | -\$55,000  | Engineering services, special projects, and paving                             |
| Town Manager   | -\$40,000  | Contracted and legal services, professional development                        |
| Celebrations   | -\$35,000  | cut funding for fireworks  |
| Sustainability | -\$25,000  | programs and services  |



# Expense Reductions - “B” Budget (continued)

|                     |           |  |
|---------------------|-----------|--|
| Building and Health | -\$25,000 | Supplies and support for Haz. Waste Day      |
| Human Resources     | -\$15,460 | Senior work hours, advertising, workers comp |
| Council on Aging    | -\$10,000 | Newsletter, outreach expenses                |
| Emergency Mgmt.     | -\$10,000 | preparedness supplies                        |
| Nursing             | -\$9,000  | medical supplies (flu vaccines)              |
| Historic Commission | -\$7,500  | archaeological reviews                       |
| Planning            | -\$5,000  | professional services                        |
| Conservation        | -\$5,000  | Contracted maintenance (arboretum)           |



# Reallocations to Other Funding Sources – “B” Budget

|   |           |
|---|-----------|
| Move portion of Police vehicle replacements to Free Cash  | \$120,000 |
| Move portion of building improvements to Free Cash        | \$30,000  |
| Move new DPW crew position to Transfer Station Enterprise | \$56,000  |



# Potential New Offsets – “B” Budget

| Proposed Offset  | FY25 Impact | Status         |
|--|-------------|----------------|
| Proposed revenue from Other Post-Employment Benefits (OPEB) Trust to offset a portion of the \$1.1M in retiree health insurance benefits | \$300,000   | Proposed       |
| Potential revenue from Cemetery Trust to offset Cemetery operations  | \$50,000    | Proposed       |
| Potential revenue from wetlands filing fees to offset Conservation operations  | \$15,000    | To be proposed |



# Town Manager's Recommended "B" Budget - Operations

|                          | FY24<br>Approved<br>Budget<br>\$ | FY25 Level<br>Services<br>Budget<br>\$ | FY25<br>A<br>Budget<br>\$ | FY25<br>B<br>Budget<br>\$ | B Budget<br>Change<br>from<br>FY24 |
|--------------------------|----------------------------------|--|---------------------------|---------------------------|------------------------------------|
| Muni Operations:         | 37,382,147                       | 40,511,997                             | 39,313,663                | 38,998,024                |                                    |
| Offsets:                 |                                  | -300,000                               | -300,000                  | -350,000                  |                                    |
| Subsidies:               | 477,928                          | 540,000                                | 452,023                   | 352,023                   |                                    |
| <b>Total Operations:</b> | <b>37,860,075</b>                | <b>40,751,997</b>                      | <b>39,465,686</b>         | <b>39,000,047</b>         | <b>3.0%</b>                        |



# Summary of Capital Reductions

| Presentation |  | Projects | Investment | FY25 General Fund Cost |
|--------------|--|----------|------------|------------------------|
| 12/4/23      | FY2025 Capital Improvement Plan (CIP)  | 31       | 17M        | \$4.8M                 |
| 12/18/23     | TM Recommended Budget and Capital Plan | 9        | 7.7M       | 1.75M                  |
| 1/22/24      | Proposed “A” Budget                    | 10       | 7.6M       | \$1.53M                |
| 2/5/24       | Proposed “B” Budget                    | 8        | 6.03M      | \$.96M                 |

*Will seek external funding and grants to advance projects removed from capital plan*





# FY2025 Capital Recommendations

The FY25 Town Manager's "B" Budget Recommended capital investments in General Fund Borrowing:

|  |   |                                      |
|--|---|--------------------------------------|
| A.                                     | DPW Facility Improvements – Fueling Station Replacement                   | \$2,600,000<br>\$188,887             |
| B.                                     | Replacement of 2009 Aerial Ladder Truck                                   | \$2,100,000<br>\$216,222             |
| C.                                     | <del>Complete Streets – Prospect Intersection, Great Road, sidewalk</del> | <del>\$1,200,000<br/>\$123,555</del> |
| D.                                     | Stormwater Infrastructure Improvements Bridges/Culverts                   | \$800,000<br>\$82,370                |
| Total Investment:                      |   | \$5,500,000                          |
| Estimated FY25 Debt Service (6% rate): |   | \$436,479                            |



# FY2025 Capital Recommendations

The FY25 Town Manager's "A" and "B" Budget Recommended capital investments in Free Cash are shown below:

|    |  | "A"       | "B"       |
|----|--|-----------|-----------|
| A. | Traffic calming & intersection improvements<br>(and sidewalks) | \$200,000 | \$50,000  |
| B. | Self-Contained Breathing Apparatus<br>Replacement – Fire Dept. | \$200,000 | \$200,000 |
| C. | Fleet Replacement Program – Police                             | \$180,000 | \$120,000 |
| D. | Facility Study Priorities                                      | \$160,000 | \$80,000  |
| E. | Cyclical Data Collection- Real Property                        | \$150,000 | \$80,000  |
| F. | Celebration Event for July 4 <sup>th</sup>                     | \$35,000  | \$0       |
|    | Total Investment   | \$865,000 | \$530,000 |



# Town Manager's Recommended "B" Budget - Capital

|                             | FY24<br>Approved<br>Budget<br>\$ | FY25 Level<br>Services<br>Budget<br>\$ | FY25<br>A<br>Budget<br>\$ | FY25<br>B<br>Budget<br>\$ | B Budget<br>Change<br>from<br>FY24 |
|-----------------------------|----------------------------------|--|---------------------------|---------------------------|------------------------------------|
| CIP Borrowing:              | 303,176                          | 540,499                                | 611,034                   | 436,479                   |                                    |
| CIP Free Cash:              | 375,000                          | 1,210,000                              | 925,000                   | 530,000                   |                                    |
| <b>Total CIP (Capital):</b> | <b>678,176</b>                   | <b>1,750,499</b>                       | <b>1,536,034</b>          | <b>966,479</b>            | <b>43%</b>                         |



# Alternative Revenue Proposals

|  | Amount    | Status         |
|--|-----------|----------------|
| Reduce the borrowing cost of capital by \$500k by appropriating funds from capital stabilization   | ~\$50,000 | to be proposed |
| Fund \$839k in critical public safety needs from capital plan using mitigation funds from the Avalon Acton project   | \$839,000 | Approved       |
| Update ambulance fees to increase enterprise revenue   | TBD       | Approved       |
| Use energy efficiency revenue from PILOTS from solar projects to purchase energy efficient equipment and related measures such as the electrification of Town Hall | TBD       | to be proposed |
| Increase stormwater fees for commercial and consider adding for residential  | TBD       | to be proposed |
| Cost sharing with AB Regional School District and CASE Collaborative Transportation for fuel depot   | TBD       | proposed       |



# Town Manager's Recommended

## "B" Budget

|                             | FY24<br>Approved<br>Budget<br>\$ | FY25 Level<br>Services<br>Budget<br>\$ | FY25<br>A<br>Budget<br>\$ | FY25<br>B<br>Budget<br>\$ | B Budget<br>Change<br>from FY24 |
|-----------------------------|----------------------------------|--|---------------------------|---------------------------|---------------------------------|
| Muni Operations:            | 37,382,147                       | 40,511,997                             | 39,313,663                | 38,998,024                |                                 |
| Offsets*:                   |                                  | -300,000                               | -300,000                  | -350,000                  |                                 |
| Subsidies:                  | 477,928                          | 540,000                                | 452,023                   | 352,023                   |                                 |
| <b>Total Operations:</b>    | <b>37,860,075</b>                | <b>40,751,997</b>                      | <b>39,465,686</b>         | <b>39,000,047</b>         | <b>3.0%</b>                     |
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| <b>Total CIP (Capital):</b> | <b>678,176</b>                   | <b>1,750,499</b>                       | <b>1,536,034</b>          | <b>966,479</b>            | <b>43%</b>                      |
| <b>Total Spending:</b>      | <b>38,538,251</b>                | <b>42,502,496</b>                      | <b>41,001,720</b>         | <b>39,966,526</b>         | <b>3.7%</b>                     |



# Next Steps in FY2025 Budget

- ☐ Finalize subsidy reductions
- ☐ Finalize plans for cost sharing of DPW fueling facility capital project
- ☐ Update recommended capital spending to reflect ALG discussions and reserve use
- ☐ Incorporate feedback and prepare final recommended A & B budgets for the Select Board to consider adopting and transmitting to Finance Committee (prior to 3/6/24)
- ☐ Finalize override ballot question and Town Meeting articles



# FY2025 Budget Milestones

|           |   |
|-----------|---|
| 2/5/2024  | Select Board meeting  |
| 2/12/2024 | ALG Meeting   |
| 2/26/2024 | Last scheduled Select Board Meeting for vote to adopt and transmit budget                       |
| 3/6/2024  | Deadline for Select Board to transmit budget to Finance Committee (60 days before Town Meeting) |
| 3/28/2024 | Deadline for printing of Annual Town Election ballot  |
| 4/16/2024 | Deadline for printing of Annual Town Meeting warrant  |
| 4/30/2024 | Annual Town Election  |
| 5/6/2024  | Annual Town Meeting   |

