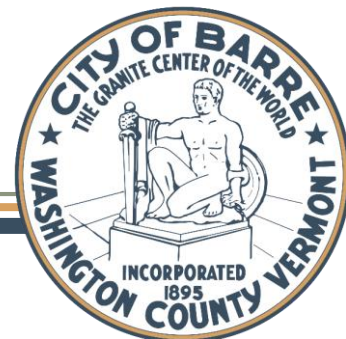


# FY25 BUDGET KICKOFF

NICOLAS STORELLICASTRO  
CITY MANAGER  
NOVEMBER 21, 2023



# RECAP OF THE FY24 BUDGET

- \$13.7M total expense budget, representing a 4.3% increase
  - Approximately half the rate of recent inflation
- Municipal tax + local agreement tax rate \$2.1146
  - Lower than projected at Town Meeting Day
  - Total homestead rate \$3.5212
  - Total non-homestead rate \$3.7954
- The voters approved a responsible budget that protected key services and provided for manageable increases in non-tax revenues.

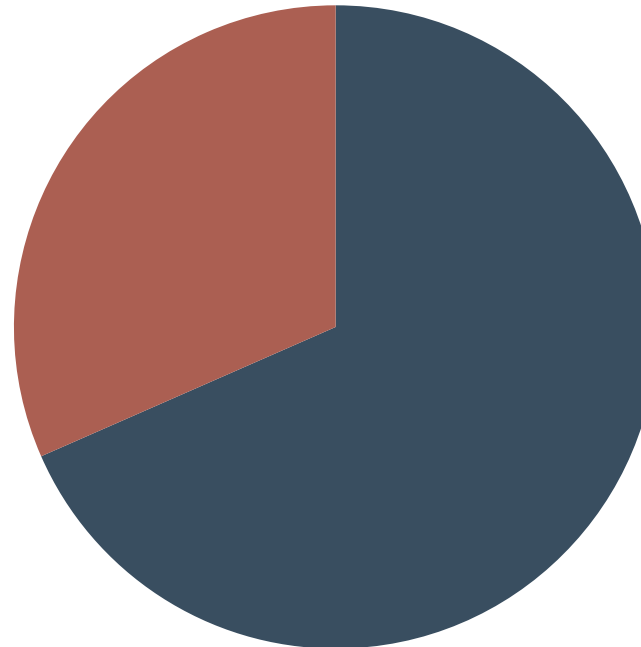


# MOST OF OUR BUDGET IS FIXED

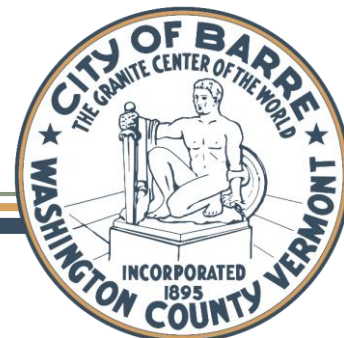
## LABOR v. EXPENSE SUMMARY – 2025 PROJECTED

Of the 32% (or ~\$4.5M) in non-labor expenses, \$3M is for costs where the City has little or no discretion, including:

- Debt service
- Insurance
- Vehicle and heating fuel
- Sand/salt
- Technology (emails, software, phones)



Wages & Benefits 68%



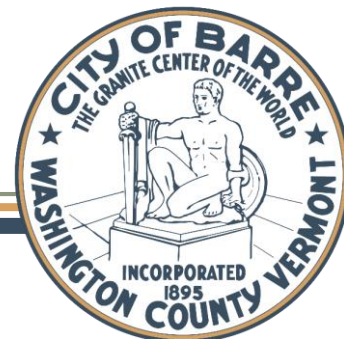
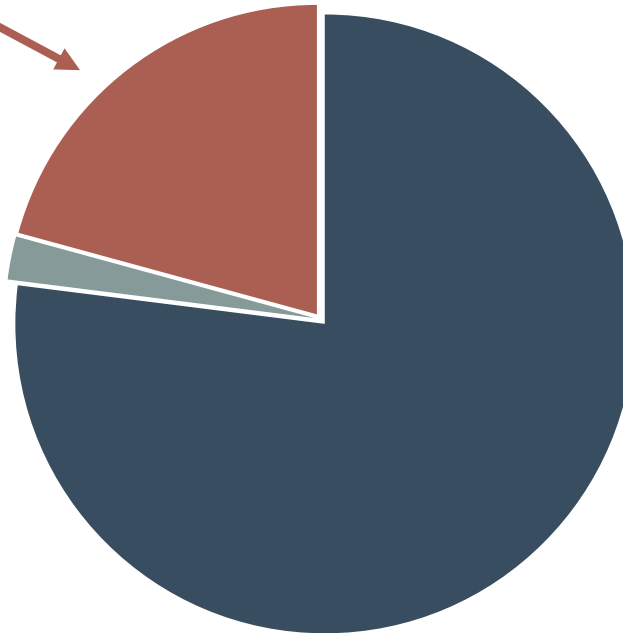
# MOST OF OUR REVENUE IS FROM PROPERTY TAXES

## REVENUE SUMMARY – 2025 PROJECTED

City Generated Revenue – 21%

Federal & State Assistance – 1%

Property taxes and PILOT – 78%



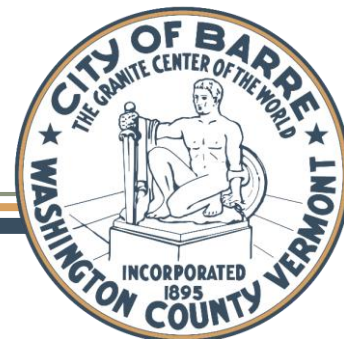
# IMPACTS OF THE FLOOD ON THE CITY BUDGET ARE WIDESPREAD

- All inputs in the City Budget will be significantly impacted:
  - **Revenue:** Property tax abatements and loss of tax base from buyouts
    - 363 structures damaged by the flood
    - ~50 properties expected to be Substantially Damaged
    - ~40 property owners have applied for a buyout, representing \$146,361 in total taxes
  - **Expenses:** Cost of flood recovery projects
    - ~55 projects identified at \$2.7M total cost. Generally speaking, the City is responsible for a 25% share of FEMA projects
  - **Cash flow:** Front the cost of flood recovery projects
    - FEMA expenses are reimbursable, so the City has to pay up front and wait for reimbursement, assuming project costs are approved
    - City Council approved our application for a \$3M line of credit at its 10/10/2023 meeting



# FY25 BUDGET IS DIRE AND AT RISK OF GETTING MORE CHALLENGING

- Manager, Assistant Manager, Clerk and Department Heads went through the budget line-by-line to identify:
  - Cuts to operational budgets (i.e. office supplies)
  - Reductions of non-essential services (i.e. bulky waste)
  - Re-estimates (i.e. identified cost savings against historical spending)
  - Opportunities to grow and expand use of non-tax revenues (i.e. use of Semprebon Fund to support playground maintenance)
- In addition to making cuts to the budget, projected increases and approved commitments were also reflected to ensure the budget forecast is accurate.
  - Police Department body worn cameras
  - Increase in Assessor salary



# BASELINE FY25 BUDGET CONDITIONS

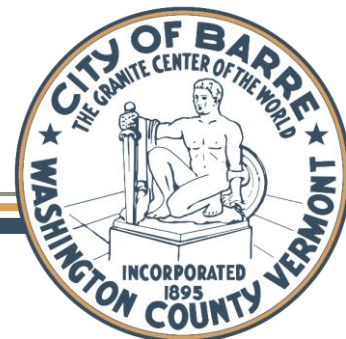
- Before we even started to work on the budget, we were facing significant non-discretionary increases and lost resources:

 ~5% contractual wage increases

 13% health care rate increases

 \$368K in projected expenses

 Depleted fund balance due to flood expenses



# RESULTS OF DRAFT FY25 BUDGET



**\$467K in budget cuts**

*(\$99K) net reduction when offset by \$368K in new expenses*



**\$93,312 increase in non-tax revenue**



**3.68% reduction in the grand list**



**4.03% increase**  
in expenses from  
FY24 to FY25

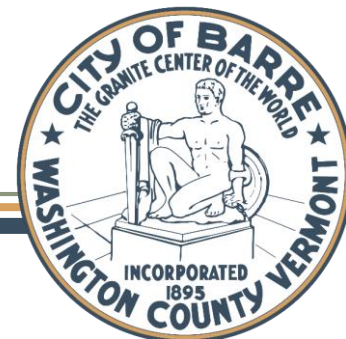




# \$467K IN CUTS (\$99K NET REDUCTION)

Cut	Description
\$91,492	Temporary elimination of the Planner position
\$67,486	Reduction in Cemeteries seasonal staff
\$47,497	Police Department overtime reductions
\$32,766	Savings from solar energy project
\$18,000	Fire Department equipment replacement
\$17,200	Eliminate bulky waste, yard waste, and tire disposal events
\$6,395	Utility and fuel savings from sale of the Wheelock Building

Examples above account for over \$280K of proposed cuts.



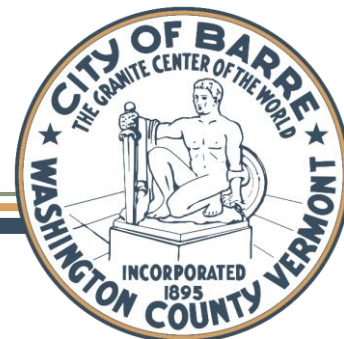
# \$93,312 INCREASE IN NON-TAX REVENUE

Increase	Description
+\$34,889	PILOT payments
+\$23,765	Civic Center rental increases
+\$8,200	Interest income
+\$6,278	State highway aid
+\$5,000	Meter revenue
+\$5,000	Recording fees
+\$3,600	Recreation/camp fees

In addition to these new revenues, staff is proposing to reduce general fund expenses by:

- (1) Using the Semprebon annuity to fund playground maintenance; and
- (2) Dedicating \$8,000 in opioid settlement funds to support Fire and Police Department expenditures.

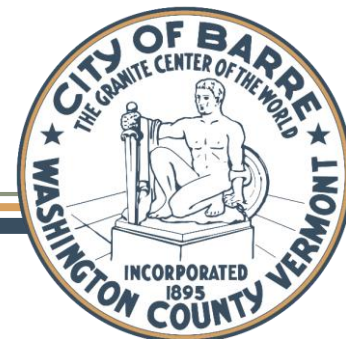
Examples above account for over \$86K of proposed new non-tax revenue.



# 3.68% REDUCTION IN THE GRAND LIST

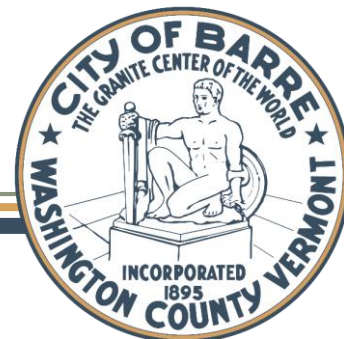
- Due to the expected impact of the flood on 363 taxable properties throughout the City, we have made assumptions to better reflect the potential impacts on the grand list, and the prospective tax rate.

Impacted Property Type	Assumption
40 buyout requests	100% less of grand list value
47 property owners that have applied for abatement	50% less of grand list value
276 balance of 363 total damaged properties	25% less of grand list value



# DUE PRIMARILY TO THE IMPACT ON THE GRAND LIST, PROJECTED TAX RATE IS HIGH

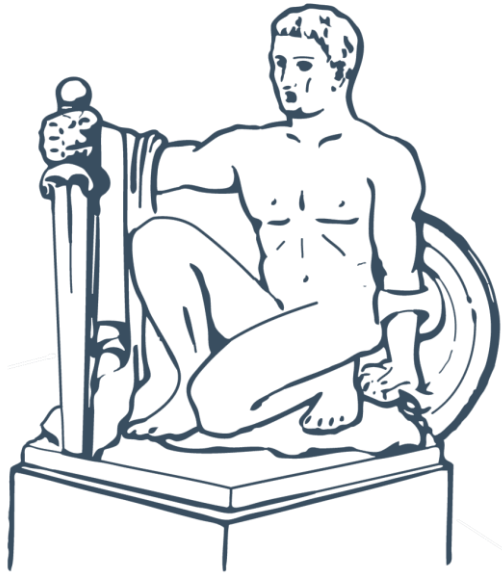
- Even with **\$467K in cuts**, **+\$93K in new non-tax revenue**, and **holding expenses to 4.03%**, the DRAFT FY25 budget would still result in a **19.01% projected tax rate increase**.
  - Increase is primarily driven by the impacts to the grand list.
- In order to stabilize the projected tax rate increase to last year's level **AND** restore the deep cuts to the expense budget, the City would need \$1.45M in aid.
  - \$1.45M in aid would drop projected municipal tax rate to \$2.1117 (compared to \$2.1146 in FY24).



# NEXT STEPS AND DISCUSSION

- What are the Council's priorities for this budget?
- What funding levels can/will Council and residents support?
- What should be re-prioritized to allow the City to both support paying for mandated expenses and preserving key services?





THANK YOU

QUESTIONS/DISCUSSION?

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