



## TOWN OF NORTHBOROUGH

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### MEMORANDUM

TO: Honorable Chairman and Members of the Board of Selectmen  
and the Appropriations Committee

FROM: Interim Town Administrator

SUBJECT: FY2024 Proposed Budget

DATE: April 5, 2023

I hereby transmit this proposed annual budget for FY2024. The recommended FY2024 General Fund operating budget totals \$73,691,740 or 3.47% as compared to FY2023.

#### FY2024 Proposed Budget

EXPENDITURES	FY2023 Budget	FY2024 Proposed	Variance	% Change
General Government (Town)	\$24,501,963	\$25,476,532	\$974,569	3.98%
Schools				
Northborough K-8	\$26,692,953	\$28,001,227	\$1,308,274	4.90%
Algonquin Reg. HS 9-12	\$12,833,497	\$13,421,085	\$587,588	4.58%
Algonquin Debt Exclusion	\$653,069	\$651,454	-\$1,615	-0.25%
Assabet Valley	\$1,155,301	\$1,175,405	\$20,104	1.74%
Assabet Valley Debt	\$130,004	\$126,176	-\$3,828	-2.94%
Warrant Articles				
Town Hall Reuse Article	\$10,000	\$0	-\$10,000	-100.00%
Reserve Fund	\$175,000	\$175,000	\$0	0.00%
Transfer to Stabilization	\$200,000	\$200,000	\$0	
Free Cash Capital Projects	\$2,024,000	\$1,105,000	-\$919,000	-45.41%
Transfer to OPEB Trust	\$300,000	\$550,000	\$250,000	
Library Debt Service	\$299,530	\$288,895	-\$10,635	-3.55%
Senior Center Debt Service	\$321,175	\$316,665	-\$4,510	-1.40%
Lincoln Street Debt Service	\$998,675	\$973,975	-\$24,700	-2.47%
Fire Station Debt Service	\$64,498	\$338,500	\$274,002	100.00%
Other Funds	\$854,621	\$891,826	\$37,205	4.35%
Adjustments	\$4,417		-\$4,417	-100.00%
<b>Subtotal General Fund</b>	<b>\$71,218,703</b>	<b>\$73,691,740</b>	<b>\$2,473,037</b>	<b>3.47%</b>
Water Enterprise Funds	\$2,636,103	\$2,772,795	\$136,692	5.19%
Sewer Enterprise Fund	\$2,397,488	\$2,508,481	\$110,993	4.63%
Solid Waste Enterprise Fund	\$928,113	\$1,040,684	\$112,571	12.13%
<b>Subtotal Enterprise Funds</b>	<b>\$5,961,704</b>	<b>\$6,321,960</b>	<b>\$360,256</b>	<b>6.04%</b>
<b>TOTAL ALL FUNDS</b>	<b>\$77,180,407</b>	<b>\$80,013,700</b>	<b>\$2,833,293</b>	<b>3.67%</b>



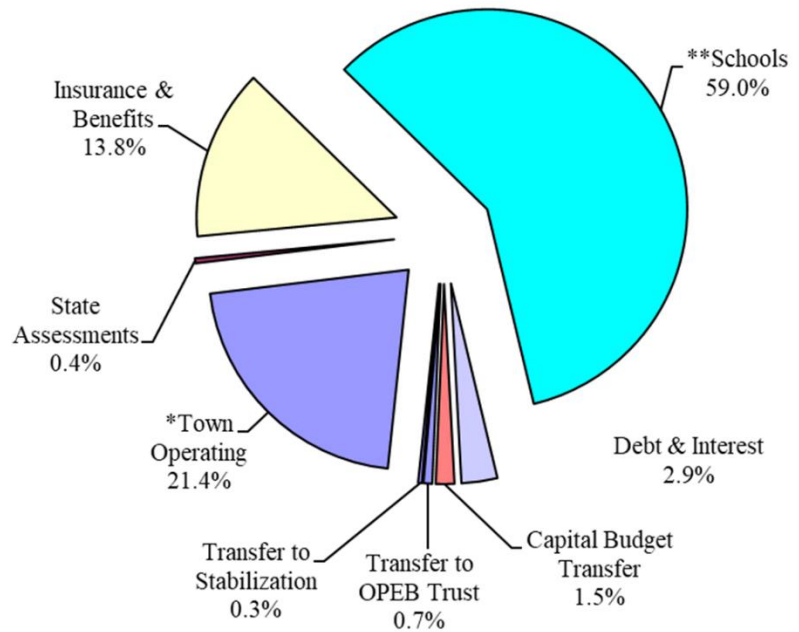
The FY2024 proposed budget includes the following key budget increases:

- Northborough K-8 Schools – 4.9%
- General Government (Town) – 3.98%
- Assabet Valley Vocational Assessment and Debt – 1.27%
- Algonquin Regional High School Assessment and Debt – 4.34%

The FY2024 budget proposal includes \$500,000 in free cash use per the Town's Financial Policy, a return to funding the Other Post Employment Benefits (OPEB) Trust Fund at \$550,000, an increase of \$250,000 over FY2023, as well as a \$200,000 contribution to the Stabilization Fund to maintain reserve ratios.

Looking ahead to FY2024, the Town continues to recover from the impacts of Covid-19. Multiple years of reduced expenditures to manage the impacts of the pandemic now require discipline to return to the funding amounts required to maintain the financial health of community. In FY2024, that recovery is reflected in the continuation of a \$200,000 stabilization fund contribution, reduced in FY2021 and FY2022 to address the impacts of Covid-19. During the pandemic, the Town was able to defer investment to the OPEB Trust Fund in the amount of \$1 million over three years. In FY2024, the Town will return to its pre-pandemic funding amount of \$550,000. In future years, the Town will need to consider strategies to increase the OPEB Trust Fund contribution to address the \$1 million shortfall because of the pandemic.

**FY2024 Expenditures**



#### Prior Fiscal Years Pandemic Budget Reductions

- Cut Operating Budgets to 1% in FY2021 and constrained increases in FY2022
- Used \$378,000 in one-time Free Cash in the FY2021 Budget due to revenue shortfalls
- Cut \$200,000 in Stabilization Fund Contributions in both FY2021 & FY2022
- Postponed Capital Investments in FY2021 and had limited Free Cash to fund pay-as-you-go projects in FY2022, creating a backlog
- Cut over \$1 million in contributions to Other Post-Employment Benefits (OPEB) Trust Fund (\$550,000 in both FY2021 & FY2022)



## **Financial Trend Monitoring System Report (FTMS):**

In preparation for FY2024 the Financial Team updated the Town's Financial Trend Monitoring System (FTMS) Report and presented the results along with revised five-year financial forecasts at a joint meeting of the Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee in December of 2022. The updated FTMS Report provided critical information about FY2024 budget assumptions, which allowed the policy-making Boards and Committees to make informed decisions. The updated analysis included a close look at Local Receipts and State Aid projections, which were used to build consensus regarding sustainable FY2024 budget increases. These discussions took place in the context of the following standing goals for the annual budget development process.

## **Standing Budget Development Goals:**

1. To protect and improve the Town's overall Financial Condition, which is broadly defined as our ability to maintain existing service levels; withstand local and regional economic disruptions; and meet the demands of natural growth, decline, and change.
2. To develop a budget that is in conformance with the Town's comprehensive financial policies and does not rely on one-time gimmicks or unsustainable practices.
3. To maintain Northborough as an affordable place to live and operate a business
4. To protect the Town's long-run solvency beyond the immediate budget cycle by developing clear policies regarding issues such as debt, pension obligations, OPEB liabilities and capital investment.

As the FY2024 budget process unfolded, individual departmental goals and objectives were developed within these Town-wide umbrella goals to ensure that long-term perspectives that span beyond just the upcoming fiscal year are taken into consideration. In addition to these overriding goals and initiatives, each departmental budget contains more detailed goals and objectives for the FY2024 budget.

## **Recent Developments**

During the preceding months, several significant budgetary items were finalized, including Health Insurance, Debt Service, State Aid estimates, revised Local Receipt projections, and final guidance with regard to recent Federal Aid. Collectively, these items represent the final pieces of the FY2024 budget.

- Health Insurance—The FY2024 health insurance budget request of \$6.18 million represents a 0% increase from the previous fiscal year. the amount budgeted last year. Last year, following the exit of the Town's then provider Fallon from the market, the Town created a joint procurement association (JPA) with the Regional High School and the Town of Southborough in order to maximize the potential for savings in the health insurance market. In FY2023, the Town

<b>Health Insurance Budget Increases</b>	
FY2010	0.72%
FY2011	2.99%
FY2012	4.49%
FY2013	3.34%
FY2014	2.00%
FY2015	1.00%
FY2016	3.00%
FY2017	3.00%
FY2018	8.33%
FY2019	3.80%
FY2020	2.00%
FY2021	2.60%
FY2022	2.10%
FY2023	1.00%
FY2024	0.00%
Average	2.69%



executed an agreement with Harvard Pilgrim, resulting in an increase of just 1% budgetarily. During FY2023, the Town was noticed that Tufts, the provider of the most used Senior Plan, would no longer be offering that plan to the Town. As a result, the Town consolidated Senior Plans which resulted in significant savings for the Town, allowing a 0% increase to the budget in FY2024. Over the last decade, the Town has diligently managed health insurance costs with increases averaging just 2.69%.

- Debt Service—The proposed FY2024 debt service budget provides for the payment of principal and interest costs for long and short-term bonds issued by the Town for General Fund purposes. For FY2024, the total Debt Service budget for the General Fund is \$2.1 million, an increase of \$197,767 or 10.2%. This increase is largely attributable to a required pay-down for the purchase of 61-65 West Main Street, the land purchased for the location of a new Fire Station.

Of significant note is that in conjunction with the bond issuances for the Lincoln Street School project in 2015, Moody's Investors Service upgraded the Town's bond rating from Aa2 to Aa1, which is Northborough's highest rating ever. During the review Moody's cited the Town's manageable debt levels, strong reserves, below average pension liabilities and its ongoing funding of OPEB liabilities as positive factors. With regard to management, they commented that "*the Town has a strong management team evidenced by a multi-year trend of conservative budgeting guided by formal fiscal policies.*" The independent assessment illustrates how our planning efforts and fiscal discipline produce very real and tangible results—lower rates on bonds resulting in less tax dollars going to pay for interest.

During FY2022 the Town underwent another bond rating review as part of its decision to refinance outstanding debt associated with the Senior Center and Library building projects, as well as various water and sewer projects. The Town's favorable Aa1 rating was affirmed and resulted in an estimated savings of \$824,167 over the remaining 8 years on the General Fund and Enterprise Fund bonds. The Town not only took advantage of low market interest rates, but was able to leverage its higher credit rating for additional savings.

- State Aid— The current budget model assumes State Aid will increase by 2% to \$5.87 million in accordance with the Governor's FY2024 Budget, which was released on February 23<sup>rd</sup>. This year, the State experienced a transition in the Governor's House, resulting in a delay in releasing the budget. The Town does not anticipate receiving much of an increase given experience and the State's ongoing commitment to funding the Student Opportunities Act, which is designed to direct increased funding to disadvantaged school districts. Over the coming months the House and Senate will release their respective budget proposals and work out the differences through a joint committee. The Town generally does a little better in terms of aid from the Legislature, in part, because they will have more up-to-date revenue information. However, we are unlikely to see any meaningful increase in FY2024. As discussed at

## BOND RATING SYMBOLS

### Moody's Investor Service

Aaa

➔ Aa1

Aa2

Aa3

A1

A2

A3

Baa1

Baa2

Baa3

Ba1

Ba2

Ba3

B1

B2

B3



the Financial Trend Monitoring Presentation, because State Aid continues to lag our general budget increases, it has become an ever-smaller percentage of our overall budget. State Aid declined from a high of 13.1% of revenues in FY2003 to just 8.4% in FY2024. Historically, the Town does not receive its final State Aid figures until well after Town Meeting. Based upon the information coming out of the Legislature, the Governor's 2% estimate appears to be a reasonable assumption.

- Local Receipts—The third largest source of revenue for the General Fund budget is Local Receipts, which include a variety of economically driven fees, permits, fines and license-related monies that the Town receives, as well as interest that is earned on investments or overdue tax bills. Local Receipt estimates are reduced in FY2024 to \$4 million due to the last of eight annual Algonquin Regional High School settlement payments being paid in FY2023 in the amount of \$232,000. Most Local Receipts such as building permits and motor vehicle excise taxes tend to trend along general economic cycles and are often the first revenues impacted by negative economic news, so it is important to be conservative when forecasting. As reported at the State's Revenue Consensus Hearing back in December, most economists were quick to qualify their forecasts in terms of the ongoing recovery, so it will be important to continue carefully tracking these elastic revenue sources moving forward.
- State & Federal Relief Funds—The Town continues to plan for the use of Northborough's ARPA monies. Over the last year, the Town has allocated approximately \$1.9 million of the \$4.5 million available. The balance of \$2.6 million is available for use by the Board of Selectmen and must be obligated by December of 2024, and fully expended by December of 2026. Numerous grants and funding initiatives are currently under development and the Town will need to stay flexible to take advantage of potential opportunities, especially involving infrastructure investments.

### **Budget in Brief**

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Similar to prior budgets, the FY2024 Proposed Budget relies on projections regarding available revenue, thereby accepting the limits of the Town's financial resources. The budget is based upon an established ceiling of revenue derived from local property taxes in accordance with Proposition 2½. Added to these revenues are State Aid, Local Receipts such as fees, permits, interest earned and Available Funds such as Free Cash and Special Revenues.

At this point in time, based upon our latest projections, the overall General Fund budget increase is 5.28% with the proposed budgets for the key departments estimated to increase as follows:

- General Government (Town) increases \$974,569 or 3.98% to \$25,476,532
- Northborough K-8 Schools increase \$1,308,274 or 4.90% to \$28,001,227
- Algonquin Regional High School (ARHS) combined operating and debt assessments increase by \$585,973 or 4.3% to \$14,072,539



- Assabet Valley Vocational High School combined operating and debt assessments increase by \$16,276 or 1.2% to \$1,301,581

- **General Government Budget**

The total FY2024 General Government Budget (non-school) is \$25,476,532, which is an increase of \$974,569 or 3.98%. The balance of the document that follows this Budget Message provides detail regarding each departmental budget. All five collective bargaining contracts expired on June 30, 2022 and have been settled in preparation for the FY2024 budget. This proposed budget includes the salary and benefit impacts of those settled contracts. Other significant budget changes include a new Deputy Fire Chief which was recommended as a part of a 2015 Public Safety Staffing Study, and MIS/GIS increases reflective of the completion of an MIS/GIS Strategic Plan and recommendations for cyber security upgrades. Additional details on changes to general government budgets can be found in the narrative section of each departmental budget page.

- **Northborough K-8 Schools**

The Northborough K-8 Public School System serves children in grades Kindergarten through 8. There are four elementary schools: the Fannie E. Proctor School, the Lincoln Street School, the Marion E. Zeh School, and the Marguerite E. Peaslee School. These four schools serve children from Kindergarten through grade 5. There is also one middle school, the Robert E. Melican Middle School, which serves grades 6, 7 and 8. As of October 1, 2022, a total of 1,595 students attend the Northborough schools, with 1,047 students in grades K-5 at the four elementary schools and 548 students in grades 6-8 at the Middle School.

The FY2024 Budget for Northborough K-8 Schools is proposed at \$28,001,227, which is an increase of \$1,308,274 or 4.9%.

- **Algonquin Regional High School (ARHS)**

The Northborough-Southborough Regional High School budget is composed of an operating assessment and an assessment for the debt related to the completed renovation/addition project. The FY2024 operating assessment is \$13,421,085 which is a \$587,588 increase, or 4.58%. The debt for ARHS decreases by \$1,615, or -0.25%, to \$651,454. FY2023 was the final year of the \$232,000 settlement payment from the Town of Southborough as a result of the declaratory judgement for the renovation/addition project. This reduction in revenues as a result of no longer receiving that payment is reflected in the Town's revenue assumptions for FY2024. The net effect of the combined operating assessment and new debt service is an overall budget increase of \$585,973 or 4.3% to \$14,072,539. As of October 1, 2022, 742 Northborough students attend the Algonquin Regional High School.

- **Assabet Valley Regional Technical High School**

Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough's assessment is based upon the number of students from Town attending the school. The total FY2024 Assabet Valley assessment is \$1,175,405, an increase of 1.74% over FY2023.





As of October 1, 2022, 64 Northborough students attend Assabet Valley. This is an enrollment decrease of 4 students from the 68 Northborough students that attended Assabet Valley last year. Northborough's FY2024 share of the debt assessment from the completed building renovation project is \$126,176, which will continue to decline in subsequent years. The net effect of the combined operating assessment and debt assessment is \$1,301,581 which is an increase of \$16,276 or 1.2%.

- **Special Warrant Articles**

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. A detailed description of the proposed warrant articles, including their funding sources, is provided in Section 6-21 through 6-24 of this budget document. Further detail regarding the capital project warrant articles is contained in Section 9, the Town's Annual Capital Budget and FY2024-2029 Capital Improvement Program.

Overall, the Fiscal Year 2024 total operating budget for all funds, including enterprise funds, is \$80,013,700 or a 3.67% increase over FY2023. An in-depth review of revenues and expenditures is provided in the Budget Summaries Section 1 that follows this Budget Message.

### **Financial Condition and Outlook**

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During FY2024 the Town updated its Financial Trend Monitoring System (FTMS) analysis designed to assess the Town's Financial Condition. The FTMS, as adapted from the system developed by the International City/County Management Association (ICMA), "identifies the factors that affect financial condition and arranges them in a rational order so that they can be more easily analyzed and measured." It is a management tool that pulls together the pertinent information from the Town's budgetary and financial reports, mixes it with the appropriate economic and demographic data, and creates a series of Town-specific financial indicators that, when plotted over a period of time, can be used to monitor changes in the Town's financial condition. The financial indicators include such areas as revenue and expenditure trends, financial reserves, unfunded liabilities, changes in the tax base, one-time revenue dependencies, debt, capital investments, and external revenue dependencies. The updated FTMS Report is included in its entirety as Appendix C of this budget document.

### **Financial Trend Monitoring System Indicator Summary**



	Financial Indicator	FY2023
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Favorable
4	State Aid (Intergovernmental Revenues)	Unfavorable
5	Economic Growth Revenues	Stable / Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Stable
8	Employee Benefits	Stable
9	Pension Liability	Favorable
10	Other Post Employment (OPEB) Liability	Unfavorable / Improving
11	Debt Service Expenditures	Favorable
12	Financial Reserves/Fund Balance	Favorable
13	Capital Investment—Overall fixed asset values	Favorable
14	Capital Investment—Pavement Management	Favorable

The conclusion of the FTMS analysis is that Northborough is in relatively good financial condition. The growth in revenue from property taxes, which has kept pace with inflation, as well as excellent tax collections are financial strengths for the Town. While expenditures per capita have risen indicating an increase in service needs, the Town's revenues per capita have increased proportionally as well. The Town's financial reserves are strong at 8.2% and use of the Stabilization (rainy day) Fund was not necessary during the pandemic. The Town's debt level is manageable at 4% of the operating budget and its upgraded Aa1 bond rating was reaffirmed in FY2022.

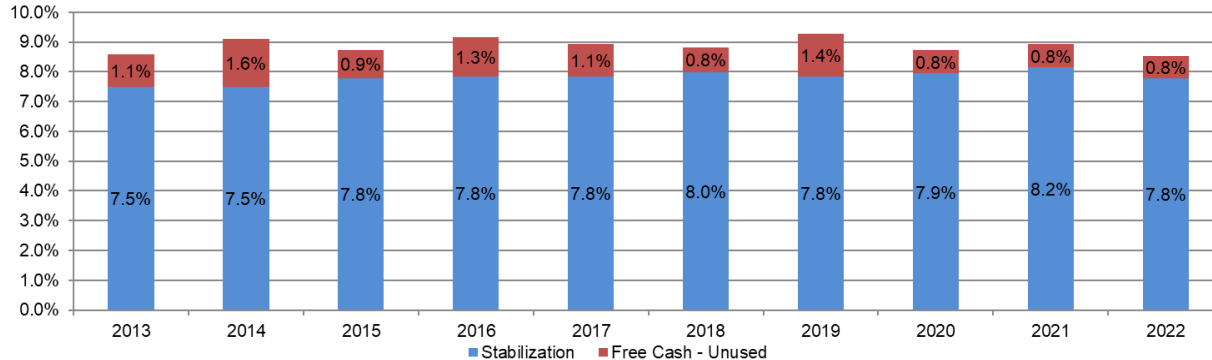
Reliance on one-time revenues in the operating budget is at the policy target of \$500,000, or approximately 1%. Following two years of reduced pay-as-you-go capital investments due to the pandemic, significant progress is being made in FY2024 to get the Capital Improvement Program (CIP) back on track.

Based on the FTMS analysis, it is apparent that long-run solvency surrounding unfunded pension liability and Other Post-Employment Benefits (OPEB) obligations are potential concerns for the Town. Due to the economic impacts of the COVID-19 pandemic, the Town postponed contributions to the OPEB Trust Fund in FY2021 and FY2022. The FY2024 Budget includes a return to pre-pandemic funding of the OPEB trust fund at \$550,000, however, it does not restore the missed contributions of nearly \$1 million during the pandemic. Future OPEB funding plans will need to be revised based upon the delayed contributions.





## Reserves as a % of Operating Revenue (after subsequent spending)



Uncertainties surrounding the economic recovery, level of State Aid, Local Receipts and future increases in health insurance premiums remain significant areas of potential exposure to be watched during future budget cycles.

For a more detailed explanation regarding the individual fiscal indicators and FTMS, interested readers are encouraged to review the introductory section to Appendix C of this budget document.

## Personnel Summary

Overall, personnel wages and benefits represent approximately 75% of the Town's operating budget and remain relatively stable. As vacancies occur, every effort is made to re-examine positions with a view toward restructuring, reducing or eliminating the position, where possible. The table below provides a five-year history of Full-time Equivalent (FTE)<sup>1</sup> positions by department, including any proposed changes for FY2024.

In total, Town Government staffing is up 0.95 FTEs from FY2023. This change is reflective of the new Deputy Fire Chief position that is included in the FY2024 budget following a recommendation from a 2015 Public Safety Staffing Study. Additionally, some staff are being reorganized throughout the departments to reflect the creation of a new Facilities Budget, that will be a part of the DPW Budget and staffing table in FY2024. The reduction in Public Buildings staff, as well as Police Department staffing reflect a shift in the custodial services that now are reflected in the DPW Budget as part of the newly created Facilities Division.

In FY2023, all five of the collective bargaining contracts were settled. All of the impacts of those settled contracts are reflected in the FY2024 proposed budget. Contracts will be in place until FY2025, when they will expire on June 30, 2025.

For a detailed breakdown of departmental staffing over the last five years, please see the personnel tables contained in Budget Sections 2 through 5 of this document. With regard to the Northborough K-8 Schools there are 2.6 fewer FTEs in the FY2024 budget<sup>2</sup>.

<sup>1</sup> Full Time Equivalents are based upon 40 hours per week (i.e., 30hrs/40hrs = .75 FTE).

<sup>2</sup> K-8 staffing does not include Central Administration staff which is shared on a budgetary basis between Northborough K-8 Schools (40%), Southborough K-8 Schools (30%) and Algonquin Regional HS (30%).



Please refer to the Superintendent's budget presentation for more detail regarding those changes.

### TOWN OF NORTHBOROUGH PERSONNEL SUMMARY FY2020–FY2024

Town Government	FY2020 FTE	FY2021 FTE	FY2022 FTE	FY2023 FTE	FY2024 FTE	FY2023- 24 Change
Executive Office	4.00	4.00	4.00	4.00	4.00	0.00
Public Buildings	0.50	0.50	1.50	1.50	0.00	-1.50
Financial Offices	9.50	9.10	9.10	9.10	9.10	0.00
MIS/GIS	2.00	2.00	2.00	2.00	2.00	0.00
Town Clerk's Office	2.00	2.00	2.00	2.00	2.00	0.00
Planning & Conservation	3.45	3.45	3.48	3.48	3.43	-0.05
Police Department	30.50	30.50	30.50	30.50	30.00	-0.50
Fire Department	23.18	23.18	22.85	22.85	23.85	1.00
Building Department	2.80	2.80	2.80	2.88	3.08	0.20
Health Department	2.20	2.20	2.20	2.20	2.00	-0.20
Dog Officer	contract	contract	contract	contract	contract	0.00
Dept. of Public Works	20.48	19.00	19.00	20.00	22.00	2.00
Senior Center/COA	3.00	3.00	3.00	3.00	3.00	0.00
Library	10.48	10.48	10.48	10.48	10.48	0.00
Recreation	2.00	2.00	2.00	2.00	2.00	0.00
Family & Youth Services	1.96	1.96	1.96	1.96	1.96	0.00
Cable Access TV	2.38	2.38	2.53	2.91	2.91	0.00
Veterans' Services	district	district	district	district	district	district
<b>Town Subtotal</b>	<b>120.43</b>	<b>118.55</b>	<b>119.40</b>	<b>120.86</b>	<b>121.81</b>	<b>0.95</b>
<b>School Department (K-8)</b>						
K-5 Teachers	52.00	59.00	53.00	52.00	52.00	0.00
Grade 6-8 Teachers	29.00	28.00	28.00	27.00	27.00	0.00
Specialists	41.90	41.52	41.90	42.10	42.30	0.20
Special Education Staff	46.30	50.95	49.30	58.95	58.25	-0.70
Administration	6.00	6.00	6.00	6.00	6.00	0.00
Support Staff	94.30	89.90	96.70	95.20	93.10	-2.10
<b>K-8 Schools Subtotal</b>	<b>269.50</b>	<b>275.37</b>	<b>274.90</b>	<b>281.25</b>	<b>278.65</b>	<b>-2.60</b>
<b>Total Town &amp; K-8 FTEs</b>	<b>389.93</b>	<b>393.92</b>	<b>394.30</b>	<b>402.11</b>	<b>400.46</b>	<b>-1.65</b>



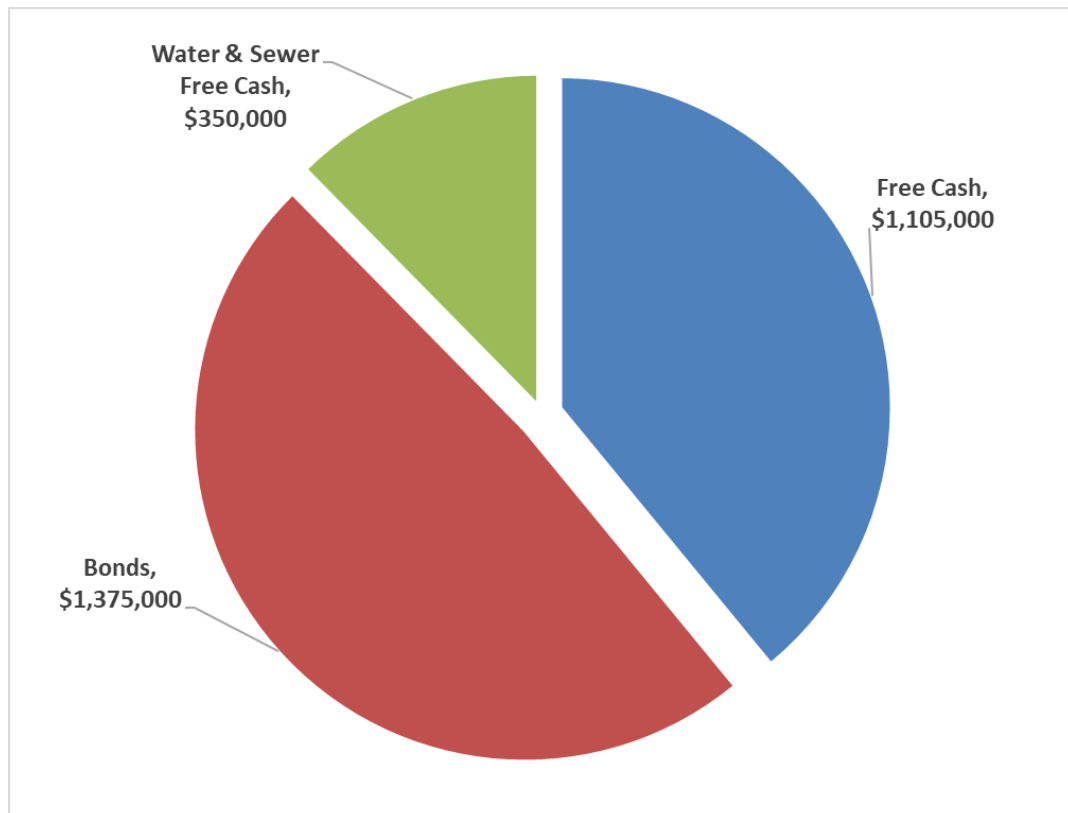
## Capital Budget

Enclosed in Section 9 of this document are the Town's Annual Capital Budget and FY2024-2029 Capital Improvement Program (CIP). The table on the following page represents the Proposed Capital Requests being made by the General Government Departments and the Northborough K-8 School Department for FY2024.

Although the detail for proposed projects has been incorporated as Section 9 of the Annual Operating Budget document, funding for all recommended FY2024 projects requires Town Meeting approval of specific Articles contained in the 2023 Annual Town Meeting Warrant.

The proposed FY2024 Capital Budget totals \$2,830,000 with \$1,105,000 coming from Free Cash, \$350,000 from the Water and Sewer Enterprise Funds, and \$1,375,000 in general fund obligation bonds for the purchase of a Fire Engine and a DPW Tight Tank. The pie chart below shows the breakdown of funding sources by category for the proposed Capital Budget. If approved, the proposed \$1,375,000 in general fund obligation bonds will result in an increase to the average single family tax bill of \$27 per year, or \$270 over 10 years. This increase will impact the single-family tax bill beginning in FY2025.

### FY2024 CAPITAL FUNDING SOURCES





## FY2024 CAPITAL BUDGET

PROJECTS BY DEPARTMENT		EXPENDITURE	FUNDING SOURCES		
			Free Cash	Enterprise Fund Free Cash	General Fund Bonds
Police	Police Cruiser Replacements (3)	190,000	190,000		
	Police Station Exterior Repairs & Painting	70,000	70,000		
	<b>Police Subtotal</b>	<b>\$260,000</b>			
Fire	Engine 1 Replacement	900,000			900,000
	<b>Fire Subtotal</b>	<b>\$900,000</b>			
DPW: Highway Division					
	Roadway Improvements/Maintenance	300,000	300,000		
	20-Ton Dump Truck w/Spreader&Plow Replacement	355,000	355,000		
	Highway Garage Tight Tank DEP Compliance	475,000			475,000
	One-Ton Truck w/Plow Replacement	150,000	150,000		
	<b>Highway Subtotal</b>	<b>\$1,280,000</b>			
DPW: Water & Sewer Enterprise Funds					
	15-Ton Dump Truck (new addition)	225,000		225,000	
	SCADA Phase II (matching grant allocation)	125,000		125,000	
	<b>Sewer Enterprise Fund Subtotal</b>	<b>\$350,000</b>			
Schools K-8:					
	Zeh School Back Walkway Entrance Repairs	40,000	40,000		
	<b>Schools K-8 Subtotal</b>	<b>\$40,000</b>			
<b>TOTAL FY2024 CAPITAL BUDGET</b>		<b>\$2,830,000</b>	<b>\$1,105,000</b>	<b>\$350,000</b>	<b>\$1,375,000</b>

Section 9 of this budget document contains Project Detail Sheets for every capital project included in the Town's Six-year CIP. Part III of the CIP contains the Financial Planning Committee's review and recommendations on the FY2023 Capital Projects and the CIP as a whole. As the Financial Planning Committee's role is to act in an advisory capacity to Town Officials and the citizens at Town Meeting, the Committee's input and comments are an important part of the Town's capital planning process.

The full CIP included in Section 9 of this budget document also contains a question and answer introduction that provides a user-friendly overview of Capital Planning in Northborough.



## **FY2023 Goals & Accomplishments**

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The most important aspect of the budget process is the generation of operational and financial plans, program review and the establishment of goals and objectives that will serve the citizens of the community both now and in future years. The financial data that is generated is intended to support the Town's policies, programs and objectives that are identified and articulated during the budget process. The budget serves not only as a financial plan, but also as a short-term strategic plan linked to longer-term objectives and vision for our community.

During FY2023 several key goals and initiatives were achieved. These include:

1. COVID-19 Pandemic Response and Immunization: The Town continued to respond to the COVID-19 pandemic and perform community outreach, disease investigation and surveillance. The Town ran five COVID-19 vaccination clinics and administered over 1,091 vaccines to individuals 5 and older. Over 500 flu shots were administered at clinics throughout the year, and the Town continued to collaborate with the Greater Boroughs Partnership for Health (GBPH), developed in FY2022. The Town of Northborough is now host to a full-time Epidemiologist and a full-time Health Inspector who serve the communities in the GBPH.
2. BeWell Northborough Community Wellness Initiative: In FY2023, the Board of Selectmen allocated \$100,000 towards a community wellness initiative to address community-wide mental health concerns and provide opportunities for residents to come together following the pandemic. Throughout FY2023, the BeWell Working Group, made up of staff from various departments, planned and coordinated numerous mental and physical health programs through the Senior Center, Recreation Department, and Library. The BeWell group coordinated a Summer Kick-Off Event, held at Ellsworth-MacAfee Park on the last day of classes for the Northborough schools. The event drew over 800 people. In addition to the kick-off event and the various programs hosted throughout the year by BeWell, staff coordinated the development of a 60-page Community Resource Guide that highlights municipal services and local, state, and federal resources that address the deeper lasting impacts of the pandemic. This guide was direct mailed to all households in town and is available electronically at [bewellnorthborough.com](http://bewellnorthborough.com).
3. Financial Trend Monitoring Report Updated: The Financial Team updated the Town's Financial Trend Monitoring System (FTMS) Report and presented the results at a joint meeting of the Board of Selectmen, Financial Planning Committee, Appropriations Committee and the K-8 School Committee on December 15, 2022. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report brings issues and opportunities to the attention of decision-makers through a systematic method of trend analysis. The updated FTMS Report provided critical information about the FY2024 budget assumptions during the ongoing pandemic, which allowed policy-making Boards and Committees to make informed decisions. The updated analysis included a close look at Local Receipts and State Aid projections which were used to build consensus regarding sustainable budget increases.



4. Clean Annual Audit and Positive Free Cash: Following the unexpected retirement of the Town's Auditor, a competitive request for proposal process was used to select a new firm. Although the yearend close was delayed due to the auditor selection process, the Town ultimately closed out FY2022 with approximately \$2.4 million in Free Cash on June 30, 2022, and no material issues or deficiencies were noted in the annual audit.
5. FY2023 Capital Budget: Annual Town Meeting approved \$2,784,000 in capital projects with \$2,024,000 coming from Free Cash, and a combination of other sources including Community Preservation Funds, EMS Revolving Funds and Enterprise Funds with no additional tax impact. Since FY2012, the Town has invested \$21.3 million in pay-as-you-go capital investments with no additional tax impact, including \$14.8 million in Free Cash and approximately \$6.5 million in other funding sources. Several significant capital projects were undertaken during FY2023, including replacement of key public safety and public works equipment, a Downtown Master Plan Study, funding for preliminary design of a dog park, and over \$1 million in roadway and culvert improvements were made in accordance with the Pavement Management Plan using combined funds from the capital budget as well as the operating budget.
6. Fire Station Project Site Transfer Completed: The Fire Station Feasibility Study Committee determined that the existing station is inadequate to meet the programmatic needs of the department and that the current site is also too small to accommodate a renovation/addition. Last year, during the Town's due diligence it was discovered that the site still requires significant remediation due to contamination from its prior use as a gas station. The language of the executed Purchase and Sale Agreement requires the seller to remove all structures and provide a clean site. Following months of negotiations and oversight of the clean-up, final ground water testing was completed and the property has been conveyed to the Town. Over the next several months, the Fire Station Building Committee will work to select an Owner's Project Manager and an Architect to move forward with the design of the new fire station, targeting April of 2024 for final approval of a design and appropriation of funds by Town Meeting for construction.
7. Reacquisition of 4 West Main Street (Old Town Hall): In FY2023, the Town completed the closing of the Old Town Hall located at 4 West Main Street. In 1983 the Town sold the former Town Hall property, subject to the right to re-purchase it in the 40th year after the sale for the sum of Ten Thousand Dollars (\$10,000). Article 21 on the 2022 Annual Town Meeting Warrant proposed the exercise of the re-purchase option and the appropriation of funds for that purpose. In the late Spring of 2023, the reacquisition was completed, and the building will be maintained by the Town until the Town Hall Feasibility Study and Downtown Revitalization Plans are complete and provide direction for the future of the building.
8. Settlement of Collective Bargaining Contracts: All collective bargaining contracts expired on June 30, 2022. Following negotiations with all units throughout FY2023, all contracts have been settled and all impacts of those contracts are included in the proposed FY2024 budget. The current contracts are valid until June 30, 2025, when negotiations will re-open with all units.





9. Master Plan Implementation Committee Work: The Master Plan Implementation Committee continued work on implementing the Master Plan. The first major project identified for pursuit is the development of a Downtown Revitalization Strategy & Design Report. After a competitive procurement process, the Town hired a consultant team led by Weston & Sampson Engineers. Deliverables will include a downtown vision document, market analysis, downtown revitalization design concepts, and implementation strategy. The planning process will feature an aggressive community outreach campaign and will take approximately nine months to complete.
10. Complete Streets Community Designation: The Planning, Engineering and DPW Departments worked together and with Woodard & Curran Engineers, the Town's consultant, on preparation of a Complete Streets Prioritization Plan. The Town was awarded a Technical Assistance Grant from the MA Department of Transportation's Complete Streets Program for that purpose. Communities with a locally adopted Complete Streets Policy and MassDOT-approved Prioritization Plan are eligible to seek construction funding of up to \$500,000 within a 4-year timeframe to aid in plan implementation.
11. Completion of Information Technology/GIS Strategic Plan: Using \$40,000 in funding received under the State Community Compact Grant program, the Town engaged an independent third-party consultant to assist in the development of a comprehensive IT/GIS Strategic Plan that focuses on aligning technology investment with overall organizational priorities. As part of the planning process the Town is also participating in a regional grant with the Town of Westborough to assess and better protect our technology against cyber security threats. The Plan was complete in FY2023 and the MIS/GIS Department will begin implementation of recommendations from that plan as early as FY2024.
12. Historic White Cliffs Facility Reuse: In FY2023, the White Cliffs Reuse Committee completed their charge of delivering a recommendation for reuse of the parcel to the Board of Selectmen. With the help of a consultant, the Committee developed a Request for Proposals (RFP) with the goal of identifying potential private sector partners willing to perform the restoration work needed to bring the facility back into code compliant use. The Committee received three proposals, and ultimately chose to recommend a proposal from Metro West Collaborative Development which provided a viable proposal to preserve the historic building, as well as solid financial plan and experience with similar projects in other communities. As of this writing, the Board of Selectmen has not made a decision regarding the White Cliffs Reuse and the Metro West proposal.

### **Major Upcoming Issues or Projects**

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Looking forward to FY2024, the primary issues likely to continue dominating much of our focus over the next year involve various major capital and building infrastructure projects. The primary projects in FY2024 include:



1. Fire Station Project Design and Construction Funding Approval: Although funding for the land acquisition and design for the new fire station were approved at the April 2019 Town Meeting, required site remediation work performed by the seller delayed closing on the property, which is a former gas station. The Town closed on the property in July of 2022. Selection of an Owner's Project Manager and Architect will be complete before the end of FY2023. Moving into FY2024, the Fire Station Building Committee will work with the selected OPM and Architect to finalize the design of the building along with the construction documents with the goal of seeking approval of construction funding at the 2024 Annual Town Meeting in conjunction with a debt exclusion vote on the 2024 Election Ballot.
2. Town Offices Feasibility Study: A feasibility study will be conducted to determine the future location of the Town Administrative Offices. The feasibility study process is set to begin in the spring of 2023 and last through the summer and early fall. Once a determination is made on a path forward for the future of the Administrative Offices, the Town will put forth a request for design funding in the Spring of 2024. The Town acquired the Old Town Hall at 4 West Main Street in FY2023 and will continue to maintain the building until future plans for the downtown and the Old Town Hall are established.
3. Historic White Cliffs Facility Reuse: Whether the Town chooses to move forward with the Metro West Collaborative Development proposal for the White Cliffs Reuse Project will determine the next steps in the project. Should the Town choose to move forward with the proposal, an agreement will need to be negotiated and the developer will begin the public planning process for permit approval and design and construction. Should the Town decide not to move forward with the Metro West Development proposal, additional funds will need to be allocated in order to maintain the building in future years, until a viable use for the building is determined.
4. American Rescue Plan Act: The last major initiative for FY2024 will be the ongoing process of developing the priority funding goals for the balance of the \$4.5 million in ARPA funding. Currently there is approximately \$2.6 million remaining still to be allocated by the Board of Selectmen, which must be obligated by December of 2024 and fully expended by December of 2026.



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## Conclusion

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The FY2024 Proposed Budget that follows is balanced pending passage of the final State Budget and meets the previously determined budget goals. The FY2024 Proposed Budget is at the limit of Proposition 2½ and does not make use of any excess levy capacity in order to maintain current service levels.

Following this Budget Message is Section 1—Budget Summaries, which contains both the revenue and expenditure highlights of the FY2024 Proposed Budget and further details the challenges and opportunities facing the Town of Northborough.

Respectfully submitted,  
Robert Reed  
Interim Town Administrator



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