

## TOWN OF MEDFIELD MEETING NOTICE

Posted:

Town Clerk

Posted in accordance with the provisions of M.G.L. c. 30A, §§18-25

This meeting will be held in a hybrid format. Members of the public who wish to participate to the meeting may do so in person or via Zoom by one of the following options:

1. To join online, use this link:  
<https://medfield-net.zoom.us/j/86784501182?pwd=NSStcGY0NXIvS1E5azBETjZuSE8yQT09>
  - a. Webinar ID: 867 8450 1182
  - b. Password: 057865
2. To join through a conference call, dial 309-205-3325 or 312-626-6799 or 646-931-3860 or 929-436-2866 or 301-715-8592 or 386-347-5053 or 564-217-2000 or 669-444-9171 or 669-900-6833 or 719-359-4580 or 253-215-8782 or 346-248-7799
  - a. Enter the Webinar ID: 867 8450 1182
  - b. Enter the password: 057865

### Warrant Committee

PLACE OF MEETING	DAY, DATE, AND TIME
Medfield Town House 459 Main Street, Medfield MA Second Floor, Chenery Hall Also available via Zoom	Tuesday, September 26, 2023 at 7:00 pm

### Agenda (Subject to Change)

- Call to order and disclosure of video recording
- Welcome to new committee members
- Approval of July 11, 2023 meeting minutes
- Preliminary 23-24 calendar and minute meeting assignments
- Discussion of proposed process for review of financial articles for 2024 Town Meeting and first draft of preliminary FY 25 operating budget forecast
- FY 25 Department Budget Assignments

- Discussion of memo on “Elementary School Building Project – Planning for Future Tax Relief Funding Sources”
- Committee Updates
  - School Building Committee
  - Capital Budget Committee
- Discussion of request by Selectboard to study the potential adoption of the Community Preservation Act (CPA)
- Potential Non-Financial Articles for 2024 Town Meeting
  - Dog Bylaw
  - Zoning Related Articles
- Update from Town Finance
- Informational Items
- Other topics not reasonably anticipated 48 hours prior to the meeting



# Warrant Committee

**September 26, 2023**

# Agenda

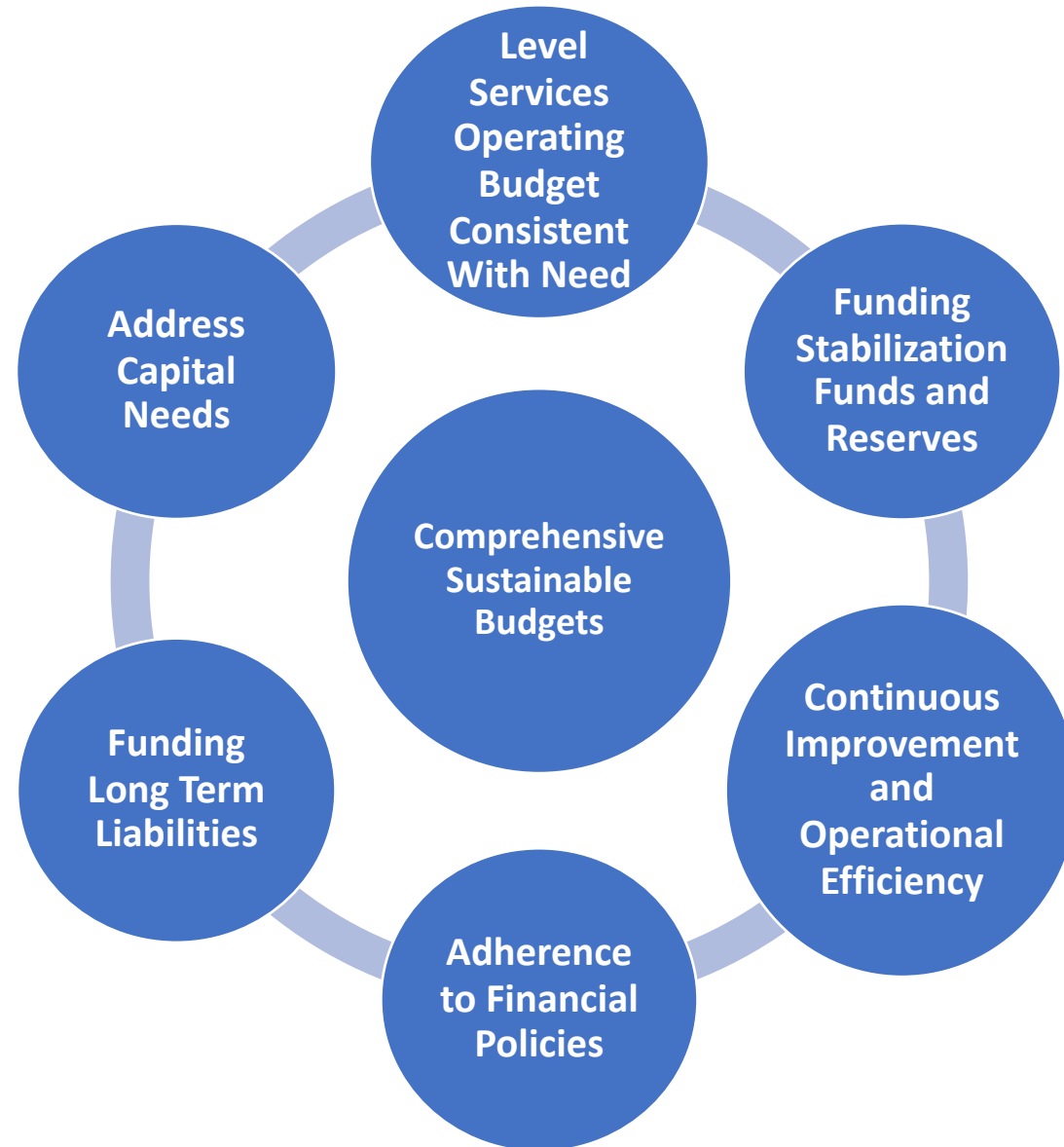
- **Welcome to New Committee Members**
- **Approval of July 11, 2023, Minutes**
- **Preliminary 23-24 Calendar and Meeting Minute Assignments**
- **Discussion of Proposed Process for Review of Financial Articles for 2024 Town Meeting and First Draft of Preliminary FY 25 Operating Budget Forecast**
- **FY 25 Department Budget Assignments**
- **Discussion of Memo on “Elementary School Building Project – Planning for Future Tax Relief Funding Sources”**
- **School Building Committee Update**
- **Capital Budget Committee Update**
- **Discussion of Request by Selectboard to Study the Potential Adoption of the Community Preservation Act (CPA)**
- **Potential Non-Financial Articles for 2024 Town Meeting**
  - Dog Bylaw**
  - Zoning Related Articles**
- **Update From Town Finance**
- **Informational Items**

# PRELIMINARY FY 25 WARRANT COMMITTEE CALENDAR AND MINUTE RESPONSIBILITY

Meeting Date 2023		Minute Responsibility
September 26, 2023	Schedule; Background on 2024 Budget Process and preliminary forecast.	Peter Michelson
October 10, 2023	Free Cash Analysis, Revenue and Fixed Costs Budget Reviews, Finalize Budget Guidance and COLA	Brent Nelson
October 23, 2023**	Capital Budgets Review	Jillian Rafter
November 13, 2023**	Capital Budgets Review	Bob Sliney
December 12, 2023 (Tentative only if needed)		
Meeting Date - 2024		
January 16, 2024	Town Departments Budget Reviews 1	Ed Vozzella
January 30, 2024	Town Departments Budget Reviews 2	Steve Callahan
February 13, 2024	School Department Budget Briefing	Deborah Cartisser
February 27, 2024 (Public Safety Building)	Warrant Articles 1	Mather Eldred
March 11, 2024**	Warrant Articles 2	Emily McCabe
March 19, 2024 (if needed)		
April 2, 2024	Warrant Committee Public Hearing	Peter Michelson
May 6, 2024	Annual Town Meeting	Brent Nelson

# **PROPOSED PROCESS FOR REVIEW OF EXPECTED FINANCIAL ARTICLES FOR FY 25 TOWN MEETING**

## Budgeting Principles for Comprehensive Sustainable Budgets



# The Financial Articles Address All Areas of Town Finance

**Tax Bill Impact**

**Operating  
Budget**

**Reserve and  
Stabilization  
Accounts**



**Capital Assets**

**Long Term  
Liabilities**

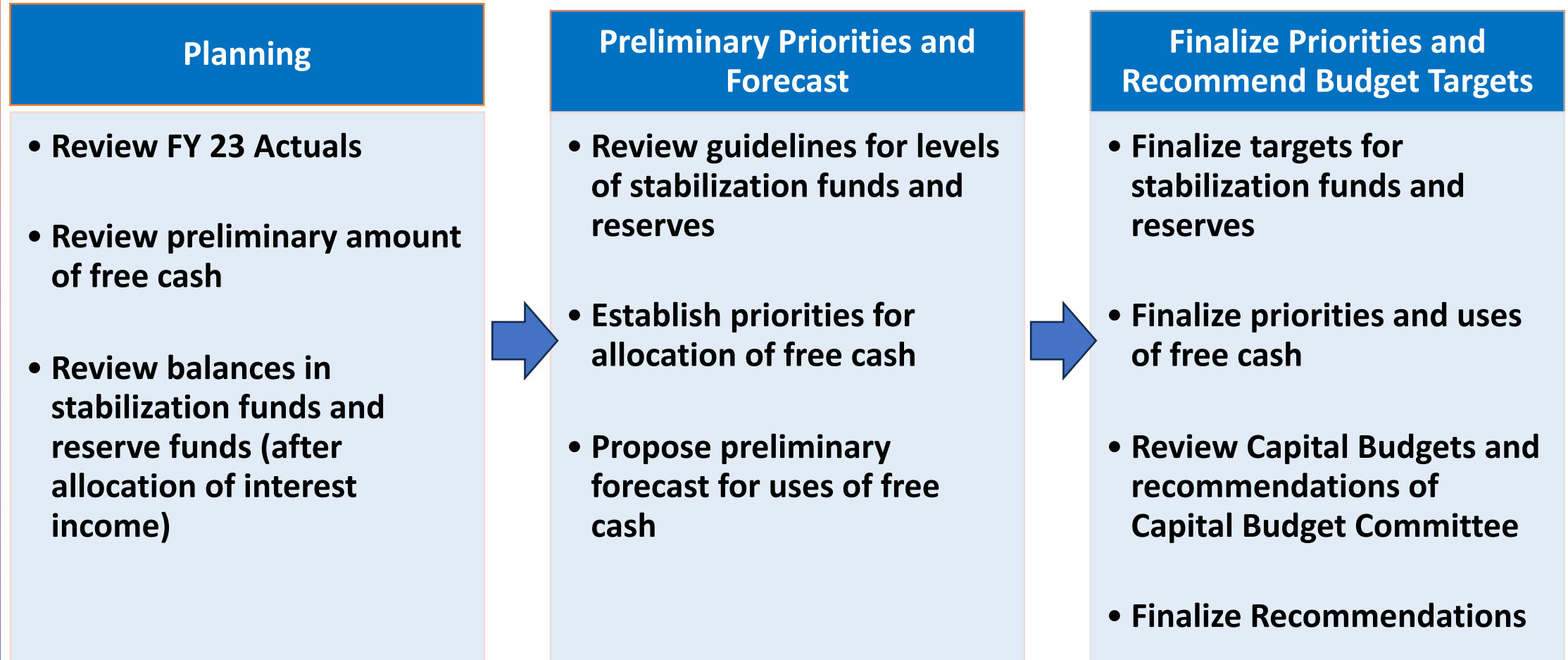
**Service Levels**

**Balance  
Many Needs**

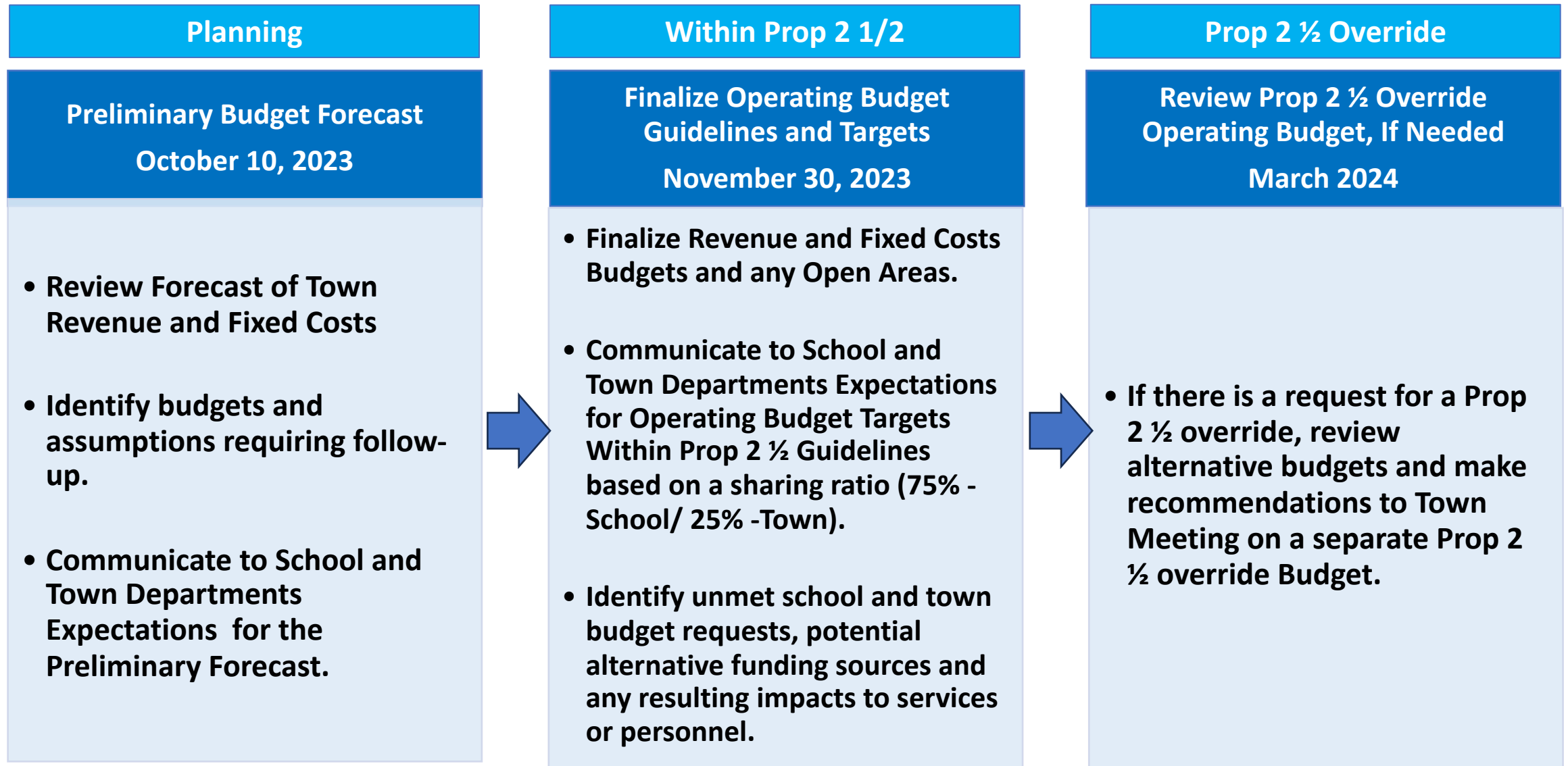
**Town's Finances – Complying With Financial Policies**



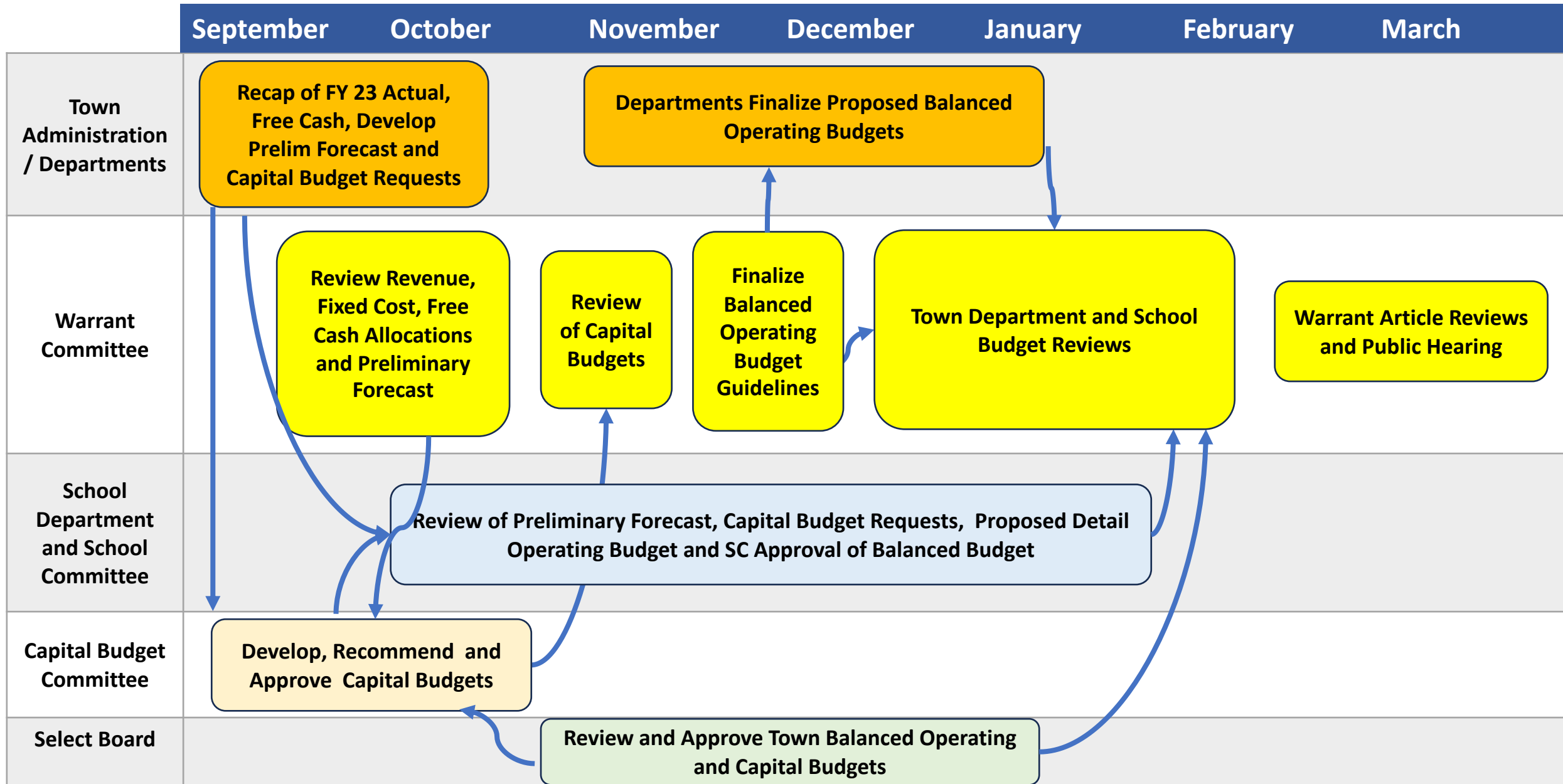
# TOWN MEETING RECOMMENDATIONS FOR FY 25 CAPITAL BUDGET, FREE CASH+ UTILIZATION AND STABILIZATION FUNDS TRANSFERS



# TOWN MEETING RECOMMENDATIONS FOR FY 25 OPERATING BUDGET



# DRAFT – FY 25 PROPOSED BUDGET PROCESS



# FIRST DRAFT -FY 25 PRELIMINARY OPERATING BUDGET FORECAST

FY 25 PRELIMINARY OPERATING BUDGET FORECAST		FY 24 BUDGET	FY 25 FORECAST	\$ CHANGE	% CHANGE
<b>REVENUE</b>					
Property Tax Revenue		\$ 53,750,763	\$ 55,392,850	\$ 1,642,087	3.06%
State Revenue		\$ 8,481,363	\$ 8,639,196	\$ 157,833	1.86%
Local Receipts		\$ 4,307,337	\$ 4,847,307	\$ 539,970	12.54%
Enterprise Funds		\$ 2,263,466	\$ 2,219,432	\$ (44,034)	-1.95%
Other Available Funds		\$ 730,772	\$ 784,236	\$ 53,464	7.32%
<b>Total Revenue</b>		<b>\$ 69,533,701</b>	<b>\$ 71,883,021</b>	<b>\$ 2,349,320</b>	<b>3.38%</b>
<b>LESS: SHARED FIXED COSTS</b>					
Town and School Employee Benefits and Insurance		\$ 9,591,370	\$ 10,029,382	\$ 438,012	4.57%
Debt Service		\$ 4,123,378	\$ 4,015,328	\$ (108,050)	-2.62%
Expenditures not Requiring Appropriation		\$ 1,191,278	\$ 1,006,099	\$ (185,179)	-15.54%
Vocational School Assessment		\$ 107,355	\$ 110,039	\$ 2,684	2.50%
<b>Total Shared Fixed Costs</b>		<b>\$ 15,013,381</b>	<b>\$ 15,160,848</b>	<b>\$ 147,467</b>	<b>0.98%</b>
<b>Amount Available for Town and School Department Budgets</b>		<b>\$ 54,520,320</b>	<b>\$ 56,722,173</b>	<b>\$ 2,201,853</b>	<b>4.04%</b>
<b>SCHOOL DEPARTMENT (75%)</b>		<b>\$ 41,176,784</b>	<b>\$ 42,828,174</b>	<b>\$ 1,651,390</b>	<b>4.01%</b>
<b>TOWN DEPARTMENTS (25%)</b>		<b>\$ 13,343,535</b>	<b>\$ 13,893,998</b>	<b>\$ 550,463</b>	<b>4.13%</b>
<b>TOTAL SCHOOL AND TOWN</b>		<b>\$ 54,520,319</b>	<b>\$ 56,722,172</b>	<b>\$ 2,201,853</b>	<b>4.04%</b>

BUDGET AREA	HEAD	BUDGET CATEGORY	WC RESPONSIBILITY	WC MEETING REVIEW DATE
Public Works	Goulet	Cemetary	Brent	
	Goulet	Equip/Repair/Maint	Brent	
	Goulet	Highway	Brent	
	Goulet	Public Works Utilities	Brent	
	Goulet	Sidewalks	Brent	
	Goulet	Snow and Ice	Brent	
	Goulet	Solid Waste Disposal	Brent	
	Goulet	Town Garage	Brent	
	Goulet	Tree Care	Brent	
	Goulet	Water/Sewer	Brent	
Education	Marsden	Schools	Ed (Lead), <b>Emily</b> and Steve	
	Marsden	Regional Vocational Tech	Ed (Lead)	
Finance & Accounting	Colivas	Treasurer Collector	Deb	
	Remillard	Assessors	Deb	
	Foster	Town Accountant	Deb	
	Trierweiller	Reserve Fund	Bob	
Social	Trierweiller	Board of Health	Jillian	
	Trierweiller	Mental Health	Jillian	
	Trierweiller	Public Health	Jillian	
	Hanifan	Council on Aging	Jillian	
	Ricutto	Arts/Cultural Council	Jillian	
	Welper	Parks & Rec	Jillian(Lead), Bob	
	Alcott	Youth Outreach	Jillian	
	Trierweiller	Veterans	Jillian	
	Trierweiller	Memorial Day/Veterans Day	Jillian	

BUDGET AREA	HEAD	BUDGET CATEGORY	WC RESPONSIBILITY	WC MEETING REVIEW DATE
Safety	Carrico	Fire & Rescue Administration	Peter	
	Carrico	Fire and Rescue Operations	Peter	
	Guerette	Animal Control Officer	Peter	
	Guerette	Police Adminstration	Peter	
	Guerette	Police Operations	Peter	
	Guerette	Traffic Marking/Signals	Peter	
Town Building Maint	Trierweiler	Buildings and Prop Maint	Mather	
Other Town Dept, Boards, Commissions	Hinthorne	Inspections	Deb	
	Hinthorne	Sealer	Deb	
	De La Fuente	Planning Board	Deb	
	De La Fuente	Zoning and Appeals	Deb	
	Trierweiller	Conservation Commission	Deb	
	Trierweiller	Historical Commission	Deb	
	Gardner	Library	Deb	
	Trierweiler	Human Resources	Deb	
	Trierweiler	Town Counsel	Deb	
	Trierweiler	Town Admistrator	Deb	
Technology	Trierweiler	Warrant Committee	Emily	
	Trierweiler	Grave Markers/Flags	Emily	
	Trierweiler	Selectmen	Emily	
	Trierweiler	Street Lights	Emily	
	Bonoldi	Town Clerk/Elections/Registrars	Emily	
	Trierweiler	Town Report	Emily	
	Trierweiler and			
	O'Corcora	Information Technology	Emily	

BUDGET AREA	HEAD	BUDGET CATEGORY	WC RESPONSIBILITY	WC MEETING REVIEW DATE
<b>SHARED REVENUE</b>				
<b>Property</b>	Remillard	Property Tax Levy	Group	
	Remillard	2 1/2 Levy Increase	Group	
	Remillard	New Growth	Group	
	Remillard	Debt Exclusions	Group	
<b>Other Revenue</b>		State Aid	Group	
		Local Receipts	Steve	
		Enterprise Fund Offset	Brent	
<b>SHARED FIXED COSTS</b>				
<b>Town and School</b>				
<b>Employee Benefits</b>	Trierweiller	Workers Compensation Insurance	Deb	
	Trierweiller	Prop, Gen, Professional and Liability Insurance	Deb	
	Trierweiller	Police & Fire 111F Injured on Duty Insurance	Deb	
	Trierweiller	Unemployment Trust Fund	Deb	
	Trierweiller	Life Insurance	Deb	
	Colivas	Medicare/Fed Mandates	Deb	
<b>Debt Service</b>	Trierweiller	Health Insurance	Steve	
	Colivas	County Retirement	Steve	
	Colivas	Town Debt - Interest	Steve	
	Colivas	Town Debt - Principal	Steve	
<b>Other</b>				
	Trierweiller	OPEB	Steve	
<b>Town Capital</b>	Trierweiler	Municipal Stabilization	Brent	
	Trierweiler	Capital Stabilization	Brent	
<b>Expenditures not requiring appropriation</b>				
		Snow Deficit/Land Damages/Tax Title		
		State Aid Offsets		
		Deficit to be raised on the Recap		
		State Assessments		
		Overlay		



## Financial Forecast

The financial forecast is a conservative projection of the revenues and expenditures anticipated over the next five-year period. Annually, the Town Administrator and the Financial Team will update the five-year financial forecast in order to make informed decisions concerning the Town's financial strategies, policies, capital planning revenue projections, and obligations.

The Town's financial forecast is a key planning and policymaking tool that helps to anticipate future events and their effect on the Town's financial position. It can help to identify major changes in the Town's finances, such as when debt service for certain projects is ending. This helps the Town to appropriately plan how to finance its capital expenditures and identify new obligations required to be funded in the operating budget.

The Town's financial forecasting model is built upon a template provided by the Massachusetts Department of Revenue. The model was designed to use reasonable assumptions, including that the Town will continue to provide the same level of service and that there will be no significant changes to Massachusetts General Laws or other regulations. The Town's Financial Team applied various projection factors to its revenue and expenditure categories based on historical trends and industry expertise. The projections will be updated on a regular basis, and at least annually, incorporating new information or changing economic forecasts.

### Operating Revenues

**Overall Outlook:** The Town continues to use a conservative but realistic approach to estimating all revenue types based on no new major source of revenue in the forecast. The projections will be reviewed as FY2024 continues, to ensure estimated revenues are meeting expectations, which will assist the FY2025 budget process. The current financial forecast projects an increase in operating revenues of 3.43% from FY2024 estimates. These revenues exclude funds available for capital spending, debt exclusion and municipal building stabilization funds.

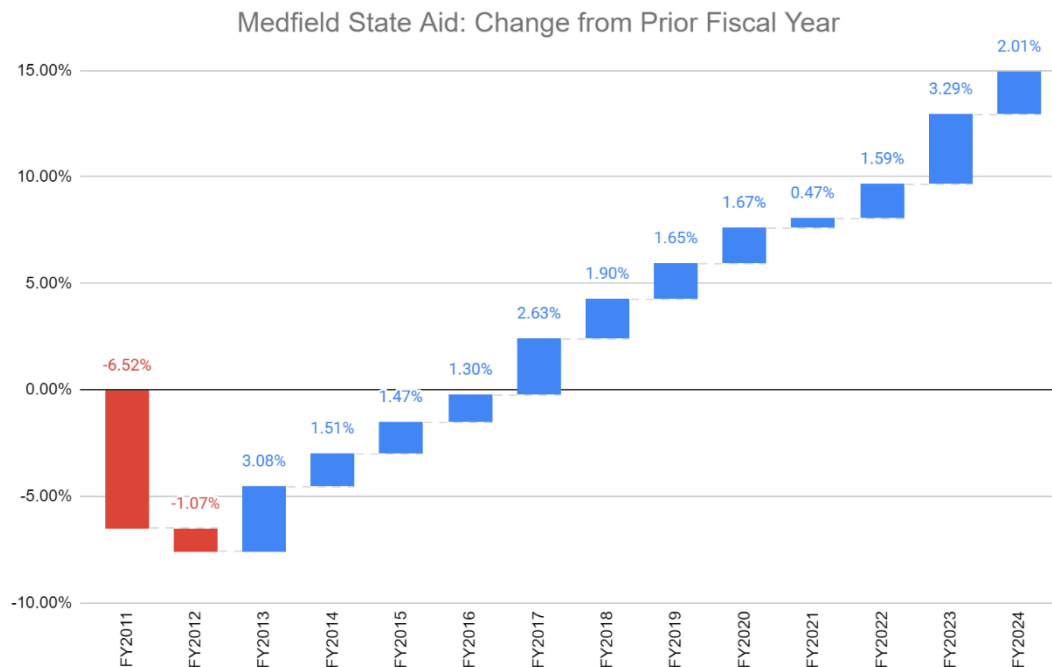
**Property Tax Levy:** Estimating the upcoming year's property tax collections, which account for roughly two-thirds of operating revenues, is relatively straightforward given taxation limits put in place by Proposition 2 ½. The Town can reasonably expect a \$1.6 million increase in property tax revenue given the statutorily permitted 2.5% increase in the total tax levy and estimated new growth. Note that this accounts for 70% of the projected increase in the total operating revenues.





	FY2024	FY2025	\$ Change	% Change
	Budget	Forecast	FY23 to FY24	FY23 to FY24
<b>REVENUES</b>				
Property Tax Levy	\$49,521,862	\$51,282,909	\$1,761,047	3.56%
2 1/2 Levy Increase	\$1,238,047	\$1,282,073	\$44,026	3.56%
New Growth	\$400,000	\$445,000	\$45,000	11.25%
Debt Exclusions	\$2,590,854	\$2,382,869	-\$207,985	-8.03%
<b>Total Property Tax Levy</b>	<b>\$53,750,763</b>	<b>\$55,392,850</b>	<b>\$1,642,088</b>	<b>3.12%</b>

**State aid:** The FY2024 budget, approved by Town Meeting in May 2023, assumed a state aid total of \$8.4 million. This funding amount reflected what was included in Governor Maura Healey’s state budget proposal. However, the final state budget included about \$71,000 more in state aid for Medfield. A 1% increase in this updated total, and a 1.8% increase from the initial estimate for FY2024, is projected for FY2025. This would result in a \$157,833 increase in operating revenues. As the table shows, this increase is in line with prior year increases. It is important to remember that this total does not include charges assessed to the town by the state, which will be addressed in the expenditures portion of the forecast.



**Local receipts:** The forecast projects an 12.4% increase, or almost \$539,970, in local receipts from FY2024 estimates. The primary drivers of the increase include:



- A \$100,000 increase in motor vehicle excise collections, which typically account for around half of Medfield's local receipts.
- A \$72,670 increase in rental income. The increase is mostly due to a new lease the town anticipates entering into for antennae space for wireless service providers on the Mt. Nebo water tower.
- A \$179,150 increase in departmental revenues, primarily driven by transfer station sticker fee collections given that FY 2025 is a renewal year.
- \$109,000 more in building permit fees, which reflects anticipated construction for the upcoming year.

**Other Available Funds:** In FY2025, the town anticipates using \$784,236 from various trust and revolving funds to offset certain expenses of the general fund. This represents a 7.3% increase from FY2024. This increase is primarily driven by a \$337,250 appropriation from the Pension Reserve Trust Fund. The fund was established in 1978 with an initial investment of \$10,000, and currently has an estimated balance of \$3.125 million. The appropriation out of the fund is used to offset the Norfolk County Retirement System (NCRS) assessment, detailed further in the expenditures portion of the forecast summary. In consultation with the Public Employee Retirement Administration Commission (PERAC), the state agency that must approve withdrawals from the trust, the Town's Financial Team and the Warrant Committee plan to continue to draw down on the fund in a conservative manner. The fund is slated to be used to offset any increase over 2.5% of the prior year's assessment. Using estimated payroll cost escalations and investment returns in future years, the fund is projected to have a remaining balance of \$867,000 in Fiscal Year 2029. At this point, the pension fund is expected to be fully funded, and the remaining balance of the Trust can be used for future NCRS assessments.

Also included is a \$315,000 appropriation from the Advanced Life Support Revolving Fund, which is used to offset the cost of offering this service to residents. The appropriation from the fund was budgeted at \$300,000 in FY2024.

**Enterprise Offset:** This revenue represents a "reimbursement" to the general fund for expenses, such as employee benefits and debt service, made on behalf of the Town's two enterprise funds and expended in the General Fund: the water department and the sewer department. While this figure may change, a slight decrease is anticipated due to decreasing debt service obligations. The forecasts total \$2,219,432 in reimbursements from the enterprise fund to the general fund, a \$44,000 decrease from FY2024.



## Operating Expenditures: Shared and Fixed Costs

**Overall Outlook:** The Town's projections anticipate consistent increases in insurance and employee benefits costs. Other shared costs, like debt service and state assessments, are expected to decrease. A \$350,000 increase, or nearly 1% increase, in all shared costs across the Town and School departments is expected compared to the FY2024 budget.

**Insurance and Employee Benefits:** The Town currently anticipates a 5% increase across all insurance types, aside from Police and Fire 111F Injured on Duty Insurance. The actual cost for the 111F insurance in FY2024 was less than budgeted, therefore less will be budgeted for in FY2025. There is no anticipated increase in the Town's assessed Medicare Tax. The result is a projected 4.57% increase in this spending category compared to the FY24 budget, equating to \$438,000.

SHARED FIXED COSTS - INSURANCE/BENEFITS	FY24 Town Meeting Approved	FY25 Forecast	\$ Change	% Change
Workers Compensation Insurance	\$280,878	\$294,922	\$14,044	5.00%
Property, General Liability, and Professional	\$279,507	\$293,482	\$13,975	5.00%
Police and Fire 111F Injured on Duty Insurance	\$95,000	\$90,000	-\$5,000	-5.26%
Unemployment Trust Fund	\$30,000	\$60,000	\$30,000	100.00%
Life Insurance	\$15,900	\$16,000	\$100	0.63%
Health Insurance	\$4,928,810	\$5,175,251	\$246,441	5.00%
Medicare Tax	\$665,000	\$665,000	\$0	0.00%
Norfolk County Retirement	\$3,296,275	\$3,434,727	\$138,452	4.20%
<b>Total Town and School Employee Benefits</b>	<b>\$9,591,370</b>	<b>\$10,029,382</b>	<b>\$438,012</b>	<b>4.57%</b>

Also included in this category is the Town's annual assessments to the Norfolk County Retirement System, (NCRS) which until recently have increased on an average of 7.5% per year. However, in the fall of 2022, the NCRS made a policy decision to switch its valuation assumptions that determine the assessments from payroll-based analysis to an actuarial-based analysis. This contributed to a nearly 3% decrease in the amount budgeted for the Town's NCRS assessment for Fiscal Year 2024.

The new methodology allows the NCRS to determine the assessment two years at a time, meaning the town does not need to wait until later in the winter to learn its assessment for



Fiscal Year 2025. Given the uncertainty associated with the new assumptions beyond FY2025 that determine the town's annual assessment, we expect a 5% increase in assessments each year. These increases can be anticipated due to the NCRS' goal of fully funding its pension liability by Fiscal Year 2029.

The largest expense in this category is employee and retiree health insurance. In recent years, the Town experienced steady growth in health insurance costs, partly alleviated due to a half-month premium holiday in FY2021 and a full-month premium holiday in FY2022. The Town also made plan design changes ahead of FY2021 which introduced increased copayments. However, coverage costs for active employees and retirees under 65 increased by 8.7% in Fiscal Year 2024, and the town projected a 3% increase in costs for retirees covered in the Medicare premium plan. This resulted in a \$251,701 increase in the Town's health insurance budget last year, totaling \$4,928,810.

If no plan changes are adopted, the Town can expect similar premium increases for the FY2025 budget. However, the total costs to the town will grow at a higher rate given that the number of employees and retirees utilizing the Town's health insurance plan has grown by 20% since January 2023, most of which are active employees. For context, the addition of one employee to the Town's HMO family plan currently costs the Town \$18,635 annually.

The Town is currently exploring different ways to achieve plan design changes to reduce costs for both itself and its employees. This includes the adoption of Massachusetts General Law Chapter 32B, Section 19B and working with a municipal healthcare plan management consultant to achieve savings. The 5% increase projected in the forecast anticipates partial results from this effort. Additionally, if savings are achieved, they will be shared with health plan subscribers in the first year of implementation. If the current plans remain as is, a total budget increase of closer to 12% can be expected. This financial forecast will be updated as this process continues.

**Debt service:** Fiscal Year 2025 will be the last year of debt service payments associated with the construction of The CENTER at Medfield, the solar arrays at the Town Garage and the wastewater treatment plant, the purchase of the Maple Leaf Farm and Sawmill Brook land, and various water main projects. However, the vast majority of this debt is funded by debt exclusions that will also drop off once the debt is retired. This means the reduced debt service will not result in any net revenue gain to the town.

The lease payment included in the Debt service is for payments associated with the lease-purchase for the replacement of Fire Engine 3, approved by Town Meeting in FY2021. The last payment for this lease will take place in FY2030.



DEBT SERVICE	FY24 Town Meeting Approved	FY25 Forecast	\$ Change	% Change
Town Debt - Principal	\$2,914,709	\$2,931,249	\$16,540	0.57%
Town Debt - Interest	\$1,160,574	\$1,035,984	-\$124,590	-10.74%
Lease Purchase Finance Payment	\$48,095	\$48,095	\$0	0.00%
<b>Total Debt</b>	<b>\$4,123,378</b>	<b>\$4,015,328</b>	<b>-\$108,050</b>	<b>-2.62%</b>

**Expenditures Not Requiring Appropriation:** This spending category includes the Board of Assessors' Overlay Account, to be level funded, snow deficit reserves, also projected to be level funded, and any deficits from the prior fiscal year to be funded, of which there are none.

The only major change expected in this category is state assessments, the second part of the equation that will determine Medfield's net state aid. The last payment to the Commonwealth for the Town's purchase of the Medfield State Hospital campus will take place in FY2025. The payment will be half of prior year payments' at \$155,000 instead of \$310,000. However, as with most of the Town's outstanding debt, this purchase was funded via a debt exclusion, meaning the corresponding revenue that funds the annual payment will drop off, resulting in no net revenue gain.

EXPENDITURES NOT REQUIRING APPROPRIATION	FY24 Town Meeting Approved	FY25 Forecast	\$ Change	% Change
Snow Deficit/Land Damages/Tax Title	\$25,000	\$25,000	\$0	0.00%
State Aid Offsets	\$30,132	\$31,337	\$1,205	4.00%
Deficit to be raised on the Recap	\$0	\$0	\$0	0.00%
State Assessments	\$936,146	\$749,762	-\$186,384	-19.91%
Overlay	\$200,000	\$200,000	\$0	0.00%
<b>Total Not Requiring Approp</b>	<b>\$1,191,278</b>	<b>\$1,006,099</b>	<b>-\$185,179</b>	<b>-14.77%</b>

**Vocational School Assessment:** There are 6 Medfield students that attend the Tri-County Regional Vocational Technical High School. While we await further guidance from Tri-County, the forecast includes a 2.5% increase on the Town's annual assessment from FY2024. Note that payments for the proposed Tri-County school project are not included in the FY 2025 forecast,



as these payments would not begin until FY 2027 if the project is approved by voters on October 24, 2023.

VOCATIONAL SCHOOL ASSESSMENT	FY24 Town Meeting Approved	FY25 Forecast	\$ Change	% Change
Vocational School Assessment	\$107,355	\$110,039	\$2,684	2.50%
<b>Total Vocational School Assessment</b>	<b>\$107,355</b>	<b>\$110,039</b>	<b>\$2,684</b>	<b>1.88%</b>



## Overall Outlook: Town and School Departmental Operating Budgets

The current forecast, still with some variables accounted for, projects a 3.43% increase in operating revenues and a .98% increase in fixed costs shared by the Town and School Departments. The remaining revenues to fund departmental operating budgets is forecasted at, assuming the use of FY 2024 Town and School Operating budgets as a baseline, \$2,201,854.

While not a formal practice, these remaining revenues have traditionally been appropriated in a similar way annually, with 75% going towards the School and 25% to the Town departments. Continuing with this formula, this approach would result in roughly a 4% increase for both School and Town departments for FY2025.

Department	FY2024 Budget	FY2025 Forecast	\$ Change	% Change
School	\$41,176,784	\$42,828,174	\$1,651,390	4.0%
Town	\$13,343,535	\$13,893,998	\$550,463	4.1%
<b>Totals</b>	<b>\$54,520,319</b>	<b>\$56,722,173</b>	<b>\$2,201,854</b>	<b>4.04%</b>

	<b>FY2024 Budget</b>	<b>FY2025 Forecast</b>	<b>\$ Change FY24 to FY25</b>	<b>% Change FY24 to FY25</b>
<b>REVENUES</b>				
Property Tax Levy	\$49,521,862	\$51,282,909	\$1,761,047	3.56%
2 1/2 Levy Increase	\$1,238,047	\$1,282,073	\$44,026	3.56%
New Growth	\$400,000	\$445,000	\$45,000	11.25%
Debt Exclusions	\$2,590,854	\$2,382,869	-\$207,985	-8.03%
<b>Total Property Tax Levy</b>	<b>\$53,750,763</b>	<b>\$55,392,850</b>	<b>\$1,642,088</b>	<b>3.12%</b>

	<b>FY2024 Budget</b>	<b>FY2025 Forecast</b>	<b>\$ Change FY24 to FY25</b>	<b>% Change FY24 to FY25</b>
<b>OTHER REVENUES</b>				
State Aid	\$8,481,363	\$8,639,196	\$157,833	1.86%
Local Receipts	\$4,307,337	\$4,847,307	\$539,970	12.54%
Other Available General Funds	\$730,772	\$784,236	\$53,464	7.32%
Enterprise Fund Offset	\$2,263,466	\$2,219,432	-\$44,034	-1.95%
<b>Total Other Revenue</b>	<b>\$15,782,938</b>	<b>\$16,490,170</b>	<b>\$707,232</b>	<b>4.48%</b>

<b>Total Revenue</b>	<b>\$69,533,700</b>	<b>\$71,883,021</b>	<b>\$2,349,320</b>	<b>3.43%</b>
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<b>SHARED FIXED COSTS - INSURANCE/BENEFITS</b>	<b>FY24 Town Meeting Approved</b>	<b>FY25 Forecast</b>	<b>\$ Change</b>	<b>% Change</b>
Workers Compensation Insurance	\$280,878	\$294,922	\$14,044	5.00%
Property, General Liability, and Professional	\$279,507	\$293,482	\$13,975	5.00%
Police and Fire 111F Injured on Duty Insurance	\$95,000	\$90,000	-\$5,000	-5.26%
Unemployment Trust Fund	\$30,000	\$60,000	\$30,000	100.00%
Life Insurance	\$15,900	\$16,000	\$100	0.63%
Health Insurance	\$4,928,810	\$5,175,251	\$246,441	5.00%



Medicare Tax	\$665,000	\$665,000	\$0	0.00%
Norfolk County Retirement	\$3,296,275	\$3,434,727	\$138,452	4.20%
<b>Total Town and School Employee Benefits</b>	<b>\$9,591,370</b>	<b>\$10,029,382</b>	<b>\$438,012</b>	<b>4.57%</b>

<b>DEBT SERVICE</b>	<b>FY24 Town Meeting Approved</b>	<b>FY25 Forecast</b>	<b>\$ Change</b>	<b>% Change</b>
Town Debt - Principal	\$2,914,709	\$2,931,249	\$16,540	0.57%
Town Debt - Interest	\$1,160,574	\$1,035,984	-\$124,590	-10.74%
Lease Purchase Finance Payment	\$48,095	\$48,095	\$0	0.00%
<b>Total Debt</b>	<b>\$4,123,378</b>	<b>\$4,015,328</b>	<b>-\$108,050</b>	<b>-2.62%</b>

<b>EXPENDITURES NOT REQUIRING APPROPRIATION</b>	<b>FY24 Town Meeting Approved</b>	<b>FY25 Forecast</b>	<b>\$ Change</b>	<b>% Change</b>
Snow Deficit/Land Damages/Tax Title	\$25,000	\$25,000	\$0	0.00%
State Aid Offsets	\$30,132	\$31,337	\$1,205	4.00%
Deficit to be raised on the Recap	\$0	\$0	\$0	0.00%
State Assessments	\$936,146	\$749,762	-\$186,384	-19.91%
Overlay	\$200,000	\$200,000	\$0	0.00%
<b>Total Not Requiring Approp</b>	<b>\$1,191,278</b>	<b>\$1,006,099</b>	<b>-\$185,179</b>	<b>-14.77%</b>

<b>VOCATIONAL SCHOOL ASSESSMENT</b>	<b>FY24 Town Meeting Approved</b>	<b>FY25 Forecast</b>	<b>\$ Change</b>	<b>% Change</b>
Vocational School Assessment	\$107,355	\$110,039	\$2,684	2.50%
<b>Total Vocational School Assessment</b>	<b>\$107,355</b>	<b>\$110,039</b>	<b>\$2,684</b>	<b>1.88%</b>
<b>TOTAL SHARED/FIXED COSTS</b>	<b>\$15,013,381</b>	<b>\$15,160,848</b>	<b>\$147,467</b>	<b>0.98%</b>

<b>REMAINING REVENUES</b>	<b>\$2,296,335</b>	<b>\$2,201,854</b>	<b>-\$94,481</b>	<b>-4.11%</b>
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<b>OPERATING BUDGETS: 75%/25% REVENUE SPLIT</b>	<b>FY24 Town Meeting</b>	<b>FY25 Forecast</b>	<b>\$ Change</b>	<b>% Change FY24 to FY25</b>
School Department	\$41,176,784	\$42,828,174	\$1,651,390	4.0%
Town Departments	\$13,343,535	\$13,893,998	\$550,463	4.1%
<b>Total</b>	<b>\$54,520,319</b>	<b>\$56,722,173</b>	<b>\$2,201,854</b>	<b>4.04%</b>

<b>Local Receipts</b>											
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actuals</b>	<b>Budget</b>	<b>Forecast</b>	<b>Difference</b>		<b>5 year average</b>	<b>90% of 5 year average</b>
<b>Fiscal Year</b>	<b>FY2019</b>	<b>FY2020</b>	<b>2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY24 vs FY25</b>		<b>FY19 to FY23</b>	<b>FY19 to FY23</b>
Motor Vehicle Excise	\$2,186,090	\$2,063,219	\$2,445,739	\$2,280,299	\$2,398,705.58	\$2,150,000.00	\$2,250,000.00	\$100,000.00		\$2,274,810.52	\$2,047,329.46
<b>Other Excise</b>											
Meals	\$175,517	\$158,844	\$135,557	\$195,721	\$209,362.20	\$175,000.00	\$175,000.00	\$0.00		\$175,000.24	\$157,500.22
Penalties and Interest on Taxes	\$73,232	\$71,667	\$141,777	\$87,195	\$73,946.66	\$75,000.00	\$75,000.00	\$0.00		\$89,563.53	\$80,607.18
Payments in Lieu of Taxes	\$3,529	\$2,240	\$2,623	\$4,359	\$4,642.85	\$2,624.00	\$2,624.00	\$0.00		\$3,478.77	\$3,130.89
Fees	\$71,639	\$27,251	\$77,474	\$55,990	\$69,333.10	\$50,000.00	\$50,000.00	\$0.00		\$60,337.42	\$54,303.68
Rentals	\$242,704	\$222,728	\$257,137	\$268,254	\$198,320.19	\$196,513.00	\$269,182.75	\$72,669.75		\$237,828.64	\$214,045.77
<b>Department Revenue</b>											
Schools	\$2,621	\$678	\$5,476	\$66,836	26,612.90	\$500.00	\$500.00	\$0.00		\$20,444.78	\$18,400.30
Library			\$0		\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00
Cemetery	\$33,675	\$38,975	\$36,355	\$40,880	\$36,890.00	\$35,000.00	\$35,000.00	\$0.00		\$37,355.00	\$33,619.50
Recreation											
Other Departmental Revenue	\$508,293	\$462,276	\$543,299	\$454,236	\$677,427.12	\$277,350.00	\$456,500.00	\$179,150.00		\$529,106.22	\$476,195.60
Licenses and Permits: Non-Trinity	\$590,861	\$718,177	\$863,641	\$757,758	\$940,883.04	\$690,600.00	\$800,000.00	\$109,400.00		\$774,264.01	\$696,837.61
Licenses and Permits: Trinity											
Special Assessments	\$332,608	\$257,945	\$229,377	\$155,892	\$118,730.43	\$101,250.00	\$20,000.00	-\$81,250.00		\$218,910.49	\$197,019.44
Fines and Forfeitures	\$18,417	\$12,012	\$3,814	\$6,825	\$5,037.24	\$3,500.00	\$3,500.00	\$0.00		\$9,221.05	\$8,298.94
Investment Income	\$336,472	\$248,127	\$42,275	\$65,648	\$830,386.78	\$500,000.00	\$660,000.00	\$160,000.00		\$304,581.76	\$274,123.58
Medcaid Reimbursement		\$28,902	\$32,473	\$132,365	\$110,387.42	\$50,000.00	\$50,000.00	\$0.00			
Misc. Non Recurring		\$63,664	\$183,453		\$105,467.05	\$0.00	\$0.00	\$0.00			
Misc. Non Recurring MSBA	\$110,301			\$126,347	\$24,342.00	\$0.00	\$0.00	\$0.00			
<b>Total</b>	<b>\$4,685,959</b>	<b>\$4,376,705</b>	<b>\$5,000,470</b>	<b>\$4,698,605</b>	<b>\$5,830,475</b>	<b>\$4,307,337</b>	<b>\$4,847,307</b>	<b>\$539,970</b>		<b>\$4,734,902</b>	<b>\$4,261,412</b>

To: Warrant Committee

From: Stephen Callahan

Date: September 7, 2023

Re: Elementary School Building Project – Planning for Future Tax Relief Funding Sources

### **Recommendation**

Request that the Town develop options to reduce the tax impact of any future debt exclusion on residents by developing a financing plan that identifies an additional \$4 - \$5 million of future tax relief funding sources during the first three fiscal years after debt issuance. The plan can then be considered by appropriate Town Boards, Committees, and Town Meeting for potential action.

### **Background**

Passage of a debt exclusion for a new elementary school has been a core part of the Town's capital project strategy for over a decade. In fact, it has been the Town's largest capital project need for a long time. The Select Board, School Committee and School Building Committee (SBC) have signaled their support for an Elementary School Building Project and for the need to find ways to reduce the financial burden on residents. Currently, there are no specific stabilization funds or reserves dedicated or identified for the Elementary School Project.

Any new elementary school building project will now cost more than the November 2021 proposed project (**\$82 million project cost/\$63 million borrowing/\$852 average tax increase**) given an increase in interest rates from 50-year lows and continued inflation of construction costs. This is true even for any elementary school building with planned smaller enrollments and square foot assumptions. Recent high level/order of magnitude financial modeling that I presented to the SBC (see April 27, 2023 SBC Meeting for presentation) anticipates the following project costs and average tax increases:

(Modeling cost assumptions: \$800/GSF construction costs and \$1,000 /GSF project costs)	ENROLLMENT (450-475)	ENROLLMENT (500)	ENROLLMENT (575)
	(84,828 GSF)	(87,128 GSF)	(92,528 GSF)
<b>BORROWING WITHOUT MSBA FUNDING</b>	\$ 84,000,000	\$ 87,000,000	\$ 93,000,000
<b>Average Tax Increase for Range of Interest Rates (3.5 - 5.0%)</b>	\$ 1,214	\$ 1,258	\$ 1,344
<b>BORROWING WITH MSBA FUNDING</b>	\$ 67,000,000	\$ 69,000,000	\$ 74,000,000
<b>Average Tax Increase for Range of Interest Rates (3.5 - 5.0%)</b>	\$ 968	\$ 997	\$ 1,070

## **Discussion**

### ***Action Now:***

Action on development of a funding plan and support by the SBC and Select Board is a critical next step in building community support for a new school. Votes by these committees provide an important statement to the Massachusetts School Building Authority (MSBA) that the Town is committed to building a new school now. More importantly, action on a funding plan is a strong signal to the community that the Select Board supports pro-active fiscal planning and is serious about reducing the financial burden on residents.

It is important for voters to know the SBC and Select Boards position on planning for alternative funding sources for this project and progress towards development of a plan. Delay or failure to develop and gain consensus on an alternative funding plan could send a signal to the MSBA and voters that the Town is uncertain about this project and its funding plan.

### ***Potential Alternative Funding Sources:***

- Creation/Funding of a MGL c 40, sec 5B, Tax Mitigation Stabilization Fund with transfers of Free Cash
  - Study the creation of a MGL c 40, sec 5B tax mitigation stabilization fund based on other municipalities models.
  - SB considers warrant articles for the establishment and funding of a new MGL c 40, sec 5B stabilization fund at the 2024 Town Meeting.
  - Create and model a funding forecast for potential future transfers from Free Cash starting in FY 25.
- Proceeds from the sale of Town owned land.
  - Designate \$450,000 of unappropriated land sale proceeds received from developer for Hinkley affordable housing project.
  - Study amount of anticipated proceeds from the approved sale of land from Medfield State Hospital.
  - Consider potential additional sale proceeds from other land parcels in the future.
- Proceeds from one time \$1 million payment anticipated to be received in March 2024 from Trinity upon closing of the land disposition agreement for Medfield State Hospital. This payment is to be made to the School Department, will be held in a stabilization fund and any proposed use is subject to approval by both the School Committee and the Town Meeting.

**Timing:** Permanent financing for the new elementary school will likely happen in 2028 or 2029, at which point the debt service for the new elementary school is locked in. Therefore, the Town has approximately 4-5 years (including 2024 Town Meeting) to explore other creative strategies (in addition to those above) that may reduce the impact on taxpayers such as:

1. Securing financial support from community partners such as MSBA or Eversource.
2. Allocating end of year surpluses.
3. Expanding the property tax base.