



FY25 Town Budget

PROPOSED DRAFT

Angus Jennings, Town Manager

February 12, 2024



Overview

- Tonight, will present proposed draft budget
- Carries amounts and staffing proposals as submitted by Dept. Heads (“DHs”) and Boards/Commissions/Committees (“BCCs”)
- Under Town Manager Act:
 - Sec. 4(j) The [select board] shall review the annual proposed budget prepared by the town manager and make changes as the [board] deems advisable. The town manager shall present the budget which incorporates the changes of the [board] to the finance committee and the town meeting.
- Proposed budget includes some proposed staffing-changes other than (assumed) 2% COLA; these will be highlighted
- Does not carry non-COLA wage adjustments (i.e. step increases)
- Request for Select Board referral of proposed FY25 Budget to FinCom (with or without changes). Referral does not equal endorsement.



Select Board FY25 Budget Policy Direction

- Proposed operating budget to limit average single-family tax increase to no more than 2.5% (not including education, incl. Middle/High School project)
- Clear, transparent budget process
- Continue draw-down of School Stabilization Fund based on multi-year strategy



Town of West Newbury Select Board FY '25 Budget Policy Direction *Approved December 4, 2023*

To insure the growing and continued financial health of the Town of West Newbury, provide the public with confidence that Town officials respect their responsibility for fiscal stewardship and demonstrate to taxpayers and bond rating agencies that the Town has thoughtfully prepared for its future, the Select Board present to our employees, Boards, Commissions and Committees the following guidance in preparing the FY25 budget.

1. We propose a FY25 operating budget that will limit the overall increase in the expense budget to no more than 2.5%, not including any school budget increases including related to the Pentucket Middle/High School override. If, in order to meet this budgetary goal, the proposed budget includes any changes in organizational structure, employee head count, hours of operation and/or budgeted level of service, these changes should be specified.
2. We will carry out a clear, transparent public process for finance committee and public review of the proposed FY25 budget, taking into account information from taxpayers, town officials, department heads, Boards/ Commissions/ Committees, and residents. Budget preparation and presentation shall take advantage of the newly acquired grant-funded ClearGov budgeting platform.
3. We propose to recommend that Town Meeting continue to draw-down the balance in the School Stabilization fund in FY25 based on a multi-year plan to mitigate the taxpayer impact of the Middle/High School project.
4. We propose that the presentation of the FY25 operating budget include a section to illustrate post-FY25 operating budgets taking into account both known future costs (including but not limited to debt service based on Town borrowing, and borrowing for which the Town bears some responsibility, such as regarding Pentucket and Whittier Tech debt), and estimated/projected future costs. Estimates or projections of post-FY25 costs should clearly present the assumptions on which they are based.
5. We propose that updates and revisions to the Capital Improvement Program be presented by the Town Manager in accordance with the timeline requirements in the Capital Improvements Committee Bylaw. We propose that the Capital Improvements Committee and the Town Manager evaluate whether an appropriation of \$600,000 from the operating budget into the Capital Stabilization Fund, as was incorporated in the current year FY24 operation budget, is an appropriate amount when taking into account FY25 and future years' anticipated capital funding needs.
6. We propose that any revisions to budgeted FY25 salary and wages, relative to FY24, shall be primarily limited to contractual changes (i.e. Collective Bargaining Agreements, and employment contracts); and to cost-of-living adjustments (COLA), at a percentage proposed by the Town Manager and approved by the Select Board within the budgeting process. The Select Board will only consider approving a proposed step increase for a non-Union employee if the proposed step increase is based on a recent performance evaluation completed as part of a process that is consistent for all regularly scheduled, non-seasonal, non-Union employees across the organization.
7. We propose that the FY25 budget process identify which Town and/or Water capital project costs or other eligible expenses will be paid in full or in part through the Town's allocation of Federal American Rescue Plan Act (ARPA) funds, with a priority on one-time capital projects and related expenses.
8. We propose that the structure of the FY25 DPW operating budget be revised to reflect the reorganization of the department into separate divisions, as was undertaken during FY24, to ensure clarity in allocation of funds across the different divisions and departmental operating costs.



Select Board FY25 Budget Policy Direction

- Include post-FY25 cost projections
- Budget process concurrent with FY25 Capital Improvement Program proposals
- Consideration of step increases if in context of overall personnel evals
- In parallel, continue review of capital and expense eligibility for ARPA (American Rescue Plan Act) funding
- Revised DPW budget structure to reflect departmental reorganization
- Account for legal cost offsets
- Describe trails maintenance resources
- Account for cost impacts of unsettled Union contracts (Police, Dispatch)
- Continue to consider opportunities to regionalize some services (while maintaining or enhancing levels of service)
- For programs and services that generate fees, evaluate existing fee structures for comparability and sufficiency to fund or offset operating costs
- Estimated impacts of new regulatory mandates
- Specify Authorization to Expend Funds



Proposed Budget

- Increase of 5.6% (\$1,010,833)
- Largest drivers of increase:
 - Education (\$301,949)*
 - Retirement (\$236,796)
 - Police (\$142,511)
 - DPW (\$114,129)
 - Town Manager (\$88,501)
- Goal tonight: overview; deeper dive this Thursday



TOWN OF WEST NEWBURY PROPOSED FY25 OPERATING BUDGET

Name	FY22 Actual	FY23 Approved	FY24 Amended	FY25 Proposed	FY25 Proposed	
					\$	%
General Government						
MODERATOR	230	260	260	260	0	0.0%
SELECT BOARD	40,609	54,116	13,940	17,060	3,120	22.4%
TOWN MANAGER	321,610	325,707	334,685	423,186	88,501	26.4%
FINANCE DEPARTMENT	254,515	337,604	326,336	364,452	38,116	11.7%
FINANCE COMMITTEE	1,312	82,000	42,000	52,000	10,000	23.8%
BOARD OF ASSESSORS	173,887	183,780	165,372	168,581	3,209	1.9%
LEGAL COUNSEL	53,677	65,124	82,349	82,127	(222)	-0.3%
TOWN CLERK	125,300	149,014	156,594	156,262	(332)	-0.2%
BOARD OF REGISTRARS/ELECTIONS	10,965	18,100	18,770	21,950	3,180	16.9%
CONSERVATION COMMISSION	31,894	66,632	76,506	83,295	6,789	8.9%
PLANNING BOARD	67,175	77,123	80,163	79,021	(1,142)	-1.4%
BOARD OF APPEALS	700	700	700	1,400	700	100.0%
OPEN SPACE COMMITTEE	69	750	750	750	0	0.0%
Public Safety						
POLICE DEPARTMENT	1,195,914	1,234,090	1,195,755	1,338,266	142,511	11.9%
FIRE DEPARTMENT	282,867	313,383	320,919	327,669	6,750	2.1%
PUBLIC SAFETY DISPATCH	266,322	338,389	327,848	335,370	7,522	2.3%
INSPECTION DEPARTMENT	138,480	144,842	151,738	157,449	5,711	3.8%
EMERGENCY MANAGEMENT	10,769	12,138	12,413	12,601	188	1.5%
ANIMAL CONTROL OFFICER	25,898	26,858	27,503	32,268	4,765	17.3%
HARBORMASTER	2,500	4,000	4,000	4,500	500	12.5%
Education						
EDUCATION	9,151,440	9,043,356	9,853,378	10,155,327	301,949	3.1%
Department of Public Works						
DPW	1,368,664	1,374,192	1,550,438	1,664,567	114,129	7.4%
Human Services						
BOARD OF HEALTH	548,546	592,291	653,233	689,530	36,297	5.6%
COUNCIL ON AGING	93,331	119,808	123,482	125,563	2,081	1.7%
VETERANS	32,804	31,288	34,872	34,300	(572)	-1.6%
LIBRARY	369,714	393,899	422,234	429,016	6,782	1.6%
RECREATION	25,349	32,885	48,372	26,951	(21,421)	-44.3%
HISTORICAL COMMISSION	0	600	600	600	0	0.0%
CULTURAL COUNCIL	0	100	100	100	0	0.0%
Debt Service						
DEBT SERVICE	313,950	300,900	0	0	0	#DIV/0!
Benefits						
ESSEX COUNTY RETIREMENT FUND	731,432	805,420	675,135	911,931	236,796	35.1%
UNEMPLOYMENT COMPENSATION	439	1,500	1,200	1,200	0	0.0%
EMPLOYEES' HEALTH INSURANCE	406,997	481,857	527,865	547,440	19,575	3.7%
MEDICARE INSURANCE (FICA)	52,412	51,485	61,421	63,878	2,457	4.0%
INSURANCE AND BONDS	187,002	199,865	219,643	212,538	(7,105)	-3.2%
TRANSFERS - STABILIZATION	500,000	500,000	400,000	400,000	0	0.0%
EXPENSE BUDGET TOTAL	16,786,774	17,364,056	17,910,574	18,921,407	1,010,833	5.6%



Select Board Budget Bottom-Line Target

Summary

	FY22 Actual	FY23 Approved	FY24 Amended	FY25 Proposed	Change from FY24	
					\$	%
Total Operating Budget:	16,786,774	17,364,056	17,910,574	18,921,407	1,010,833	5.6%
Non-Education budget:	7,635,334	8,320,700	8,057,196	8,766,080	708,884	8.8%

- Accounts for non-Union COLA (@ assumed 2%)
- Does not account for Police and Dispatch CBA increases
- Carries proposed new full-time DPW position
- Does not carry non-COLA wage adjustments (i.e. step increases)
- **A good deal of work remains to be done on these items**



Proposed Staffing Changes, and Salary/Wage Budgeting

- Total non-education salary/ wages expenses: \$4.02M (compared to \$3.81M in FY24), about 46% of non-Ed op. budget
- 1 proposed new full-time DPW position
- Proposed restructure of administrative support for Land & Building Services (Inspectional Svcs., Planning, Conservation, CPA, other backup)
- Board approval will be needed for any proposed non-COLA step increases

Proposed Administrative Reorganization, Land & Building Services					
Current (budgeted - all wages shown at FY24 rates)					
Position	Hours (budgeted)	Rate/Hr (budgeted)	Budget/wk	Budget/yr	Notes
Inspectional Svcs. Admin Asst.	20	\$ 28.10	\$ 562.00	\$ 29,336.40	Plus health benefits
Planning Admin. Asst.	6	\$ 28.10	\$ 168.60	\$ 8,800.92	
Planning (minutes)	12	\$ 200.00		\$ 2,400.00	
Conservation Admin. Asst.	0	\$ -	\$ -	\$ -	
Assessors (office coverage)	2	\$ 22.36	\$ 44.72	\$ 2,334.38	
Town Clerk (office coverage)	2.75	\$ 22.36	\$ 61.49	\$ 3,209.78	
Finance (office coverage)	2	\$ 22.36	\$ 44.72	\$ 2,334.38	
		Sub-total (op. budget):		\$ 48,415.87	Plus health benefits
CPA Administrator	8	\$ 28.82	\$ 230.56	\$ 12,035.23	
		Sub-total (CPA Admin):		\$ 12,035.23	
		Total (budgeted):		\$ 60,451.10	
Proposed (FY25 budget - not adjusted for COLA)					
Position	Hours (budgeted)	Rate/Hr (budgeted)	Budget/wk	Budget/yr	Notes
Land & Bldg. Svcs. Administrator	40	\$ 28.10	\$ 1,124.00	\$ 58,672.80	Plus health benefits
				\$ 58,672.80	
<i>Note: New (expanded) position would also provide as-needed office coverage during periods of vacancy in Town Clerk, Finance and Assessing offices (i.e. sick/vacation days, conferences, etc.)</i>					
Source: Angus Jennings, Town Manager					



Salary/Wage Budgeting (cont'd)

- Cost of “a step” varies based on Grade of position:
 - Grade D: \$2,662
 - Grade E: \$2,437
 - Grade F: \$2,066
 - Grade G: \$1,853
 - Grade H: \$1,555
 - Grade I: \$1,278
- Would look to Board (likely at a future meeting) to consider an overall amount of non-COLA step increases it would support (if any)
- Board approval would be needed, via the annual wage/salary table, for any proposed non-COLA step increases



Proposed Budget: General Government

Name	FY22 Actual	FY23 Approved	FY24 Amended	FY25 Proposed	FY25 Proposed		Increase as % of total increase
					\$	%	
General Government							
MODERATOR	230	260	260	260	0	0.0%	0.0%
SELECT BOARD	40,609	54,116	13,940	17,060	3,120	22.4%	0.3%
TOWN MANAGER	321,610	325,707	334,685	423,186	88,501	26.4%	8.8%
FINANCE DEPARTMENT	254,515	337,604	326,336	364,452	38,116	11.7%	3.8%
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BOARD OF ASSESSORS	173,887	183,780	165,372	168,581	3,209	1.9%	0.3%
LEGAL COUNSEL	53,677	65,124	82,349	82,127	(222)	-0.3%	0.0%
TOWN CLERK	125,300	149,014	156,594	156,262	(332)	-0.2%	0.0%
BOARD OF REGISTRARS/ELECTIONS	10,965	18,100	18,770	21,950	3,180	16.9%	0.3%
CONSERVATION COMMISSION	31,894	66,632	76,506	83,295	6,789	8.9%	0.7%
PLANNING BOARD	67,175	77,123	80,163	79,021	(1,142)	-1.4%	-0.1%
BOARD OF APPEALS	700	700	700	1,400	700	100.0%	0.1%
OPEN SPACE COMMITTEE	69	750	750	750	0	0.0%	0.0%

- Town Manager budget carries existing Programs/Projects Manager position
- Finance Dept. budget carries add'l software costs
- Proposed increase in FinCom Reserve budget to \$50k (from \$40k)



Proposed Budget: Public Safety

Name	FY22	FY23	FY24	FY25	FY25 Proposed		Increase as % of total increase
	Actual	Approved	Amended	Proposed	\$	%	
Public Safety							
POLICE DEPARTMENT	1,195,914	1,234,090	1,195,755	1,338,266	142,511	11.9%	14.1%
FIRE DEPARTMENT	282,867	313,383	320,919	327,669	6,750	2.1%	0.7%
PUBLIC SAFETY DISPATCH	266,322	338,389	327,848	335,370	7,522	2.3%	0.7%
INSPECTION DEPARTMENT	138,480	144,842	151,738	157,449	5,711	3.8%	0.6%
EMERGENCY MANAGEMENT	10,769	12,138	12,413	12,601	188	1.5%	0.0%
ANIMAL CONTROL OFFICER	25,898	26,858	27,503	32,268	4,765	17.3%	0.5%
HARBORMASTER	2,500	4,000	4,000	4,500	500	12.5%	0.0%

- Restores funding for Police Cruiser (\$57k increase)
- Does not account for Police and Dispatch CBA increases
- Based on FY24 “all in” personnel costs for those two Unions, the following are est. costs to carry “all in” costs for FY25:

2%: \$19,500 2.5%: \$24,300 3%: \$29,200



Proposed Budget: Education

Name	FY22 Actual	FY23 Approved	FY24 Amended	FY25 Proposed	FY25 Proposed		Increase as % of total increase
Education					\$	%	
EDUCATION	9,151,440	9,043,356	9,853,378	10,155,327	301,949	3.1%	29.9%

- We received notice from Pentucket today regarding a proposed decreased amount from their initial proposed budget (the bound “budget book”). Revised (latest) number reflected here.
- Whittier has not yet proposed FY25 budget; assumed #s here.
- Essex Ag/Tech tuition set by DESE in April; #s carried here based on estimates received from Essex Ag business office.



Proposed Budget: Public Works

Name	FY22 Actual	FY23 Approved	FY24 Amended	FY25 Proposed	FY25 Proposed		Increase as % of total increase
Department of Public Works					\$	%	
DPW	1,368,664	1,374,192	1,550,438	1,664,567	114,129	7.4%	11.3%

- Reflects shift of Programs/Projects Manager from DPW to Town Manager section of the budget
- Reflects proposed creation of 1 new Union DPW position
 - Would restore experienced operator/operator staffing to 4
 - Been 3 for about 15 years
 - Intended to increase bandwidth for existing workload, improve compliance with OSHA/workplace safety, expand capacity to be more responsive on trails/open space issues.
- Adds \$80k above current \$50k budgeted for high hazard tree removal
- Incorporates routine parks/rec OM expenses (port-a-potties, mulch, fertilizer) previously budgeted in Parks & Rec Comm budget



Proposed Budget: Human Services

Name	FY22 Actual	FY23 Approved	FY24 Amended	FY25 Proposed	FY25 Proposed		Increase as % of total increase
					\$	%	
Human Services							
BOARD OF HEALTH	548,546	592,291	653,233	689,530	36,297	5.6%	3.6%
COUNCIL ON AGING	93,331	119,808	123,482	125,563	2,081	1.7%	0.2%
VETERANS	32,804	31,288	34,872	34,300	(572)	-1.6%	-0.1%
LIBRARY	369,714	393,899	422,234	429,016	6,782	1.6%	0.7%
RECREATION	25,349	32,885	48,372	26,951	(21,421)	-44.3%	-2.1%
HISTORICAL COMMISSION	0	600	600	600	0	0.0%	0.0%
CULTURAL COUNCIL	0	100	100	100	0	0.0%	0.0%



Proposed Budget: Debt Service

Name	FY22 Actual	FY23 Approved	FY24 Amended	FY25 Proposed	FY25 Proposed		Increase as % of total increase
Debt Service					\$	%	
DEBT SERVICE	313,950	300,900	0	0	0	#DIV/0!	0.0%



Proposed Budget: Benefits and Transfers

Name	FY22	FY23	FY24	FY25	FY25 Proposed		Increase as % of total increase
	Actual	Approved	Amended	Proposed	\$	%	
Benefits							
ESSEX COUNTY RETIREMENT FUND	731,432	805,420	675,135	911,931	236,796	35.1%	23.4%
UNEMPLOYMENT COMPENSATION	439	1,500	1,200	1,200	0	0.0%	0.0%
EMPLOYEES' HEALTH INSURANCE	406,997	481,857	527,865	547,440	19,575	3.7%	1.9%
MEDICARE INSURANCE (FICA)	52,412	51,485	61,421	63,878	2,457	4.0%	0.2%
INSURANCE AND BONDS	187,002	199,865	219,643	212,538	(7,105)	-3.2%	-0.7%
TRANSFERS - STABILIZATION	500,000	500,000	400,000	400,000	0	0.0%	0.0%

- Carries \$600,000 transfer to Stabilization
- Carries \$200,000 transfer from School Stabilization
- Consideration should be given to both of these amounts, and also to Pension Liability Stabilization



Related matters



Impact of School Stabilization transfers to est. FY25 Taxpayer Impact

- Approved FY24 budget carried \$200,000 transfer from School Stabilization
- That is starting point for FY25 transfer
- Carried in proposed operating budget (same as FY24), as -\$200k offset to Stabilization transfers



Free Cash Transfers to Reduce Tax Rate

- Central issue in estimating the “bottom line” taxpayer impact
- Recent years’ trend toward increasing Free Cash transfers
- MDOR recommends maintaining 5% of operating budget (~\$946k)
- Some amount of budget “turnbacks” are recurring and typical (whether due to conservative budgeting, or periods of short-staffing)
- Fall often the time to consider Free Cash transfer, after FY24 is closed out
- Recommend considering during FY25 budget process

Free Cash Trends, FY16-FY24

<u>Fiscal Year</u>	<u>Year-End Certified Free Cash</u> ¹	<u>Free Cash transfer to reduce Tax Rate</u> ²
FY24	TBD	\$ -
FY23	\$ 2,386,317	\$ 250,000
FY22	\$ 2,128,806	\$ 200,000
FY21	\$ 1,749,980	\$ - *
FY20	\$ 1,954,878	\$ 400,000
FY19	\$ 2,102,586	\$ 220,000
FY18	\$ 1,718,985	\$ 114,000
FY17	\$ 1,824,005	\$ 144,300
FY16	\$ 1,892,315	\$ -
Avg (FY17-24)		\$ 166,038

¹ Source: MA DOR Form B-1, FY15-FY23

² Source: MA DOR Tax Rate Recaps, Item III d, FY16-FY23

* Note: In FY21 the Town did allocate \$220,000 of Overlay Surplus in order to reduce the FY21 Tax Rate. If that amount were to be included in the table above, the FY17-23 average would be \$221,186.



Capital Planning / Transfers to Stabilization

- CIC (Capital Improvements Committee) met last week; meets again Thurs. February 29th
- Capital planning process will go forward in parallel with FinCom reviews, including review of FY25 capital expenditures, and overall Capital Improvements Program
- Town Manager proposed budget carries transfer of \$600k.
- Stabilization balance (FY23 year-end): \$2.31M
- Community Compact recommends 15% of operating budget, or approx. \$2.8M
- CIC report due on/by March 18



Stabilization Balances (Trends)

Fund Balance Trends, FY16-FY23

<u>Fiscal Year</u>	<u>Free Cash</u> ¹	<u>Stabilization</u> ²	<u>Water Retained Earnings</u> ³	<u>Water Stabilization</u> ⁴	<u>School Stabilization</u> ⁴
FY16	\$ 1,741,370	\$1,252,150	\$ 175,000	\$ 199,802	\$ 157,216
FY17	\$ 1,618,895	\$1,251,561	\$ 200,000	\$ 102,766	\$ 436,338
FY18	\$ 1,718,985	\$1,247,461	\$ 389,468	\$ 8,072	\$ 1,250,268
FY19	\$ 2,102,586	\$1,450,802	\$ 763,662	\$ 15,359	\$ 1,594,230
FY20	\$ 1,954,878	\$1,320,748	\$ 1,037,726	\$ 15,359	\$ 1,731,014
FY21	\$ 1,749,980	\$1,549,538	\$ 731,245	\$ 520,479	\$ 1,257,733
FY22	\$ 2,128,806	\$1,843,769	\$ 657,454	\$ 454,620	\$ 791,685
FY23	\$ 2,386,317	\$2,311,393	\$ 520,386	\$ 411,753	\$ 611,565
Avg (FY16-FY23)	\$1,925,227	\$1,528,428	\$559,368	\$216,026	\$978,756

¹ Source: MA DOR Form B-1, FY16-FY23.

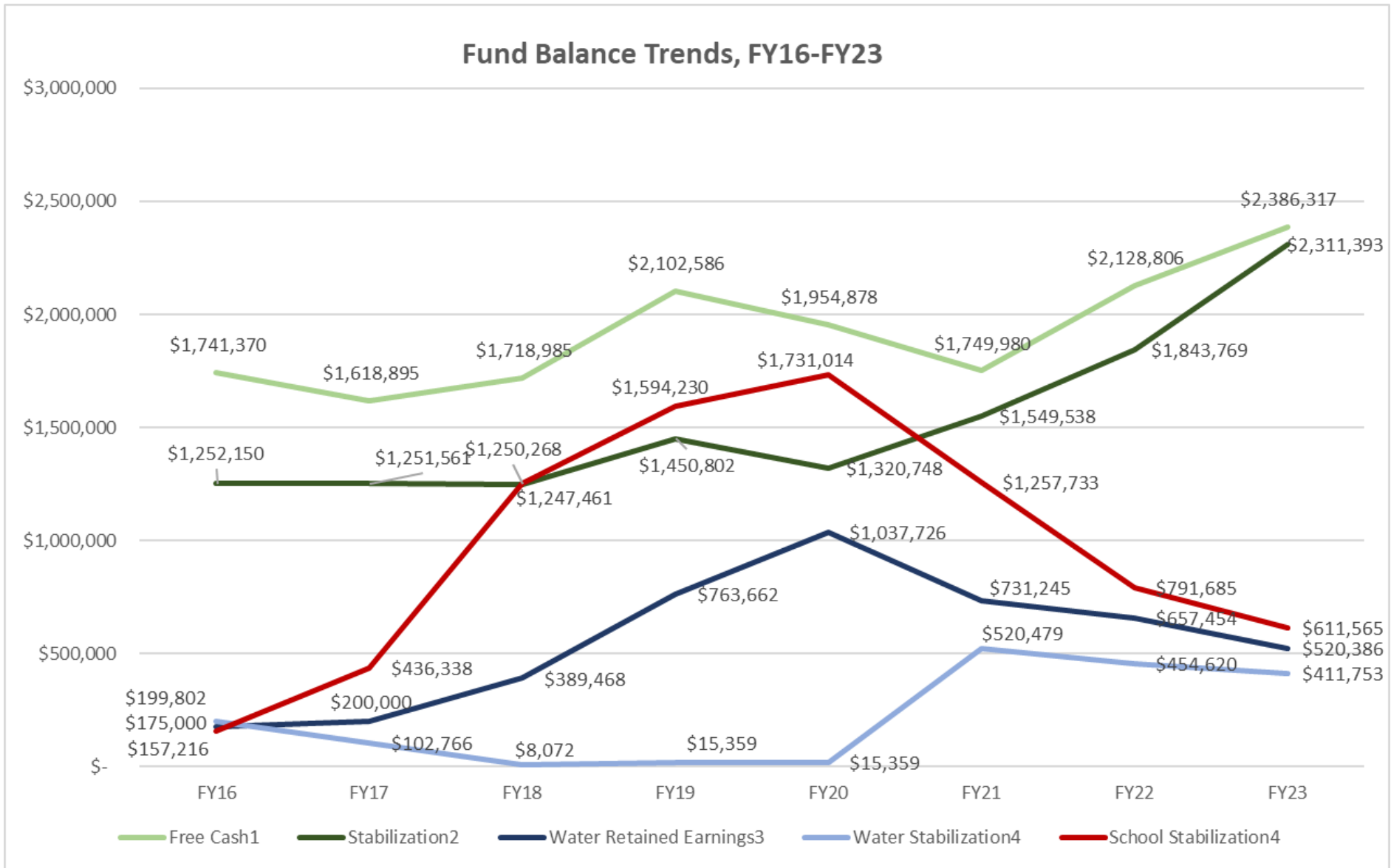
² Source: Year-End Fund Balance Reports/Town Accountant.

³ Source: MA DOR Retained Earnings Calculations, FY18-FY22; Finance Committee Town Meeting booklets, FY16-18.

⁴ Source: Finance Committee Town Meeting booklets, FY16-23.



Stabilization Balances (Trends)





Process



After Board Referral: Finance Committee

- Select Board referral: Feb. 12(?)
- Finance Committee/SB joint meetings:
 - Meetings this Thursday and next Tuesday; refine numbers
 - Review of each section of budget. Schedule will be posted and circulated.
- Review proposed warrant articles
- Town Manager works with FinCom Chair to schedule reviews based in part on “readiness”
- Town Manager proposed budget; initial budgets proposed by Department Heads/Chairs of Boards / Commissions / Committees also reported.
- Joint meeting with the Board of Selectmen, Moderator, Town Counsel (date TBD).
- Deadline to post Town Meeting warrants: Monday, April 15th



Questions and Discussion