



To: Holliston Finance Committee

From: Tina Hein, Chair, Holliston Select Board

Date: March 22, 2022

Subject: Select Board Recommended Budget Message – Fiscal Year 2023

The Holliston Select Board appreciates the work to-date by Town and School finance staff towards presenting Town Meeting with a comprehensive FY2023 Operating budget. The work began this past fall with a goal to present departmental requests, the Town Administrator recommended budget, a Select Board recommended budget, and a Finance Committee recommended budget to Town Meeting. The Select Board is grateful for the guidance that the Town Administrator has provided thus far to all boards and committees throughout the budget development process. And the Select Board is confident that Town Meeting will benefit from the new format in the final budget presentation. Town Meeting has the final authority on all spending as the Town's legislative body and will vote on May 9, 2022, for the final Omnibus Budget for FY2023.

On March 4, 2022, the Town Administrator released his recommended budget for FY2023. The report is detailed and explains the various budget drivers and challenges in laymen's terms. The Town Administrator's recommended budget shared a comprehensive list of changes that balance departmental requests and goals against available revenue, which resulted in the removal of a Holliston Police Department request for a 26th police officer and a Department of Public Works request for a new Grounds Division from the FY2023 Operating Budget. The Select Board believes that these requests should be reinstated based on the overwhelming needs of the community and the benefit each request provides to the missions of the entire Town.

Since the Town Administrator presented his recommended budget, several assumptions have changed following critical votes and decisions. The Keefe Technical Vocational assessment was finalized at \$22,004 less than previously assumed. The Technology Department request has been reduced by \$5,000 with the removal of a proposed software purchase. The School Committee approved a budget request of \$39,004,314, which the Select Board sees as the "high water mark" meaning that further reductions are likely as costs related to out-of-district placements (for example) are formalized before Town Meeting. The Town Administrator Recommended Budget reflects the "level service" number presented to the School Committee on March 3, 2022, of \$38,895,279.

On Monday, March 21, 2022, the Select Board deliberated on its recommended budget by reviewing the Town Administrator recommended budget, updated budget information, and the Select Board priorities, which include a request for a 26th police officer and a new Grounds Division. The Select Board voted 2-1 in favor of a budget recommendation inclusive of the changes below:

Budget Changes and Impact

- **HPD – Additional Patrol Officer** – Increasing the HPD budget (01210) by \$86,405 to accommodate salaries, wages, and the benefits budget (01914) by \$21,400. **Gross impact \$107,805**
- **DPW – Grounds Division** – Adding one managerial position and two laborer positions to form a dedicated Grounds Division for maintenance of Town parks and fields and School fields. **Gross impact of \$206,200. Offsets listed below:**
 - **DPW Highway (01420)** has requested a variety of increases that anticipate inflation of construction-related materials. Although the Select Board supports increasing these lines to a certain extent, the larger priority of forming a Grounds Division should be met by a modest reduction in the lines below:
 - **Equipment Maintenance (52405)** reduce by \$2,500
 - **Fuel System (52495)** reduce by \$6,500
 - **Daily Maintenance (52425)** reduce by \$5,000
 - **Professional Services (53000)** reduce by \$6,000
 - **Repair and Maintenance Supplies (54300)** reduce by \$2,000
 - **Parks & Recreations (01650)** has fully participated in the Grounds Division discussions and is prepared to remove the amounts below from their FY2023 departmental request:
 - **Grounds Maintenance (52400)** reduce by \$9,813
 - **Total Revenue Offsets in FY23 for Grounds Division** include an annual offset assumption of \$25,000 from the Parks Revolving Fund and a one-time ARPA offset of \$75,000 in FY2023.
- **Capital Expenditure Fund contribution (01990)** – reduce the transfer of available funds to the Capital Expenditure Fund by \$160,000.
- **Keefe Technical Vocational Assessment (01371)** – reduce by \$22,004

Summary of Recommended Changes

Technology (01155) -\$5,000
Police (01210) +86,405
DPW Highway (01420) +\$142,000
DPW Highway (01420) -\$22,000
*Parks & Rec. (01650) -\$9,813
Employee Benefits (01914) +\$85,600
Keefe Tech. (01371) -\$22,004
Transfers (CapEx) (01990) -\$160,000

Net Impact of Changes -\$95,188

Net Revenue Offsets +\$100,000

Recommending a budget that reduces the capital appropriation to accomplish a goal within the operating budget is necessary at this time, however, the Select Board is confident that there will be opportunities to restore compliance with the Town's [Capital Expenditure Fund policy](#) soon, as anticipated increases in state aid are formalized. The Select Board believes that the formation of a new Department of Public Works Grounds Division for maintenance of playing fields and parks and advancing the Holliston Police Department's Five-Year Strategic Plan improves service levels to the community.

Respectfully,

Tina Hein, Chair, Town of Holliston Select Board

| REVENUE & EXPENDITURE DETAIL HISTORY | | | | | FY2023 TA Adjustments | | FY2023 BOS Adjustments | |
|---------------------------------------|-------------------|-------------------|---------------------|--------------------|-----------------------|--------------------------|------------------------|------------------------------|
| REVENUE | FY22 Tax Recap | FY23 Projected | Chg (\$) FY22-23 | Chg (%) FY22-23 | FY23 TA Rec. | Proj. to TA Chg. (\$) | FY23 BOS Rec. | Proj. TA to BOS Chg. (\$) |
| PROPERTY TAX LEVY | | | | | | | | |
| Tax Levy (Prop. 2.5 & New Growth) | 51,389,656 | 53,328,660 | 1,939,004 | 3.77% | 53,328,660 | - | 53,328,660 | - |
| Excluded Debt Service | 1,437,788 | 627,574 | (810,214) | -56.35% | 627,574 | - | 627,574 | - |
| Subtotal Tax Levy Revenue | 52,827,444 | 53,956,234 | 1,128,790 | 2.14% | 53,956,234 | - | 53,956,234 | - |
| STATE AID | | | | | | | | |
| Cherry Sheet (Ch. 70 & UGGA) | 10,525,254 | 11,145,411 | 620,157 | 5.89% | 11,145,411 | - | 11,145,411 | - |
| MSBA (old methodology) | 951,517 | - | (951,517) | -100.00% | - | - | - | - |
| Subtotal State Aid | 11,476,771 | 11,145,411 | (331,360) | -2.89% | 11,145,411 | - | 11,145,411 | - |
| LOCAL RECEIPTS | | | | | | | | |
| MV Excise | 2,125,000 | 2,200,000 | 75,000 | 3.53% | 2,200,000 | - | 2,200,000 | - |
| Penalties & Interest | 125,000 | 120,000 | (5,000) | -4.00% | 120,000 | - | 120,000 | - |
| PILOT | 30,000 | 40,000 | 10,000 | 33.33% | 40,000 | - | 40,000 | - |
| Solid Waste Fees | 60,000 | 60,000 | - | 0.00% | 60,000 | - | 60,000 | - |
| Other Charges for Services | 140,000 | 145,000 | 5,000 | 3.57% | 197,100 | 52,100 | 297,100 | 100,000 |
| Fees | 100,000 | 150,000 | 50,000 | 50.00% | 150,000 | - | 150,000 | - |
| Rentals (Pinecrest) | 60,000 | 60,000 | - | 0.00% | 60,000 | - | 60,000 | - |
| Other Dept. Revenue (incl. Ambulance) | 280,000 | 280,000 | - | 0.00% | 280,000 | - | 280,000 | - |
| Licenses & Permits | 350,000 | 405,000 | 55,000 | 15.71% | 409,000 | 4,000 | 409,000 | - |
| Fines & Forfeits | 12,000 | 17,500 | 5,500 | 45.83% | 17,500 | - | 17,500 | - |
| Investment Income | 25,000 | 25,000 | - | 0.00% | 25,000 | - | 25,000 | - |
| Medicaid Reimbursement | 35,000 | 40,000 | 5,000 | 14.29% | 40,000 | - | 40,000 | - |
| Miscellaneous Recurring | 9,332 | 5,857 | (3,475) | -37.24% | 5,857 | - | 5,857 | - |
| Solar | 150,000 | 150,000 | - | 0.00% | 150,000 | - | 150,000 | - |
| Subtotal Local Receipts | 3,501,332 | 3,698,357 | 197,025 | 5.63% | 3,754,457 | 56,100 | 3,854,457 | 100,000 |
| WATER ENTERPRISE FUND | | | | | | | | |
| Water Rate Revenue | 2,513,721 | 3,120,029 | 606,308 | 24.12% | 3,120,029 | - | 3,120,029 | - |
| OTHER AVAILABLE FUNDS | | | | | | | | |
| Free Cash | 3,451,500 | - | (3,451,500) | -100.00% | - | - | - | - |
| Capital Expenditure Fund | 2,274,877 | - | (2,274,877) | -100.00% | - | - | - | - |
| Community Preservation | 275,812 | - | (275,812) | -100.00% | - | - | - | - |
| Other | 254,461 | - | (254,461) | -100.00% | - | - | - | - |
| Subtotal - Other Available | 6,256,650 | - | (6,256,650) | -100.00% | - | - | - | - |
| TOTAL REVENUE / AVAILABLE FUNDS | 76,575,918 | 71,920,031 | (4,655,887) | -6.08% | 71,976,131 | 56,100 | 72,076,131 | 100,000 |

| EXPENDITURE | | FY22 Tax Recap | FY23 Dept. Req. | Chg (\$) FY22-23 | Chg (%) FY22-23 | FY23 TA Rec. | Dept. Req. to TA Rec. | FY23 BOS Rec. | TA Rec. To BOS Rec. |
|---|---|-------------------|--------------------|---------------------|--------------------|-------------------|--------------------------|-------------------|------------------------|
| E1 | General Government | 2,183,951 | 2,307,437 | 123,486 | 5.65% | 2,290,379 | (17,058) | 2,285,379 | (5,000) |
| E2 | Public Safety | 4,815,249 | 5,111,876 | 296,627 | 6.16% | 5,028,426 | (83,450) | 5,114,831 | 86,405 |
| E3 | Education | 38,520,518 | 40,388,374 | 1,867,856 | 4.85% | 40,388,374 | - | 40,366,370 | (22,004) |
| E4 | Land Use | 354,318 | 415,562 | 61,244 | 17.29% | 427,747 | 12,185 | 427,747 | - |
| E5 | Public Works | 1,992,562 | 2,291,840 | 299,278 | 15.02% | 2,102,347 | (189,493) | 2,222,347 | 120,000 |
| E6 | Facilities Management (Town-side) | 274,885 | 291,749 | 16,864 | 6.13% | 285,224 | (6,525) | 285,224 | - |
| E7 | Solid Waste (Muni. Trash) | 1,318,183 | 1,376,118 | 57,935 | 4.40% | 1,376,118 | - | 1,376,118 | - |
| E8 | Health & Human Services (BOH, COA, YFS, Vets) | 685,431 | 700,845 | 15,414 | 2.25% | 703,285 | 2,440 | 703,285 | - |
| E9 | Library | 527,808 | 560,512 | 32,704 | 6.20% | 562,028 | 1,516 | 562,028 | - |
| E10 | Parks & Recreation | 141,929 | 146,390 | 4,461 | 3.14% | 147,358 | 968 | 137,545 | (9,813) |
| E11 | Debt Service | 2,405,138 | 627,574 | (1,777,564) | -73.91% | 627,574 | - | 627,574 | - |
| E12 | County Retirement | 2,375,731 | 2,607,227 | 231,496 | 9.74% | 2,607,227 | - | 2,607,227 | - |
| E13 | Employee Benefits / Insurances | 8,463,379 | 8,823,333 | 359,954 | 4.25% | 8,706,333 | (117,000) | 8,791,933 | 85,600 |
| E14 | Warrant Articles (Tax Supported) | 1,988,500 | 1,970,000 | (18,500) | -0.93% | 1,875,000 | (95,000) | 1,715,000 | (160,000) |
| | Subtotal | 66,047,582 | 67,618,837 | 1,571,255 | 2.38% | 67,127,419 | (491,418) | 67,222,608 | 95,188 |
| E15 | Water Enterprise Fund | 2,513,721 | 3,120,029 | 606,308 | 24.12% | 3,120,029 | (0) | 3,120,029 | 3,120,029 |
| E16 | Warrant Articles (non-Tax Supported) | 6,256,650 | - | (6,256,650) | -100.00% | - | - | - | - |
| OTHER AMOUNTS TO BE RAISED | | | | | | | | | |
| E17 | Cherry Sheet Charges | 703,461 | 593,705 | (109,756) | -15.60% | 593,705 | - | 593,705 | - |
| E18 | Cherry Sheet Offsets | 690,704 | 783,254 | 92,550 | 13.40% | 783,254 | - | 783,254 | - |
| E19 | Overlay | 363,614 | 350,000 | (13,614) | -3.74% | 350,000 | - | 350,000 | - |
| | Subtotal | 1,757,779 | 1,726,959 | (30,820) | -1.75% | 1,726,959 | - | 1,726,959 | - |
| TOTAL TO BE RAISED / EXPENDITURE | | 76,575,732 | 72,465,825 | (4,109,907) | -5.37% | 71,974,407 | (491,418) | 72,069,596 | 95,188 |

CURRENT SURPLUS / DEFICIT **(545,794)**

As of: 2/17/2022

1,724

3/4/2022

6,536

3/21/2022