



# Town of Scituate

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## FY 25 Operating and Capital Budget Overview

November 7, 2023



# FY 23 Recap

- FY 23 certified free cash of \$6,613,053 driven by budget turn-backs of \$1.4M and revenue collections that were better than forecasted (\$4.6M)
  - Investment income generated over \$1M and \$300K in the sale of foreclosed land
- General Fund receipts and New Growth were up over projections: \$4,530,134 (\$3,304,472; \$1,225,662)
  - Driven by major developments that have wrapped up
- Continued investment in capital including roads, technology, facilities, foreshore protection, water and sewer infrastructure
- Maintained AA+ Bond Rating



# FY 24 YTD

- FY24 New Growth exceeded projections by \$775,516
- FY24 local receipts to date on par with FY23
- FY24 expenses remain on track with budgets
- \$2.17M in grants to date
- \$473K in loan forgiveness for first phase of Water Treatment Plant project from MA Clean Water Trust
- FEMA disaster and non-FEMA foreshore projects continue to be worked on while navigating the extremely challenging permit environment



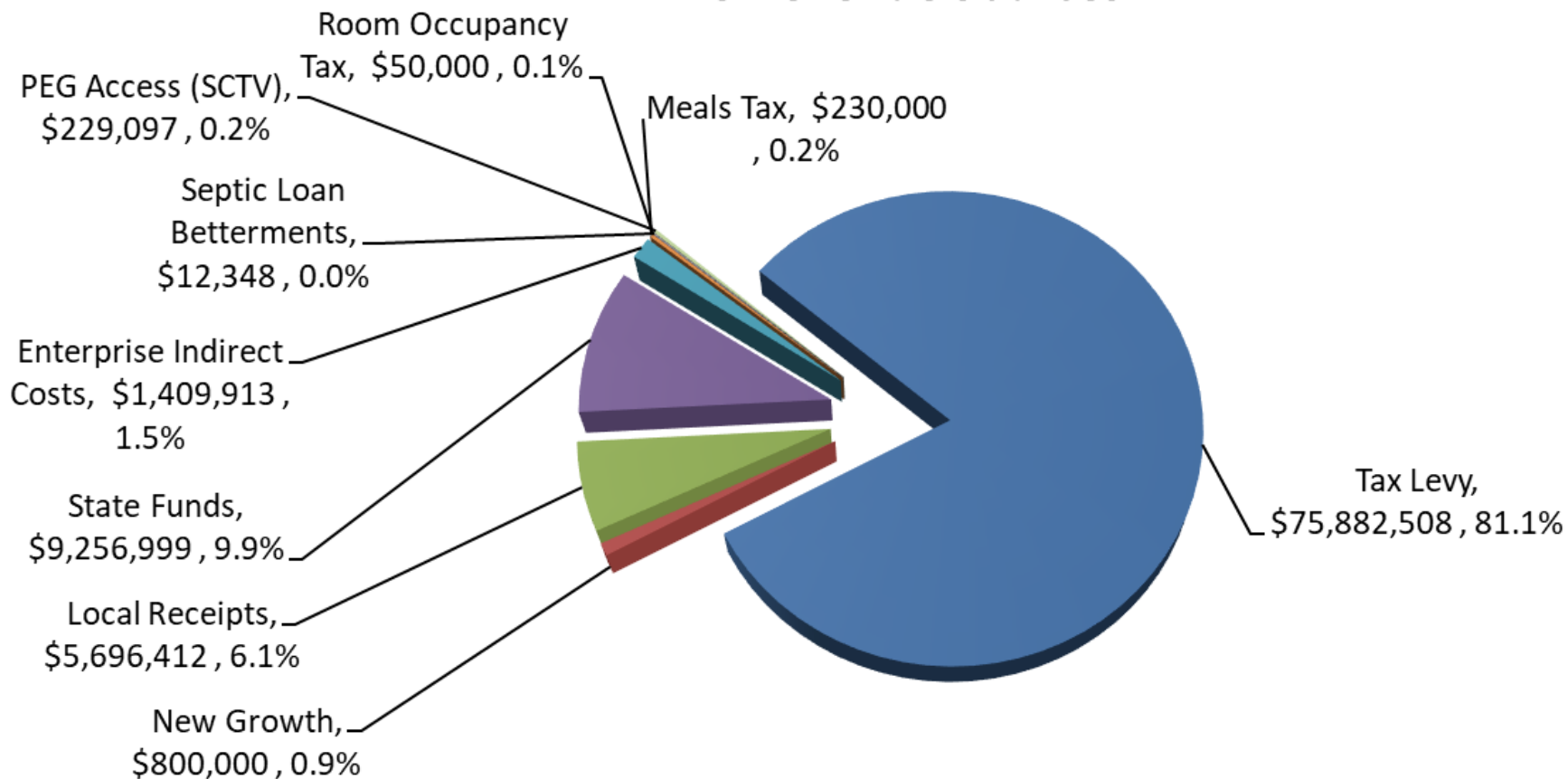
# Revenue Assumptions

- Property taxes to increase by 2.5%
- New Growth is projected at \$800K
  - As predicted in forecast, new growth would cool as major projects were completed
- State Aid is level funded to FY24 estimated level
  - Financial Forecast will re-visit when Governor's FY25 budget released
- Local Receipts level funded to FY24 level which included an increase of 4.3%
- Meals tax forecast at \$230,000 and Room Occupancy incorporated at \$50,000 for the second year
- Financial Forecast Committee has met twice so far and plans to meet again in late January after the MMA meeting to incorporate any adjustments to assumptions on health insurance, general liability and property insurance and state aid.



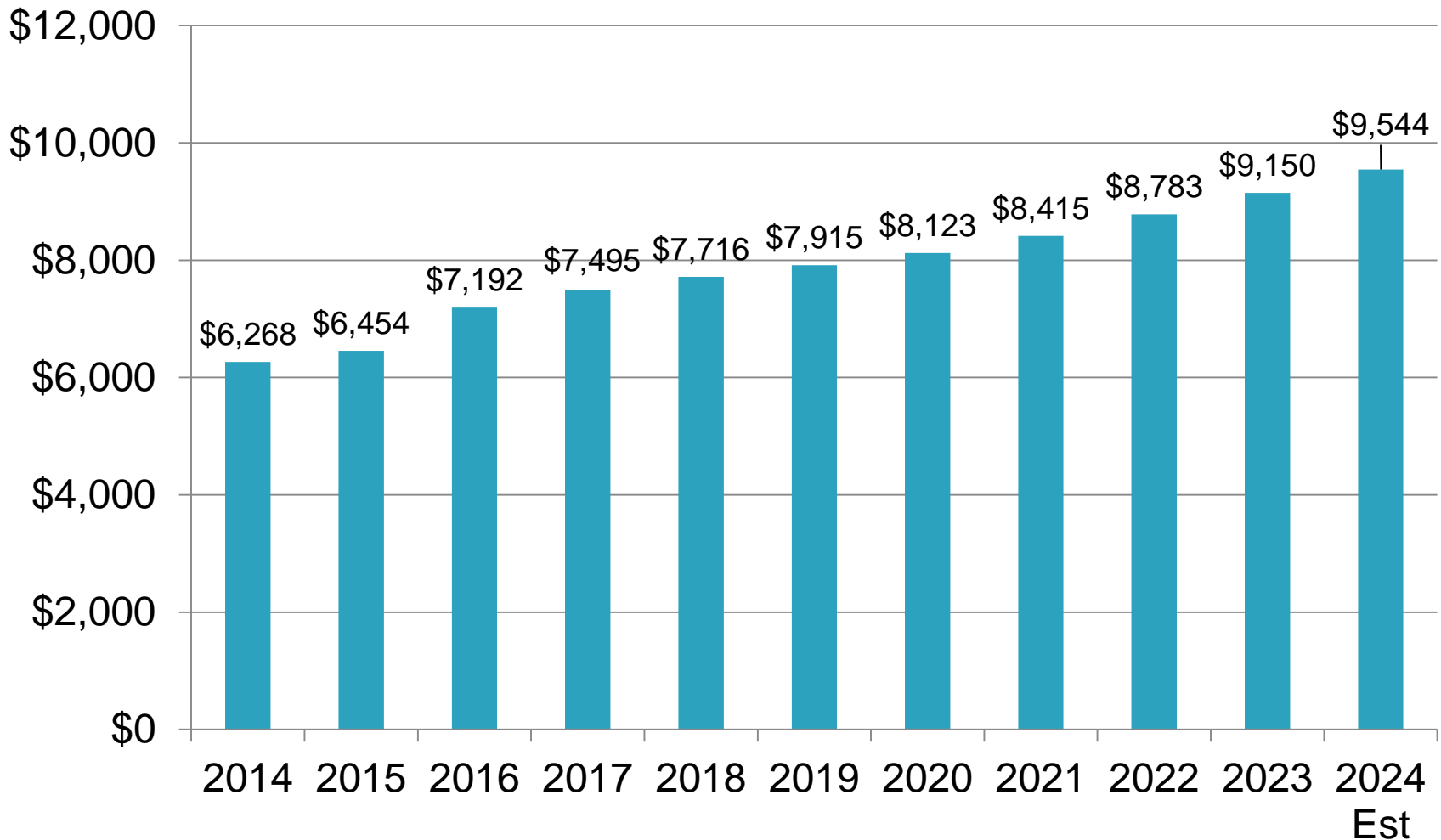
# Revenue Sources

## FY25 Revenue Sources





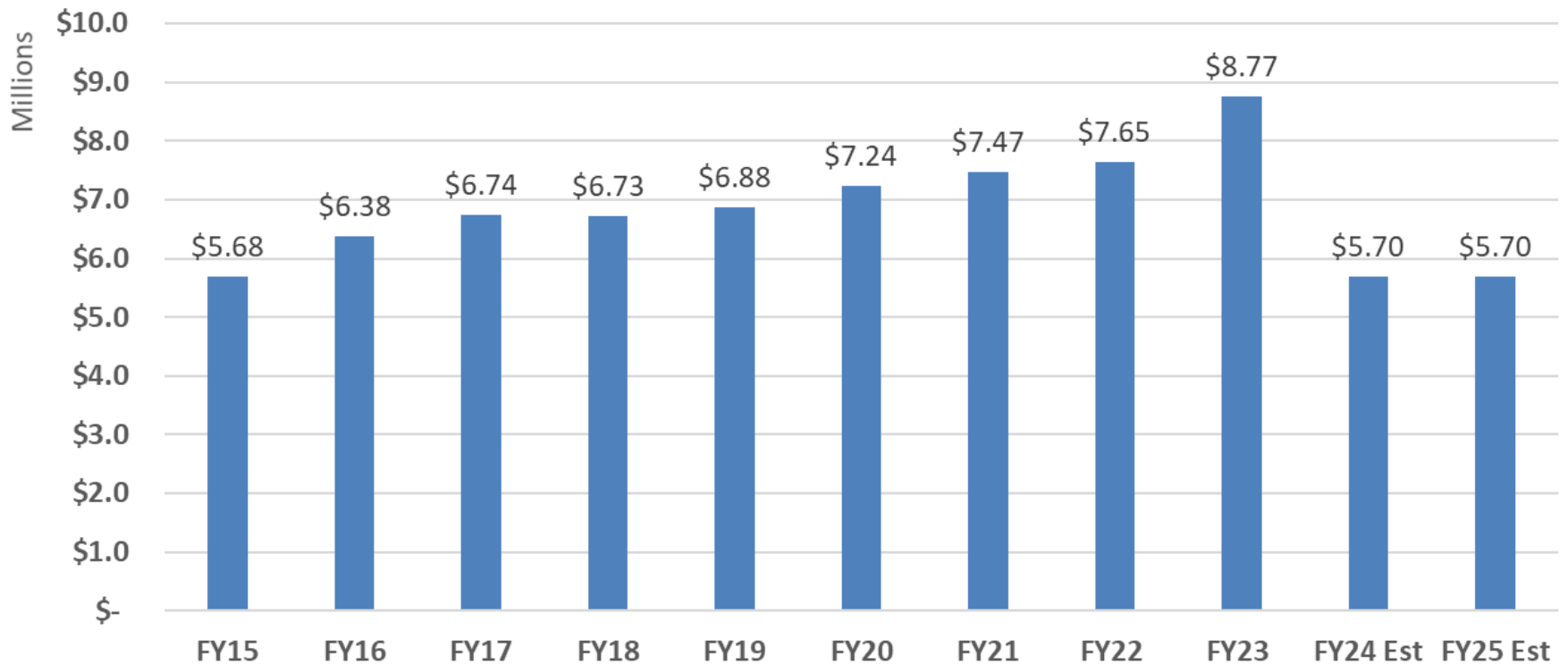
# Average Tax Bill Based on Average Single Home Value of \$921,206





# Local Receipts

Local Receipts FY15 - FY25 Est





# FY 25 Operating Budget Focal Points

## LEVEL SERVICES BUDGET

- In accordance with existing financial policies, FY 25 operating budget is balanced without using Free Cash or other one-time revenues
- New growth projections have declined due to development which has been completed for several major projects
- State aid receipts and assessments level-funded to FY24 levels
- Four union contracts expire as of 06/30/24.
- No new positions added in the General Fund though many were requested as well two requests for increase in hours and a request for increase in inspector rates
- Commitment to roads & foreshore put on hold for FY25





# FY 25 Operating Budget Challenges

- Expenses are surpassing recurring revenue sources.
  - Costs rising in all areas due to the ongoing effects supply chain issues, inflation, workforce shortages and economic global uncertainty while new growth and corresponding revenue cooling
- Accommodating fixed cost increases for Employee Benefits (health, life insurance, FICA, pension assessment, unemployment) and negotiating new collective bargaining agreements in competitive market
- Balancing competing service demands for personnel with limited increases in available recurring revenue



# FY25 General Fund Operating

- Available revenue per forecast voted by Financial Forecast Committee - \$23,562,886
- Departmental requests - \$25,442,052
  - Including 13 new positions; 14 hours/week of additional part-time assistance and an increase to inspectors' rates requested
- Expense requests exceed revenues by \$1,879,166
  - Removing requests for new personnel and rate changes only closed the gap by \$1,195,345
  - Remaining deficit of \$683,821
    - Reduction of roads and seawalls from \$400,000 to \$0
    - Reduction of cruiser replacement from three to one - \$122,000
    - Remaining reductions throughout the requests



# Budgeted Fixed Costs FY 24-25\*

Item	FY24 Budget	FY25 Proposed	Change
Employee Pension	\$6,841,463	\$7,571,059	\$729,596
Health Insurance	\$7,279,855	\$7,662,346	\$382,491
FICA	\$882,332	\$917,625	\$35,293
OPEB	\$136,429	\$151,421	\$14,592
Workers Comp	\$210,000	\$190,000	(\$20,000)
Unemployment	\$65,000	\$65,000	\$0
General Liability Ins	\$1,099,981	\$1,209,979	\$109,998
Debt Service	\$7,979,309	\$7,989,583	\$10,274
Regional School Assmnt	\$769,278	\$1,046,478	\$276,750

\*Subject to refinement as more information becomes available during budget review



# Impact of Fixed Cost Increases

- Projected fixed cost increases for FY25 from the prior slide total \$1,538,994
  - Health insurance active plan rates projected to increase 10%
  - Plymouth County Pension Assessment higher due to COLA for retirees
  - SSVT Assessment increasing due to additional enrollment
- 81.1% of recurring revenue to support the operating budget is from property taxes which are constrained by Proposition 2-1/2
  - FY25 additional 2.5% tax increase allowed by Prop 2-1/2 is \$1,850,793
  - New growth estimated at \$800,000 (\$400,000 reduction from FY24)
    - **58.1% of allowable property tax increase must be dedicated to fixed costs.**



# Factors Causing Fiscal Pressures for FY25

- Available recurring revenue is not keeping pace with costs to provide level services
- Personnel costs are increasing
  - Recent bargaining demonstrated pay rates are lagging to other communities resulting in difficulty to recruit and retain staff
  - Persistent vacancies due to competitive labor market
  - Four of six units do not have contracts for FY25
- Utility costs have remained elevated
- Equipment, parts, supplies have all increased in cost
- Service providers are passing along their cost increases
- The addition of programs, services or needed personnel cannot be addressed



# Factors Causing Fiscal Pressures for FY25

- Expense issue has existed for a few years but was manageable with the new growth from multiple large development projects
- Based on adopted revenue sharing formula; town departments' share of net revenue is only \$812,634 more for FY25 compared to \$1,086,995 in FY24
- Deeper reductions into budget lines that had previously been held harmless now necessary to maintain staff and services



# Personnel Requests - \$1.19M

- Six new police officers
  - Due to police reform, permanent intermittent officers not an option
- Two new positions at Library
  - Marketing/Outreach Coordinator & Head of Youth Services
- Two new positions at Senior Center
  - Assistant COA Director & Media/Activities Assistant
- Two new positions in DPW Public Grounds
  - Skilled laborers
- One new position in DPW Engineering
  - Staff engineer
- Increase in part-time hours in Town Clerk (5 hrs /week) & Select Board (9 hrs/week) offices
- Increase in per inspection rate for inspectors (\$32 to \$40)



# Additional Challenges

- Significant staff time and funds dedicated to ocean and storm related impacts and preparation for future impacts to overcome permitting issues (FEMA, emergency management, elevation grants, DPW clean ups, conservation, Hazard Mitigation) with minimal forward momentum
- Competing for grant funds to continue major initiatives including foreshore improvements and fund new ones while waiting for potential major infrastructure funding opportunities
  - \$1.9M in foreshore protection grants received in FY24 YTD
  - Working with consultant to craft applications for new federal foreshore grants
- Balancing competing service demands for personnel with limited increases in available recurring revenue





# Widows Walk (Golf) Enterprise

- FY23 finished strong with \$434,853 in retained earnings
- FY24 revenues as of 9/30 on par with prior year despite rainy summer week-ends
- FY24 expenses within budget
- FY25 revenue estimated at \$1,569,000
- FY25 expense requests were \$1,505,000
  - Full year salaries reflected for new personnel to bring course maintenance in house
- Enterprise fund is self supporting



# Waterways Enterprise

- FY23 finished well with \$353,274 in retained earnings
- FY24 revenues as of 9/30 tracking well
- FY24 expenses within budget
- FY25 revenue estimated at \$1,275,700
- FY25 expense requests were \$1,168,897
  - Major debt retirement of \$180,000
    - Borrowing for harbor dredging on capital plan
- Enterprise fund is self supporting



# Water Enterprise

- FY23 finished well with \$2,761,193 in retained earnings
  - Expense turnbacks of \$837K due to vacancies and debt service payment delayed by one year.
  - \$547K attributable to FY22; DOR deduction due to grant deficit
- FY24 revenues as of 9/30 on par with prior year
- FY24 expenses within budget
- FY25 revenue estimated at \$8,066,903
- FY25 expense requests were \$7,613,771 increased to \$8,024,945 to support debt paydowns
  - Request for new position of plant operator for Well 17A facility not recommended as a vacant chief operator position is already funded
- Enterprise fund is self supporting



# Transfer Station Enterprise

- FY23 finished well with \$546,766 in retained earnings
- FY24 revenues as of 9/30 on par with prior year which had a revenue deficit
  - C & D/Bulky Waste revenues continue to be depressed
- FY24 expenses within budget
  - Budget reduced at 10/23 STM by \$30,000 for hauling costs for C & D
- FY25 revenue estimated at \$1,575,270
- FY25 expense requests were \$1,841,114 reduced to \$1,716,114
- Enterprise fund is not self supporting
  - *Rate increase on C & D/Bulky Waste proposed 11/7/23 to reflect increase in C & D disposal contract approved 10/24/23*
  - *Issue a bid for transportation of household trash*
  - *As final resort, consider sticker increase for any difference not resolved by above actions*



# Sewer Enterprise

- FY23 finished well with \$652,112 in retained earnings
- FY24 revenues as of 9/30 on par with prior year
- FY24 expenses within budget
- FY25 revenue estimated at \$4,358,902
- FY25 expense requests were \$4,762,720 reduced to \$4,445,833
  - Request for new equipment operator position not supported
- Enterprise fund is not self supporting; \$86,931 deficit
- *Rate increase of 3-4% required to maintain proposed budget level.*



# FY 25 Recommended and 5-Year Rolling Capital Plan

- Addressed in a separate presentation provided to Select Board on October 10, 2023
  - *Link to presentation:* [PowerPoint Presentation \(scituatema.gov\)](https://scituatema.gov)
  - *Link to Town Administrator Recommended Capital Plan:* [fy25-29 capital plan ta recommendations.pdf \(scituatema.gov\)](https://scituatema.gov)
  - *Link to Capital Plan project descriptions:* [Scituate, MA | Capital Projects Info | ClearGov](https://scituatema.gov)



# Continuing Obligations for FY 25 and Beyond

- Adequate supply of water and expansion of sewer capacity and connections for residents
- Fixed costs such as pension and insurances will continue to increase as evidenced in FY25
- New growth of past few years will level out at the FY25 level
- Continuing the commitment to the maintenance needs of the facilities as identified in the town-wide facilities study
- Balancing major facility needs of elementary school, water treatment plant and foreshore protection
- Lingering effects of pandemic and global economic uncertainty on operational budget and capital plan costs
- Securing grant funds to ease burden on taxpayers and meet demands for capital improvements and program support and expansion



# Continued Integration of Master Plan in Budget Process

- For the second year, capital plan submissions required users to identify which Master Plan identified goals the project will support, if any
- For the first year, department heads were asked to submit a Master Plan Compliance form with their budgets identifying how their department was supporting the identified goals in the Master Plan, if at all





Questions and/or comments?