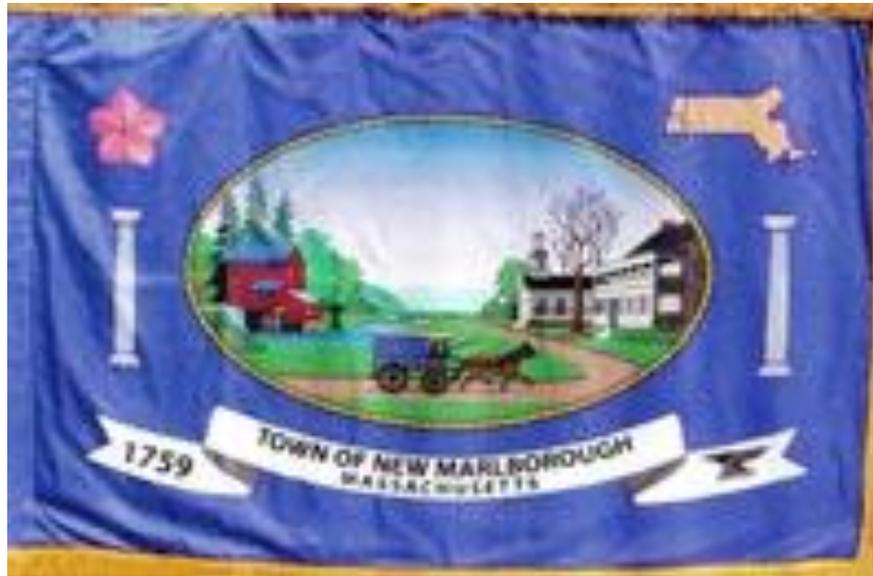


Proposed Operating and Capital Budgets

Fiscal Year 2023

April 28, 2022



Highlights of FY 2022

- Significant increase in new construction added to tax base
 - Strong demand for housing at all levels
- Continued dramatic decline in New Marlborough student enrollment in public schools
 - Will produce a significant reduction in town's share of school budget, but no clear indication if the reduction is temporary or permanent
- Federal support ARPA monies not yet fully allocated
- Increase in inflation and especially energy prices produced unanticipated stress on operating budget
- Continued substantial capital needs

Developments for FY23 (July 2022-June 2023)

- Operating Budget
 - Proposed COLA for most employees is 4.5%. Highway Union employees will receive a 7% salary increase. Police Chief and Full Time Officer will receive 7.5% salary increases.
 - Reduction in State Aid of \$62,515. This is the first year of a 15 year payback for subsidized costs of town wide wiring.
- Capital Budget
 - Review of all proposed capital expenditures over next five years based on submissions from all town departments
 - Development of funding plan for anticipated needs utilizing combination of reserve funds, stabilization fund, grant revenue and debt issuance proceeds
 - Plan to purchase emergency vehicles, road and bridges vehicles and on-going road improvement programs. Out years contemplate additional costs for town vehicles replacement and Town hall alternatives.
 - Plan reviewed and approved by both Finance Committee and Board of Selectmen— individual acquisitions to be submitted to voters for approval on town meeting warrant

Proposed Budget—Principles

- Limit annual operating budget growth to proposition 2 ½ + estimated new growth in assessed value. Maintain excess capacity (unspent capacity from prior years) for extraordinary needs
- Maintain Stabilization and Reserve Fund balances at or above recommended levels
- Shift resource mix to favor capital to address substantial needs over the next five years

Estimated Tax Capacity for FY 2023

Prop 2 ½ Allowable Growth	\$138,689
Estimated New Growth	\$56,963
Last year nonrecurring	\$180,573
<u>Excess Capacity</u>	<u>\$242,372</u>
TOTAL	\$618,597

Town budget vs. School budget

School Side

50% of allowable increase	\$ 97,826
FY 23 School increase	\$ (68,667)

Town Side

50% of allowable increase	\$ 97,826
FY 23 Town Operating increase	\$ 281,258

Town recurring operating budget increase funded in part by School District Assessment decrease.

Proposed Budget Breakdown Town vs. School district

	\$	% vs. FY 2022
TOTAL BUDGET	\$6,203,583	+ 2.2 %
Town Operating	\$3,270,383	+ 9.8 %
Stabilization/Capital	\$216,000	- 29.4 %
School Assessment	\$2,717,200	- 2.5%

Shift in use of current tax levy from Capital and Schools to recurring town budget

Proposed Budget—Comparison to Prior Year

Town Operating Budget

Increases	\$ 301,696
Decreases	\$ <u>(20,438)</u>
<i>Net Town Operating Budget Increase/Decrease</i>	\$ 281,258

School Decrease	\$ (68,667)
Debt Decrease	\$ (1,852)
One time appropriations decrease (including capital)	\$ <u>(89,758)</u>

Net Total Budget Increase/Decrease \$ 120,981

Increase is 2.2% from FY 2022

Expense Increase Highlights: Employee-Related

- Total increase related to employees- approximately \$180,515
 - Highway Union-five employees +7%: \$17,065
 - Police Chief and Full Time Officer salaries +7.5%: \$9,617
 - COLA of 4.5% for all other employees and contracts: \$26,284
 - New positions:
 - Paid Firefighter/EMT day shift (7 days per wk): \$60,000 [\$40,000 taxes/\$20,000 user fees]
 - Full Time Police Officer (combine 32 hours part time into 1 full time officer): \$12,210
 - Council on Aging Director (new stipend): \$2,500
 - Increased hours or stipends for a handful of positions: \$2,535
 - Health Insurance budget increase (8% rate increase, new police officer, and employee plan changes): \$39,269
 - Retirement Assessment increase: \$6,907
 - Medicare employer match increase: \$4,128

Expense Increase Highlights: Non-employee Related

• Town Insurance (includes Workers' Comp)	\$ 19,906
• Highway Fuel: Propane & Diesel	\$ 19,000
• Roads and Bridges	\$ 10,350
• Machinery Expense	\$ 10,000
• Police Department Expenses	\$ 9,850
• Transfer Station Expenses	\$ 8,235
• Fire Protection	\$ 7,250
• Library Expenses	\$ 5,307
• Rescue Expense (funded with user fees)	\$ 5,150
• Highway Department Expenses	\$ 4,615
• Police Department Expenses	\$ 4,325
• Assessors' Expenses	\$ 4,240
• Treasurer/Payroll Software	\$ 2,034
• Legal Counsel	<u>\$ 2,000</u>
TOTAL	\$112,262

Spending by budget category-- 2019-2023

category	FY 19	FY 20	FY 21	FY 22	FY 23
General Government	6.2%	6.3%	6.4%	6.8%	6.7%
Highway	17.2%	17.1%	18.0%	17.3%	18.3%
Schools	50.5%	49.3%	50.7%	46.3%	43.8%
Culture and Recreation	2.0%	2.3%	2.1%	2.1%	2.2%
Protection, Persons & Property	6.9%	7.7%	8.3%	8.6%	10.5%
Health & Human Services	2.1%	2.2%	2.4%	2.6%	2.7%
Debt/Stabilization/Capital	6.2%	6.7%	3.2%	6.9%	5.6%
Unclassified	9.2%	9.0%	9.1%	9.4%	10.2%
TOTAL BUDGET	\$5,633,848	\$5,821,380	\$5,863,597	\$6,069,917	\$6,203,583
Increase v. Prior Year	0.4%	3.3%	0.5%	3.5%	2.2%
Tax Rate (per\$1000/assessed valuation)	\$10.34	\$10.31	\$9.94	\$9.30	TBD
Increase/Decrease v. Prior Year	(1.0%)	(0.3%)	(3.5%)	(6.4%)	

School Budget: Historical Share and % of Total Town Budget

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
NM % of Budget	21.2	20.6	20.8	19.6	18.3
NM Assessment	2,527,490	2,865,680	2,963,602	2,785,867	2,708,400
% of Town Budget	50.4	49.2	50.7	45.9	43.7

Unprecedented decrease in New Marlborough’s share of school district budget cannot be counted on to recur. “Savings” has been used for one-time expenditures and savings for future capital needs

School District Budget: Total and Town Share

Total five town school assessment

Operating and Transportation	\$ 14,216,485
Capital	<u>\$ 274,565</u>
Subtotal	\$ 14,491,050
Roof/Boiler Bond	<u>\$ 275,563</u>
	\$ 14,766,613

New Marlborough's assessment share is
18.3%

STUDENT ENROLLMENT, BY TOWN OF RESIDENCE



Southern Berkshire Regional School District Assessments

annual change in assessments by Town

	<u>FY19</u>	<u>FY20</u>	<u>Inc/Dec</u>	<u>FY21</u>	<u>Inc/Dec</u>	<u>FY22</u>	<u>Inc/Dec</u>	<u>FY23</u>	<u>Inc/Dec</u>
ALFORD	\$384,546	\$466,253	\$ 81,707	\$464,133	-\$2,120	\$448,538	-\$15,595	\$449,604	\$ 1,066
EGREMONT	\$1,422,989	\$1,751,923	\$ 328,934	\$1,704,530	-\$47,393	\$1,757,965	\$ 53,435	\$1,950,932	\$192,967
MONTEREY	\$1,378,807	\$1,658,098	\$279,291	\$1,650,731	-\$7,367	\$1,678,894	\$ 28,163	\$1,854,452	\$175,558
NEW MARLBOROUGH	\$2,527,490	\$2,865,680	\$338,190	\$2,963,602	\$ 97,922	\$2,785,867	-\$177,735	\$2,708,400	-\$77,467
SHEFFIELD	\$6,198,936	\$7,202,643	\$1,003,707	\$7,456,312	\$ 253,669	\$7,568,836	\$ 112,524	\$7,803,226	\$234,390
TOTAL	\$11,912,768	\$13,944,597		\$14,239,308		\$14,240,100		\$14,766,613	\$526,513

Debt Service Schedule

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Hatchery Road (2026)	46,916	48,564	42,592	41,728	40,864
Fire Truck (2026)	66,000	63,800	61,600	59,400	57,200
Grader (2029)	42,900	41,600	40,300	39,000	37,700
School Roof/Boiler* (2032)	55,601	50,542	60,000*	60,000*	60,000*
TOTAL	211,417	204,506	204,492	200,128	195,764
	*School Roof/Boiler amounts estimated after FY 2023 based on previous levels				

FY 23 Town Meeting warrant includes authorization for additional \$500,000 borrowing for Road Projects as part of multi-year capital plan

Outlook for the Future

Capital Expenses:

- Roads/Culverts – 5 year road plan developed by Highway Planning Working Group, to be reviewed by outside highways consultants. Estimated cost over \$2.4 million
- Town Hall – Renovations for ADA Compliance--initial estimates will require further review
- Other Capital – Equipment purchases for highways, fire and emergency services
- Broadband – \$62,500 per year for 15 years, to be somewhat offset by solar PILOT payments

Total estimated capital needs over next five years total over \$9 million

Road program will require authorization for substantial multi-year bond financing program. To be presented to the town for approval

Five year capital plan

		PROPOSED CAPITAL PLAN												(all numbers in 1000's)								
PROPOSED PURCHASE		2023 FINANCING					2024 FINANCING				2025 FINANCING				2026 FINANCING				2027 FINANCING			
		COST	FC/SF	LOAN*	Tax levy	CHAP 90	COST	FC/SF	LOAN*	Chap 90	COST	FC/SF	LOAN*	Chap 90	COST	FC/SF	LOAN*	Chap 90	COST	FC/SF	LOAN*	Chap 90
Department																						
Highway	Plow/Dump	150	150																			
	Plow/Dump										300		300									
	Plow/Dump						175	175														
	Plow/Dump																		250	100	150	
	Plow/Dump						145	145														
	Pickup Truck										50	50										
	Brush Chipper										60	60										
	Loader Backhoe	150	150																			
	tractor with Boom Mower**																					
Roads	Upgrades	838		500		338	830		500	330	830		500	330	830		500	330	830		500	330
Police	cruiser						60	60														
Rescue Squad	Ambulance	260	260																			
Fire	Jaws of Life	41			41																	
	Pick up Truck						75	75														
	AirPacks														120	120						
	Fire Truck																		500		500	
Town hall	New/restore						2000		2000													
Total		1439	560	500	41	338	3285	455	2500	330	1240	110	800	330	950	120	500	330	1580	100	1150	330

Proposed Reserves

Stabilization	\$802,314
Certified Free Cash	\$725,363
Total Reserves	\$1,527,677
Reserve @ 10% of Town Revenues	\$677,156
Available for Use	\$850,521

Stabilization	\$ 802,314
Proposed Expenditures	\$ 260,000
Proposed Additions	\$ 150,000
Post ATM Balance	\$ 692,314

Free Cash	\$725,363
Proposed Expenditures	\$352,918
Post ATM Balance	\$372,445

Proposed Free Cash Expenditures

Certified Free Cash	\$ 725,363
Reimburse Summer Storms FY 22	\$ 52,918
Highway Truck (19.5 GVW w/ snow & ice removal).	\$ 150,000
Highway Loader/Backhoe	<u>\$ 150,000</u>
Balance	\$ 372,445

Proposed Stabilization Expenditures and Additions

Current Balance	\$ 802,314
Spend for Ambulance	\$ 260,000
Raise and Appropriate	<u>\$ 150,000</u>
New Balance	\$ 692,314

Fiscal Year 2023 Presentation

Questions? Email Mari Enoch, Town Administrator at
nmbos@newmarlboroughma.gov