



TOWN OF WESTFORD  
**OFFICE OF THE TOWN MANAGER**  
 55 Main Street  
 Westford, MA  
 978-692-5501 Fax 978-399-2557

TO: Honorable Members of the Board of Selectmen and Finance Committee

FROM: Jodi Ross *Jodi Ross*

DATE: November 21, 2019

RE: Preliminary Fiscal Year 2021 Budget Message

I am pleased to present a preliminary Fiscal Year 2021 operating and capital budget for your consideration. This [document](#) will be available on the town's website. During the preparation of our operating and capital budgets, we strived to adhere to the Board of Selectmen FY21 [Budget Policy Direction](#), to sustain our town assets through capital investment, and to maintain the level of services we currently provide.

**Summary of Fiscal Year 2021 Budget Recommendation**

<i>Revenues</i>		<i>Expenditures</i>	
Revenue	\$85,135,594	Westford Public Schools	\$61,104,109
Capital Revenue	8,631,439	Other Town Departments	24,259,100
State Aid	20,181,476	Community Preservation	807,327
Enterprise Revenue	7,907,580	Debt Service	6,076,950
Fees Applied	0	Enterprise	8,686,811
Other Available Funds	1,181,967	Unclassified	18,731,219
Debt Cash Appropriation	2,616,272	V.T.H.S.	1,025,714
		Other Amounts to be Raised	4,963,098
<b>Total</b>	<b>\$125,654,328</b>	<b>Total</b>	<b>\$125,654,328</b>

**Allocation of Additional FY21 General Fund Revenue**

Every year we have incremental revenues added to our general fund budget. These represent new funds we may distribute to budgets as needed, after first satisfying obligatory expenses such as employee and retiree health insurance, Middlesex Retirement, debt service, general insurances, Other Post Employment Benefits (OPEBs), and the carry forward of existing employees. Below is a chart identifying allocation of new revenues for FY21.

**Allocation of New FY21 General Fund Revenue**

<b>Revenue</b>	<b>FY21</b>	<b>Subtotal</b>
Revenue: Prop. 2 ½ Increase	\$1,972,455	
Revenue: New Growth	1,234,704	
Revenue: PY Excess Capacity	30,531	
Revenue: Debt Exclusions	65,820	
State Aid and Local Revenue	210,872	
State MSBA Payment – WA	(1,557,026)	
<b>Total New G/F Revenue</b>		<b>\$1,957,356</b>

<b>Allocation of New Revenue</b>	<b>FY21</b>	<b>Subtotal</b>
Employee Benefits and General Insurance	1,287,702	
Debt Service	(1,296,54)	
Override (if applicable)	0	
THS/Other	(35,255)	
<b>Subtotal</b>		<b>(\$44,095)</b>
Funds Remaining for Departmental Expenses		\$2,001,451
<b>PS Budget</b>		
Westford Public School Budget	1,477,538	
Town Operating Budgets	523,913	
<b>Subtotal</b>		<b>\$2,001,451</b>
<b>Remaining</b>		<b>\$0</b>

A more detailed analysis of the allocation may be found [here](#).

**FY20 Budget Highlights - Revenues/Reserves Summary**

In FY20 Westford received an overall 1.21% increase in State Aid, which resulted in additional revenues of \$259,768. For FY21 we are projecting to be level funded in Chapter 70 funding for our schools due to decreasing enrollment. We currently have 122 less students than last year. George Murray has projected decreasing enrollment in the future as shown in his [School Enrollment Projection Report](#). We are anticipating a 2% or \$45,134 increase in Unrestricted Government Aid, which will be updated when the Governor releases his initial budget in January. Over the past 12 years, Westford has experienced fluctuating new growth. Below is a chart showing new growth from FY08 to FY20:

Local Year	New Growth
20	1,069,837
19	740,243
18	408,857
17	707,422
16	901,454
15	1,808,449
14	1,728,677
13	1,210,815
12	992,490
11	1,016,138
10	531,068
09	1,192,267
08	682,195

We estimated new growth for FY21 at \$1,234,704 due to the Hanover apartment projects and several other developments under construction. Currently we have reserves of \$8,945,372 which represents a reserve fund balance of 8.02% of our total operating budget. After leaving 5% of the operating budget in reserves per our Budget Policy Direction, and accounting for projected appropriations at our Annual Town Meeting, our estimated reserves at year-end will be \$758,164.

Local revenue fluctuates from year to year. Following is a table showing the FY19 actual revenue received, the budget for FY20, and the local revenue projections for FY21. We will continue to monitor local revenue during the year and make adjustments if appropriate.

Revenue	FY19 Actual	FY20 Budget	FY21 Projected
Motor Vehicle Excise	3,853,028	3,760,000	3,854,000
Local Options Excise	1,269,745	1,227,800	1,258,495
Fees and Interest	208,189	175,000	179,375
Payments in Lieu of Taxes	88,152	65,000	66,625
Grants	314,422	287,000	294,175
Departmental Revenue – Cemeteries	36,000	26,000	26,650
Fees and Permits	1,429,462	895,000	917,375
Special Assessments	7,618	7,588	4,609
Fines and Forfeits	52,321	45,000	46,125
Investment Income	193,455	120,000	123,000
Medicaid Reimbursement	153,394	74,692	74,692
Miscellaneous Recurring Revenue	1,816,001	1,782,620	1,786,318
Miscellaneous Non-Recurring Revenue	362,932		
<b>Total</b>	<b>9,784,719</b>	<b>8,465,700</b>	<b>8,631,439</b>

### **FY21 Budget Highlights – Expenditures Summary**

The FY21 budget process began in August 2019. Departments were sent instructions and worksheets to target a 2.4% increase for FY21 while maintaining level services. They were also asked to submit budget projections for FYs 22 and 23.

## FY21 Budget Highlights

- **School/Town increases:** Westford Public Schools are allocated an additional \$1,477,538, which represents a 2.48% increase, including \$46,500 for their stormwater fee. We received the other town departments' budget requests initially at \$1,495,569 or 6.19% over the previous year's budget. We met with each town department head (except schools) and reviewed every line item in every budget and made reductions of approximately \$971,656 as necessary to present a balanced budget. These actions resulted in an overall town budget increase of \$523,913 or a 2.17% increase. This net amount includes adjustments for the ambulance and recreation enterprise subsidies, the town's portion of the stormwater fee of \$43,650, and the transfer of stormwater management expenses from the town departments to the enterprise fund. As will be outlined later, we are proposing to create a department of public works (DPW), which will include a new general fund budget. A portion of the salaries in the DPW budget have been charged back to the water and stormwater enterprises.
- **Capital Investment:** The Capital Planning Committee met and reviewed capital requests from all town departments and voted their initial recommendations on November 8<sup>th</sup>. For FY21, we are initially recommending \$22,034,232 in capital to be funded by our town issuing general fund bonds for \$13,104,704, water enterprise bonds for \$4,500,000, stormwater enterprise bonds for \$2,350,000, using \$1,636,272 in Free Cash, and utilizing enterprise and other available funds for the remaining \$443,256. This is a preliminary funding plan that will be revised as the department heads seek additional sources of funding (grants or Community Preservation Act funds) and submit revised quotes. As suggested by our bond rating agencies, we will continue funding capital projects with Free Cash as much as possible, and we may rely upon our Capital Stabilization Fund (with a current balance of \$445,363) if needed. We also recommend replenishing the Capital Stabilization Fund, as we committed to doing after our 2018 Fall Special Town Meeting appropriated \$700,000 to purchase 63 Main Street, with \$40,000 from Cornerstone mitigation funds and \$230,000 from Free Cash.

The current FY20 non-excluded debt service budget is \$1,566,930 which exceeds the minimum borrowing policy by \$566,930. Of this amount, \$1,170,129 is permanently bonded and the remaining balance of \$396,801 is estimated debt payments for ongoing and future projects, which includes the Abbot School roof replacement project, short term interest for the LED streetlight replacement project, the Town and School Safety Task Force (TSSTF) recommended borrowing articles for the 2020 Annual Town Meeting, and short term interest for the Carlisle Road sidewalk project contingent upon Town Meeting approval.

- **Stormwater Utility Fee/Enterprise:** In August of 2019, the Board of Selectmen voted to establish a stormwater utility fee to comply with new Environment Protection Agency (EPA) regulations under the new MS4 permit. At the October 28, 2019 Special Town Meeting, an enterprise fund was established to track stormwater revenue and expenses in a transparent manner. The FY21 budget proposal includes the initial stormwater enterprise budget in the amount of \$1,250,138, with \$600,000 being funded through the general fund and the remaining \$650,138 to be funded through user fees. Initial invoices are expected to

be sent to residents and businesses by October 1, 2020. The personal services budget includes 50% of a new heavy equipment operator, with the other 50% being allocated to the highway department and parks and grounds evenly. There is also funding for additional hours of administrative assistant help for the printing and collection of stormwater utility bills. The expense budget includes additional funding to stay in compliance with the EPA's MS4 permit, including additional street sweeping, catch basin cleaning, administrative expenses. The direct and indirect costs include personal services and expenses associated with the enterprise fund as explained in the budget. Debt service is also included in the budget as the town will over time borrow funds to improve and/or replace our \$150,000,000 worth of aging infrastructure.

- **Health Insurance:** For FY21 we are budgeting \$11,289,358 which represents a \$504,118 or a 4.67% increase over our FY20 health insurance budget. We carefully track health insurance on a monthly basis, and the FY21 budget includes a projected 8% premium increase over the projected FY20 actual health insurance expense. In November 2019, the increase for non-Medicare plans was 7.9%, while Medicare supported plans will increase by 1.5% on January 1, 2020. We will continue to monitor our health insurance bills and may revise the health insurance budget as necessary as we progress throughout the budget process. We currently have \$655,141 in a Health Insurance Stabilization Fund.
- **Other Post Employment Benefits (OPEBs):** Our FY20 contribution to our OPEB Trust Fund, which funds retiree health and life insurance, is \$1,418,957. Due to budget constraints, we are funding OPEB in the operating budget at \$1,218,957, and then appropriating an additional \$200,000 from Free Cash to meet our policy requirements. We pay our existing retiree's OPEB obligation through our health insurance budget. In FY19 that cost was \$2,158,937. This figure will fluctuate in FY20 and 21 and beyond depending on rate increases and number of retiree plans. Our OPEB Fund has a current balance of \$7,033,136, which will increase to \$8,805,093 with this appropriation. Westford's last actuarial study on June 30, 2019 reported that Westford had a \$75,282,727 net OPEB liability.
- **Middlesex Retirement Assessment:** Our Middlesex Retirement Assessment, which covers town employees and non-educators for our schools, increased by \$320,954 or 6.23% to \$5,473,719. Middlesex Retirement gives members an option to pay their full assessment on July 1<sup>st</sup> of each fiscal year. We take advantage of this discount each year, which results in a town savings of \$99,866, or a 1.79% savings.
- **Collective Bargaining Agreements:** As we budget for FY21, we have one unsettled town union contract for WPWA (Westford Public Works Association) that expired on June 30, 2019 and one contract for the IAFF (International Association of Fire Fighters) that expires on June 30, 2020. For the school department, the contracts for Unit A teachers, Unit B curriculum coordinators, Unit C school nurses, and Unit G math and reading interventionists all expire in FY20, while central office support staff, school administrative assistants, food service workers are settled through FY21. The Unit E teacher assistants, custodians, and special education transportation staff contracts are settled through FY22.

- Department of Public Works:** We are proposing to create a department of public works in our town. Similar to the finance and land use departments, we believe our town will benefit from having a consolidated department to oversee and coordinate our engineering, highway, tree warden, water, wastewater, and stormwater departments. Below is a chart showing the proposed personnel changes to establish the DPW, along with the associated funding allocations.

Position	Current Budget			Position	DPW Budget		
	GF%	WE%	SM%		GF%	WE%	SM%
				DPW Director	35%	50%	15%
Water Superintendent		95%	5%	Water Superintendent		100%	
Water Business Mgr.		95%	5%	DPW Business Mgr.	35%	50%	15%
Highway Office Mgr.	100%			DPW Office Mgr.	45%	50%	5%
Water Admin. Asst.		100%		DPW Admin. Asst.	45%	50%	5%

The DPW budget fits within the towns proposed operating budget of a 2.17% increase. The cost of implementing the DPW is an increase of \$43,776 to the general fund, \$37,669 to the water enterprise, and \$26,137 to the stormwater enterprise. Through the creation of the DPW, we expect to find efficiencies in expenses across these departments, and possible efficiencies in personal services through attrition.

- Town and School Public Safety Task Force:** The Board of Selectmen formed a Town and School Public Safety Task Force (TSSTF) after hearing concerns raised at our 2018 Annual Town Meeting about safety in our town and schools. The Task Force meets regularly and sought and received \$200,000 at our 2018 Special Town Meeting to release two Requests for Proposals (RFPs), one focusing on a Security Risk Assessment of Town and School Facilities and Procedures, and the second, to conduct a Wellness and Behavioral Health Gap Analysis for our schools and community. Our 2019 Annual Town Meeting appropriated \$200,000 in capital for TSSTF recommendations, and our 2019 Special Town Meeting appropriated \$353,000 for communication equipment in our schools and first responder radio upgrades. The preliminary capital plan for our March 2020 Town Meeting requests our town to borrow \$606,704 to provide access controls and further improve communications.
- Additional Public Safety Staffing/Overtime/Equipment:** Our town has grown substantially over the past several years, and our public safety departments are contending with an increase in calls for service, many of a complex nature. The FY21 budget policy approved by the Board of Selectmen requested that the town continue the implementation of the recommendations made two years ago by the public safety staffing review group to add five police officer and eight firefighter/paramedics. With this FY21 budget, we will have hired four police officers and five firefighter/paramedics. Although our police chief requested two additional officers to be hired July 1, 2020, we were able to fund one new full-time patrol officer to be hired in January 2021. The police chief also requested four cruisers, but we were only able to fund three. Our fire chief requested two firefighter/paramedics to be hired July 1, 2020, and we were able to fund one additional firefighter/paramedic. Both chiefs’ request for their public safety overtime budgets were reduced, and we will continue to monitor for possible supplement mid-year. Our operations

manager for our public safety communications department requested an additional dispatcher, but that request was not recommended in this budget. If our revenue projections or state aid increase before the budget is finalized, it would be our recommendation to add funding to the police and fire departments. If not, it is our intention to attempt to fund the remaining police and fire staffing requests in FY22.

- **Other Staffing Requests Not Funded:** Our highway department requested two additional heavy equipment operators and the replacement of the open highway/grounds position that we had not been able to fund for the past four years. This year we are funding half of that position through the stormwater enterprise, one quarter through highway, and one quarter through parks and grounds. Parks and grounds also requested additional seasonal help and overtime, but we could not fund \$7,375 of the request. The Board of Health requested to increase the public health nurse hours from 30 per week to 37.5, but we could not fund the request. The former substance abuse coordinator retired, and the 18 hour per week position was not funded for FY21.
- **Recreation Enterprise:** At the present time, the general fund subsidy for FY21 is recommended to be \$47,153 which is \$1,125 more than the FY20 subsidy. In FY18 and FY19, recreation had several employees who were previously on our town's health insurance plan discontinue their coverage, which resulted in larger than expected credits applied to the FY20 and FY21 budgets. This figure will continue to fluctuate from year to year.
- **Public Works Projects:** The Groton Road and Oak Hill Road intersection is now complete, including a new traffic signal, sidewalks, turning lanes and a new culvert at Gilson Brook. Capital funding for designer services in the amount of \$212,000 was used to qualify us for \$2,500,000 in MassDOT construction funding for the project. The Groton Road at Dunstable Road intersection project is substantially complete with ornamental traffic signals scheduled to arrive in February. The town's capital contribution of \$262,000 resulted in \$2,700,000 in MassDOT funding for this project. Capital funding of \$192,000 was allocated for the Beaver Brook Bridge project, which is at the 25% design stage and has been submitted to MassDOT, and they have scheduled \$1,630,000 in construction funding for 2022. A contract was awarded for \$320,000 to design the Boston Road Reconstruction Project. Construction is anticipated to take place in 2023-2024 and will include approximately \$6,000,000 in MassDOT construction funding. The Moore Road, Oak Hill Road, and Plain Road Water Main and Roadway Improvement project design contract was awarded and has reached the 25% design stage. Construction is expected to begin in April of 2020. Initial construction estimates total \$8,160,000 and we are planning to issue bonds for the project with \$3,790,000 from the general fund, \$2,020,000 from the stormwater enterprise, and \$2,350,000 from the water enterprise. The Prospect Hill Water Storage Tank Replacement Project will be completed in the spring of 2020 following the demolition of the existing tank. The Kirsi Circle and Douglas Road water main replacement project is currently in design. Construction funding in the amount of \$1,820,000 will be requested at the 2020 Annual Town Meeting, with construction anticipated to begin in June 2020. A contract was recently awarded for a town-wide culvert assessment study, funded by \$75,000 at 2019 Special Town Meeting, supplemented by a \$25,000 State grant. The town manager's office will work with the departments to

determine the best use of the Newport Materials settlement agreement, which includes asphalt for roadways, sidewalks, and recreational courts. Our best estimate at this time is a value of approximately \$345,000 in FY21.

- **Public Facilities:** In FY15 \$400,000 in capital was funded to address a wide-range of maintenance projects, which were identified in the town-wide facility condition assessment completed in FY14. An additional \$200,000 was appropriated in FY19 to continue to address our public facilities maintenance needs. We hired a new facilities director in May 2019 and he is working with the Assistant Town Manager to complete several projects that were presented before the Capital Planning Committee in FY20. As of November 2019 there is a balance of \$131,583 remaining in this account, which is earmarked for several projects slated to be completed during FYs20-21.
- **New Fletcher Fire Station 1:** Our new center fire station on Boston Road was completed in November 2019. The town originally appropriated \$1,000,000 in Free Cash and authorized a debt exclusion of \$11,772,200 to fund the design and construction. We have permanently borrowed the remaining \$845,000 in expenses at a true interest cost (TIC) of 2.01%. There is \$660,745 remaining in authorized debt that is unissued. We will ask a future Town Meeting to rescind this authorization.
- **Roudenbush Community Center:** Our Roudenbush reconstruction project was completed in December 2018, with move in, including our parks, grounds and recreation departments on the 3<sup>rd</sup> floor in January 2019. At our March 2017 town meeting, we approved \$7,012,000 including Community Preservation Act funding for 90% of the construction costs, with the remaining 10% to be bonded within the town's levy limit. We permanently bonded the project in August 2019 at a TIC of 2.89%.

**New Center Building/Public Safety Monopole:** At our 2017 Annual Town Meeting, we appropriated \$60,000 to conduct a feasibility study for a new center building, and an additional \$320,000 was appropriated at our 2018 Annual Town Meeting for design of the town center replacement building and other related expenses. The building will offer a 100-person meeting room/police training room, and a new home for our technology, veterans services, and facilities departments. The cost estimate to demolish the existing old fire station, clean up the hazardous materials on the site, construct the new building, and move the technology infrastructure to the center of town is approximately \$8,308,000. During our October 2019 Special Town Meeting, \$260,000 was appropriated to remove the public safety antennas from the existing generator building at the old fire station and construct a monopole to house the antennas next to the police station.

- **63 Main Street:** At our 2018 Special Town Meeting, our town voted to purchase 63 Main Street for \$700,000; \$600,000 being the purchase price with \$100,000 to conduct testing and secure the building. The Selectmen formed a task force to recommend future use of the property. The building is currently secured and awaiting the town's decision for reuse.
- **35 Town Farm Road:** In 2016, Town Meeting voted to declare the building located at 35 Town Farm Road as surplus. The town issued two RFPs to attempt to sell the property, which resulted in no viable options for consideration. The Board of Selectmen formed the

35 Town Farm Road Task Force in April 2019 with the charge of identifying the best future use for the property. The task force reported back to the Board of Selectmen in November 2019 and recommended that the town reissue another request for proposals seeking the redevelopment of the building into senior affordable housing and the relocation of the senior center food pantry. The task force also recommended relocating and/or reconstructing the fire department's training facilities at another town parcel in order to make the redevelopment of the Town Farm parcel more viable, and adding this requirement into the RFP at the sole cost of the purchaser of the property. The Board of Selectmen authorized the task force to continue forward with their efforts, including working with the Land Use Department to identify any obstacles with the proposed project, and working with the town manager's office to release an amended request for proposals.

- **12 North Main Street:** In September 2015, our town took ownership, by tax repossession, of the abandoned anodizing mill building located at 12 North Main Street. The Board of Selectmen formed the 12 North Main Street Task Force to actively work on developing reuse recommendations for our Selectmen to consider. The 12 North Main Street Task Force and town manager's office prepared and released several requests for proposals attempting to redevelop the site, which resulted in unsatisfactory results. The task force is working to develop recommendations for the Board of Selectmen, which are anticipated to be presented in December 2019.

### **Other Budget Variables to Consider**

The following variables may impact on our FY21 budget and need to be monitored:

- State aid
- New growth
- Infrastructure/facilities
- New Center building
- 12 North Main Street
- 63 Main Street
- 35 Town Farm Road
- Public safety needs
- Collective bargaining
- Health insurance
- N.V.T.H.S. assessment
- Energy costs
- Storm response and cleanup expenses
- Snow and ice deficit
- New exemptions (SLIDTR)

### **Summary**

Our goal is to maintain a balanced budget, which is one of the main factors Standard & Poor's considered when they increased our bond rating in May 2014 from AA+ to AAA, which is the highest rating a town may receive. On June 30, 2019, our town had another interview with Standard & Poor's. We are pleased to report that our bond rating remained at AAA. Having a higher rating translates to more favorable interest rates when we issue bonds.

As the budget process continues over the next several months, more information will be available regarding state aid and revenues, and final adjustments may be made. The town department heads and I welcome your input and suggestions as we continue through this budgeting process. We remain committed to examining each and every opportunity to be creative and conservative with our valuable town resources. It is our unwavering objective to continue to provide both the quantity and the quality of services as we have in the past for our residents.