

Town of Westford



Fiscal Year 2025 Budget Message

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Town Manager
December 12, 2023

Presentation Overview

Budget Objectives

Definition of Proposition 2 1/2

Review of FY25 Budget that reduces services to stay within the limits of Proposition 2 1/2

Review of FY25 Budget that includes a Proposition 2 1/2 override

Overview of Reserves, Capital, and Debt Service

Timeline of FY25 Budget Process

How the public can stay involved

FY25 Town Budget Objectives

Strived to adhere to Select Board [FY25 Budget Policy Direction](#)

Incorporated ideas and data from the [Budget Task Force Final Report](#)

Per Select Board guidance created two budgets:

- Reduced Services Budget that fits within Proposition 2 ½ constraints
- Level Services Budget with BTF efficiencies that requires an override

Sustained town assets through capital investment

Shared mission statements / organizational charts

Description of significant services and operational changes

Budget documents available at [2024 Annual Town Meeting](#) on our Town's website www.westfordma.gov

What is a Proposition 2 ½ Override?

- Proposition 2 ½ is a Massachusetts law enacted in 1980 that places a limit of 2 ½% on the amount of property tax revenue a community may raise through real and personal property taxes each year.
 - There's a common misconception that each individual property tax bill can only increase by 2.5%. That is not true. The tax levy as a whole increases by 2.5%. It is then divided by the full and fair cash value of all taxable and real property in town.
- When the levy limit increase is not sufficient to maintain or expand government services, the town has the option to approve a budget with cut services, or to approve a Proposition 2 ½ override.
- A Proposition 2 ½ override is a permanent increase to the town's levy limit.
- To pass, the Select Board must place an override question on the Town Meeting Warrant and then on a ballot.
- Both votes require a majority for passage.

Westford FY24 Tax Levy

FY23 LEVY LIMIT	\$88,155,336
PROP. 2 1/2 INCREASE	\$2,204,153
NEW GROWTH	\$856,873
OVERRIDES	\$0
DEBT EXCLUSIONS	\$1,485,882
AMENDED GROWTH	\$10,802
EXCESS LEVY CAPACITY	\$(1,409)
TOTAL FY24 TAX LEVY	\$92,711,637

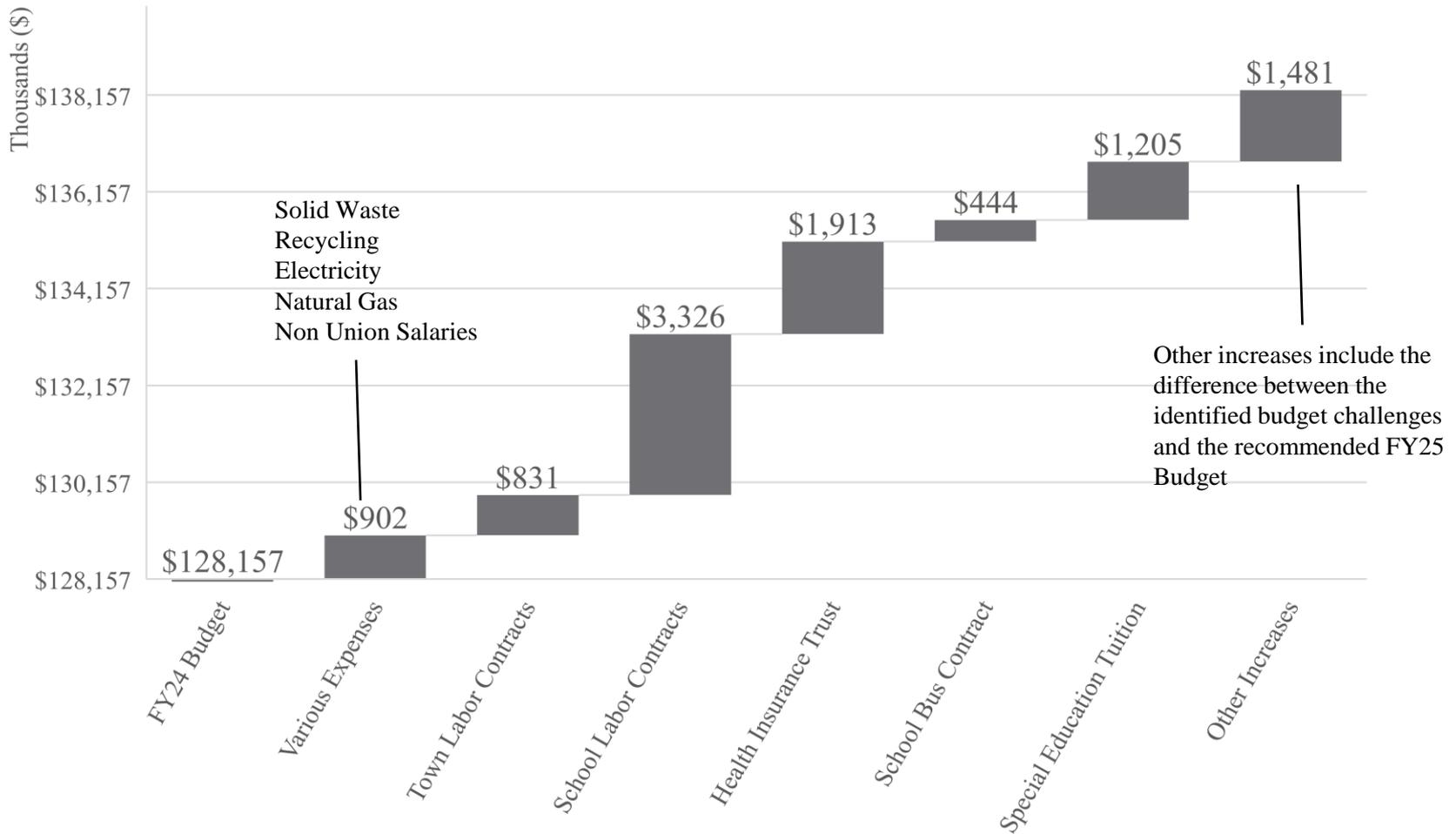
FY25 Budget Challenges

Issues identified by the Budget Task Force

- Large labor, energy and services contracts are increasing
- Inflation at a generational high following a period of low inflation
- Need to maintain commitment to competitive pay
- Rapidly growing health insurance expenses
- New revenue opportunities are limited and will take some time
 - MBTA multifamily zoning has significant new growth potential
 - FY24/25 Contracting with Economic Development consultant
- Prop 2 ½ presents real constraints that will drive deep service cuts

For more information, please see the [Budget Task Force Final Report](#)

FY25 Budget Providing Equivalent Services to FY24



With no new personnel, no new services and careful pursuit of efficiencies, our baseline budget is \$10,103,339 higher in FY25 than FY24

FY24 Budget	\$128,157K
Solid Waste/Recycling	\$321K
Utilities (Electricity and Natural Gas)	\$388K
Town Non-Union Salaries	194K
Town Collectively Bargained Union	\$831K
School Collectively Bargained Union Contracts	\$3,326K
Health Insurance	\$1,913K
School Bus Contract	\$444K
Special Education Tuition	\$1,205K
Other Operating Budget Increases	\$1,481K
FY25 Budget	\$138,261K

With no new personnel, no new services and careful pursuit of efficiencies, our baseline budget is \$10,103,399 higher in FY25 than FY24

FY25 Budget	\$138,261K
Solid Waste/Recycling	\$166K
Utilities (Electricity)	\$149K
Town Non-Union Salaries	202K
Town Collectively Bargained Union Contracts	\$808K
School Collectively Bargained Union Contracts	\$3,464K
Health Insurance	\$854K
School Bus Contract	\$250K
Special Education Tuition	\$222K
Other Operating Budget Increases	\$4,809K
FY26 Budget	\$148,959K

In FY26, total projected expenses increase by \$10.7m or 7.7%, leaving an additional 4.7m general fund deficit

FY26 Budget	\$148,959K
Solid Waste/Recycling	\$99K
Utilities (Electricity)	\$0K
Town Non-Union Salaries	209K
Town Collectively Bargained Union Contracts	\$745K
School Collectively Bargained Union Contracts	\$2,405K
Health Insurance	\$1,453K
School Bus Contract	\$262K
Special Education Tuition	\$228K
Other Operating Budget Increases	\$1,826K
FY27 Budget	\$156,186K

In FY27, total projected expenses increase by \$7.2m or 4.9%, leaving an additional 4.3m general fund deficit

Two Options for Westford

The Select Board gave direction to the Town Manager to develop two budgets for FY25

Option 1 - The non-override budget includes vast reductions to fit within the Proposition 2 ½ limit

- By Massachusetts General Law, we must present this balanced budget to Town Meeting

Option 2 - The override option includes a level services budget that would require a Proposition 2 ½ operational override

- Inflation driven cost increases have been phased in over three years
- The specific amount of the override requires a multi-year view that we will cover later in this presentation
- This requires a majority vote at Town Meeting and a majority vote at the local election

FY25 Budget – Changes to Non-Override and Override Budgets

- Integrating efficiencies of Budget Task Force work
- Finance Committee Reserve fund is reduced by \$25,000 based on the average of the past five years of appropriations
- Assessor's contracted services line item is reduced by \$23,700 as more personal property assessment will be conducted in house
- Council on Aging Building Maintenance Accounts are transferred to the Public Buildings budget under the Facilities Director
- Nashoba Tech Budget not final, but increased by 5% as Westford's enrollment is increasing by 1 in FY25
- Solid Waste and Recycling are combined into one budget – 430 Waste Collection and Disposal
 - Tonnage rates for solid waste and blended rate for recyclables are highly variable and often need adjustments mid-year, so combining the budgets will help reduce the additional administrative work

FY25 Budget – Changes to Non-Override and Override Budgets

- The Public Health Nurse is reflected as full-time in the budget – being offset by the Immunizations and Clinical Revolving fund for the additional 7.5 hours per week
- Conservation budget is increased by \$7,350 to provide staffing at the Stony Brook Conservation Land on weekends for sixteen weeks
 - Consider a pilot program – Using EBC Revolving fund to offset the cost
 - Many complaints from residents in 2023
 - May consider charging non-residents to help offset the cost
- The Water Enterprise includes \$864,000 in funding for the PFAS Treatment Facilities
- The Recreation Enterprise budget has a general fund subsidy of \$125,927 as opposed to \$263,227 in FY24
 - Reduction of administrative staff person in FY25 Budget

FY25 Town Budget Efficiencies / Revenue

Fleet fueling at DPW Garage

Centralized fleet maintenance opportunities

Comparing fee structures to our market

- Health Department just adjusted fees
- Ambulance Enterprise raised rates to market in Oct 2023

Composting to reduce solid waste tonnage

- Residential services available December 1, 2023

MBTA Zoning/Economic Development (FY26 and beyond)

Technology integration

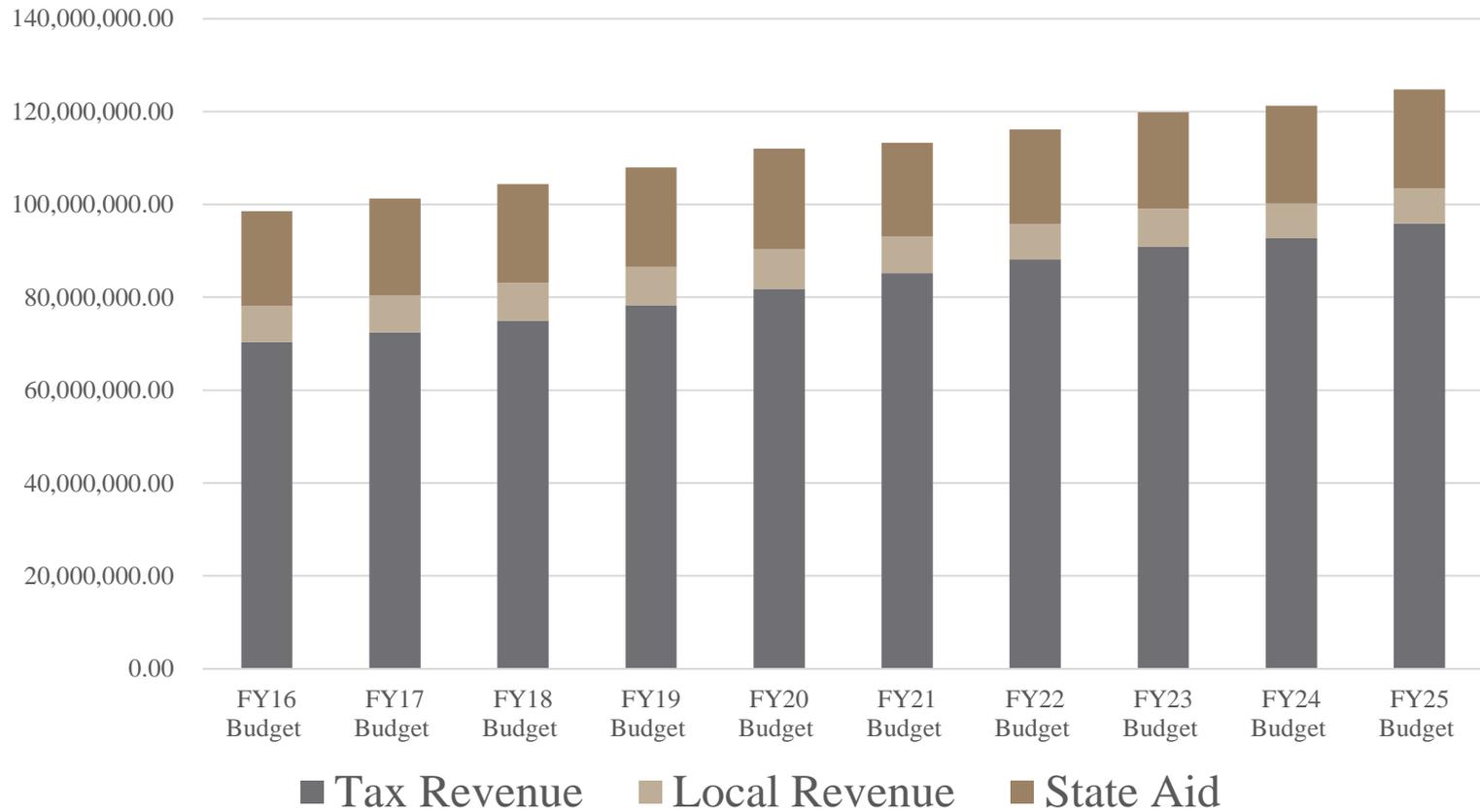
Shared service agreements both internal and external

Continue to monitor and examine health insurance opportunities

FY24 vs. FY25 Projected General Fund Revenue

Revenue	FY24	FY25	Variance
Tax Revenue	\$92,711,637	\$95,837,437	3,125,800
Proposition 2 ½ Override	0	0	0
Local Revenue	7,463,398	7,650,826	187,428
State Aid	21,087,696	21,298,573	210,877
Total	\$121,262,731	\$124,786,836	\$3,524,105

General Fund Revenue FY16 to FY25



FY25 State Aid Assumptions

Governor's budget not due until January 24, 2024

Assumptions include:

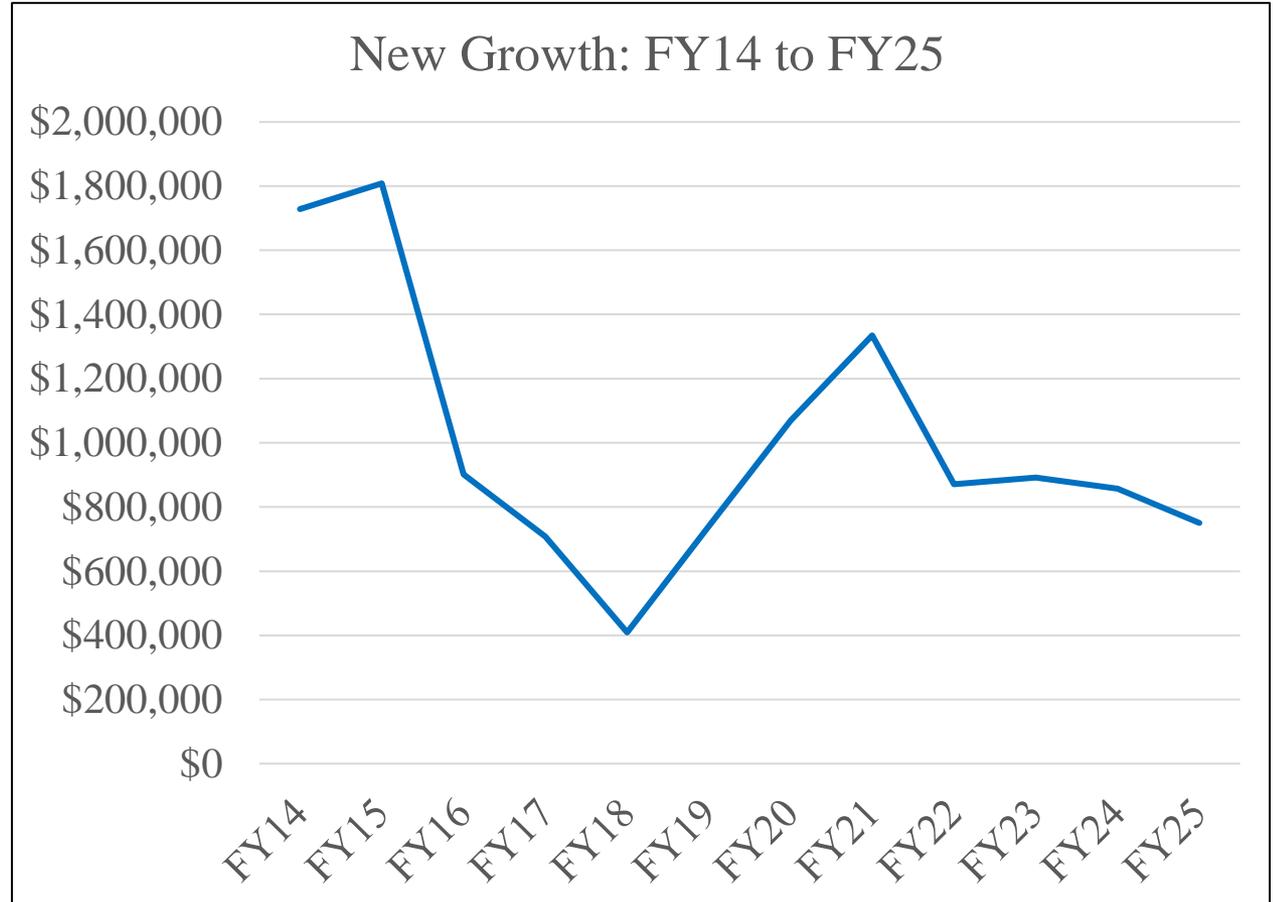
- Additional \$30 per student in Chapter 70 funding
- 1% increase to Unrestricted Government Aid
- 1% increase in all other revenue

Nashoba Valley Technical High School assessment to be adjusted after Governor's budget released

We have the ability to update the budget after the state aid figures are released

New Growth Historical Data

Fiscal Year	New Growth
FY25	\$750,000
FY24	\$856,873
FY23	\$892,263
FY22	\$870,884
FY21	\$1,234,704
FY20	\$1,069,837
FY19	\$740,243
FY18	\$408,857
FY17	\$707,422
FY16	\$901,454
FY15	\$1,808,449
FY14	\$1,728,677



Option 1 – FY25 Budget without Prop 2 ½ Override

Additional FY25 General Fund Revenue without Prop 2 ½ Override

New Revenue	FY25
Tax Revenue: Prop. 2 ½ Increase	\$2,280,679
Tax Revenue: New Growth	750,000
Proposition 2 ½ Override	<u>0</u>
Tax Revenue: PY Excess Capacity	1,409
Tax Revenue: Debt Exclusions	93,712
Local Revenue	187,428
State Aid	210,877
Total New G/F Revenue	\$3,524,105

Allocation of New Revenue without Prop 2 1/2 Override

Allocation of New Revenue	FY25
Employee Benefits and General Insurance	1,791,089
Net Debt Service	159,949
NVTHS Assessment	69,804
Other Amounts to be Raised	(382,065)
Allowance for Abatements	172,843
State Assessments	29,981
Change in Premium Reserved for Debt Service	625
Override Appropriation to Stabilization	0
Subtotal	(\$1,842,226)
Funds Remaining for Departmental Expenses	\$1,681,879
Westford Public School Budget 78%	1,317,791
Net Town Operating Budgets 22%	364,088
Subtotal	\$1,681,879
Net Remaining	\$0

FY25 Budget Highlights without Prop 2 ½ Override

- Allocating town departments additional \$364,088 or 1.30% increase
 - Reduction in public safety, community wellness, sustainability coordination, road repairs/maintenance and snow & ice operations, library hours, administrative support, building permit and inspection review, and the Healthy Lakes and Ponds initiative
 - 2 police officers, 2 firefighters, 1 dispatcher, 1 community wellness coordinator, 1 sustainability coordinator, 1 heavy equipment operator, 0.9 FTE part-time library workers, 0.4 FTE DPW business manager, interns for Permitting and Building, Building Department inspector coverage
- Allocating schools additional \$1,317,791 or 2.00% increase
 - Net Reduction of 70.2 FTE's. Examples of reductions to their budget include a reduction in teachers due to enrollment adjustments (8.4 FTE's), eliminating in-district transportation, a Data Specialist (1.0 FTE), literary specialists (3 FTE's), administration (3.0 FTE's), middle school interventionists, middle school reading teachers (2.0 FTE's), staffing at WA (11.4 FTE's), and elementary teachers (4.0 FTE's)

FY25 Budget – Example of Service Reductions without Prop 2 ½ Override

- Reduce 2 firefighters resulting in temporary closures at Rogers Fire Station
- Reduce 2 police officers impacting Community Policing Program
- Reduce 1 FT dispatcher, causing additional order-ins and employee retention issues with the dispatch center
- Reduce the Community Wellness Program that provides mental health services and programming to staff and the community – funded primarily with ARPA in FY24 – BOH Regional program is still available
- Do not fund the Sustainability Coordinator that was funded partially with a grant in FY24
- Reduce 1 heavy equipment operator causing potential delays in road maintenance and plowing
- Reduce Library Hours from 55 to 50 per week and decrease of part time staffing – The reductions still meets the MAR and State Aid is not reduced
- Decrease DPW Business Manager’s Budget to 22 hours per week placing more work on the DPW Director

FY25 Budget – Example of Service Reductions without a Prop 2 ½ Override

- Reduce Building Department coverage by 50% for when employees are out the office causing potential delays in inspections – also reduce wages for the intern that performs all the building permit scanning
- Reduce seasonal staff in the Highway, Cemetery, and Parks & Grounds budgets
- Reduce Community Outreach due Elimination of the Strategic Planning Retreat
- Decrease to staff continuing education
- Eliminate Planning Studies for the Land Use Department
- Defer maintenance to town buildings due to decrease in the Public Buildings budget
- Reduce fire box alarm expenses in Fire Department
- Eliminate Dental Service program for the Board of Health
- Reduce Veterans Services funding to meet current claims, which is low – may need supplemental funding if residents file additional claims

FY25 Budget – Example of Service Reductions without a Prop 2 ½ Override

- Reduce Parks & Grounds maintenance budget so fields may be treated and maintained less frequently
- Discontinue the Healthy Lakes & Ponds initiative to treat our water bodies - Local associations may need to treat the ponds and lakes through donations
- Delay projects recommended for bonding this year or we may have to borrow short term until a new funding plan is considered
- Reduce appropriation to the health insurance trust due to the decrease in personnel – We still may need to appropriate additional funding if claims remain high
- Increase unemployment insurance by \$35,000 to account for potential layoffs
- Reduce Recreation Enterprise funding for part-time staff by \$15,000, limiting the number of children that can participate in the after school and summer programs

FY25 Projected Expenditures without a Prop 2 ½ Override

Descripton	Town	School	Other	Total
Westford Public Schools		67,207,355		67,207,355
Other Town Departments	26,921,630			26,921,630
Community Preservation			1,121,028	1,121,028
Debt Service	2,759,077	763,747	43,300	3,566,124
Enterprise	1,497,368		8,647,322	10,144,690
Unclassified	7,819,390	14,597,760		22,417,150
N.V.T.H.S.			1,465,893	1,465,893
Other Amounts to be Raised	1,635,744	1,052,972	1,882,863	4,571,579
Total	40,633,209	83,621,834	13,160,406	137,415,449
% of Budget	29.57%	60.85%	9.58%	100.00%

Option 2 – FY25 Budget with Prop 2 ½ Override

Additional FY25 General Fund Revenue with Prop 2 ½ Override

New Revenue	FY25
Tax Revenue: Prop. 2 ½ Increase	\$2,280,679
Tax Revenue: New Growth	750,000
Proposition 2 ½ Override	8,000,000
Tax Revenue: PY Excess Capacity	1,409
Tax Revenue: Debt Exclusions	93,712
Local Revenue	187,428
State Aid	210,877
Total New G/F Revenue	\$11,524,105

Allocation of New Revenue with Prop 2 ½ Override

Allocation of New Revenue	FY25
Employee Benefits and General Insurance	2,705,609
Net Debt Service	351,387
NVTHS Assessment	69,804
Other Amounts to be Raised	(382,065)
Allowance for Abatements	44,092
State Assessments	29,981
Change in Premium Reserved for Debt Service	625
Override Appropriation to Stabilization	2,711,836
Subtotal	(\$5,531,269)
Funds Remaining for Departmental Expenses	\$5,992,836
Westford Public School Budget 77%	4,612,269
Net Town Operating Budgets 23%	1,380,567
Subtotal	\$5,992,836
Net Remaining	\$0

FY25 Budget Highlights with an \$8,000,000 Proposition 2 ½ Override

- Allocating town departments additional \$1,380,567 or 4.94% increase
 - No new services
 - No new staff
 - Includes FY25 Contract Renewals listed under the Budget Challenges
 - Integrating efficiencies of Budget Task Force work
- Allocating schools additional \$4,612,269 or 7.00% increase

Prop 2 1/2 Override 2-Year Scenario

Expenses climb rapidly FY25 through FY27, driving further service cuts in each year

To support a Baseline Budget for FY25 and FY26 would require an override of \$8m but would leave a budget cliff of \$3.2m for FY27

This includes the creation of an override stabilization fund

This is a model used successfully in a number of Massachusetts communities that generates sufficient revenue for an agreed upon period of time

A. Additional FY25 General Fund Revenue	\$3,524,105
B. FY25 budget request to maintain services	\$8,812,369
C. FY25 Budget Gap (B. – A.)	\$5,288,264
D. Appropriation to Override Stabilization Fund to Offset FY26/27 Expenses	\$2,711,736
E. FY25 Override Amount (C. + D.)	\$8,000,000

Prop 2 ½ Override 3-Year Scenario

To support a Baseline Budget for FY25 through FY27 would require override of \$9m, but would leave a budget cliff for FY28 that could be mitigated by new growth, additional efficiencies or revenues, and/or an additional operation override

Projections for an override to cover expenses for FY25 to FY27 are as follows:

A. Additional FY25 General Fund Revenue	\$3,524,105
B. FY25 budget request to maintain services	\$8,812,369
C. FY25 Budget Gap (B. – A.)	\$5,288,264
D. Appropriation to Override Stabilization Fund	\$3,911,736
E. FY25 Override Amount (C. + D.)	\$9,000,000
F. Override Stabilization to Offset FY26 Budget	\$935,900
G. Override Stabilization to Offset FY27 Budget	\$2,775,936

Potential Override Tax Bill

Estimated Impact

\$8.0M Request; \$1.19 Tax Rate Increase

Each \$1.0M Override would cost \$112.36 on the median single-family home assessed at \$756,500

% Single Family Homes	Single Family Home Value	Override Tax 2025
25%	\$558,000	\$663.02
35%	\$625,000	\$742.63
50%	\$721,000	\$856.69
59%	\$820,500	\$974.92
75%	\$891,000	\$1,058.69
90%	\$1,082,000	\$1,285.63
95%	\$1,230,000	\$1,461.49

FY25 Projected Expenditures with Prop 2 ½ Override

Description	Town	School	Other	Total
Westford Public Schools		70,501,833		70,501,833
Other Town Departments	27,923,109			27,923,109
Community Preservation			1,121,028	1,121,028
Debt Service	2,950,515	763,747	43,300	3,757,562
Enterprise	1,512,368		8,647,322	10,159,690
Unclassified	8,066,944	15,264,726		23,331,670
N.V.T.H.S.			1,465,893	1,465,893
Other Amounts to be Raised	1,635,744	1,052,972	1,754,112	4,442,828
Appropriation to Override Stabilization Fund			2,711,836	2,711,836
Total	42,088,680	87,583,278	13,031,655	145,415,449
% of Budget	28.94%	60.23%	8.96%	100.00%

Reserves

Description	FY23 Amt.	FY24 Amt.	FY24 Balance
Free Cash Balance	\$5,842,571	\$4,582,542	
Stabilization Balance	\$5,627,249	\$5,545,742	
Total Reserves	\$11,469,820	\$10,128,287	
Beginning Balance	\$11,469,820	\$10,128,287	\$10,128,287
Less: Reserve Min Balance (5%)	(\$5,920,764)	(\$5,984,133)	\$4,144,154
March Annual Town Meeting Appropriations			
Less: Capital	(\$2,768,859)	(\$2,150,472)	\$1,993,682
Less: Budget Supplementals	(\$95,000)	\$0	\$0
Less: Snow & Ice Deficit	(\$400,000)	(\$400,000)	\$1,593,682
Less: Perchlorate/OPEB/Opioid	(\$582,530)	(\$110,000)	\$1,483,682
Remaining Available Reserves	\$1,702,667	\$1,483,682	\$1,483,682
Total Reserves w/ 5% Min Bal.	\$7,623,431	\$7,467,815	\$7,467,815

FY25 Capital Investment

Preliminary Capital Planning Committee Recommendation:

Free Cash	\$2,150,472
General Fund Bonds	\$1,800,000
Enterprise Bonds	\$25,032,050
Enterprise Revenue/Retained Earnings	\$42,000
Other Available Funds	\$10,630,000
Total	\$39,654,522

**Capital Stabilization current balance: \$508,715*

Non-Excluded Debt Service

- FY25 non-excluded debt service budget is \$2,215,236 with \$1,190,775 permanently bonded and \$943,893 in estimated debt payments for ongoing projects

Town and School Safety Task Force – exterior access controls (2020)

Carlisle Road sidewalk project (2020)

Oak Hill, Plain, and Moore Road project (2020)

Plain Road Phase 1 sidewalk construction (2022)

Fire Department Tower Truck (2023)

Blanchard Middle School HVAC chiller units and ventilation fans (2023)

- Ameresco Projects to be Reviewed prior to Annual Town Meeting
- Recommended capital earmarked for bonding but not yet approved by Town Meeting include the 2 six-wheel dump trucks and 2 six-wheel swap loaders for the DPW and the Plain Road Sidewalk Phase 2 Construction

Budget Variables

- State and Federal aid
- New growth
- Solid waste and recycling
- Infrastructure/facilities
- Public Safety needs
- Energy costs – Impact from Ameresco Energy Contracts
- Clean Energy & Sustainability recommendations
- 12 North Main Street redevelopment
- Hotel/Meals excise
- Snow and ice deficit
- Override vs. Non-Override Budget

Next Steps

Future Meetings

- December 12, 2023 - Town Manager Budget Presentation
- January 9, 2024 – Joint Budget Meeting at Select Board Meeting
- January 11 to February 1, 2024 – Finance Committee Budget Hearings
- January 23, 2024 – Select Board vote to close warrant
- February 13, 2024 – Select Board sets the order of warrant articles
- March 23, 2024 – Annual Town Meeting
- May 7, 2024 – Annual Town Election

Other Considerations

Consider the impact to taxpayers

Continue to educate the public on the impact of override vs non-override budget

Examine Baseline budget to determine best service level/override level mix for Westford

Continue to review and consider implementing efficiencies and new revenue sources as identified by the Budget Task Force

How the Public Can Stay Involved

Attend the Select Board, School Committee, and Finance Committee joint meeting on January 9, 2024 (hybrid meeting)

Attend the virtual Finance Committee Budget Hearings from January 11 to February 1, 2024.

- Sign up for agendas at: <https://www.westfordma.gov/list.aspx>

Monitor www.westfordma.gov and visit the “Town Meeting” page for information regarding the budget process and supporting material

Email the Town Manager and/or Select Board with questions or concerns: klas@westfordma.gov

A variety of educational videos will be released over the next few weeks to discuss the budget challenges we are facing and how we are responding – A link will be posted when they are available

Attend Town Meeting on March 23, 2024 at 9 AM at the Westford Academy Gymnasium

Thank you

- Thank you to the Budget Task Force for your tireless efforts
- Thank you to our department heads and their staff for working with us during this difficult budget process
- We welcome your input and suggestions
- We are committed to examine each and every opportunity
- We strive to continue to provide high quality services for our residents and businesses

