



**TOWN OF WESTFORD  
OFFICE OF THE TOWN MANAGER**

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

FROM: Jodi Ross *Jodi Ross*

DATE: November 27, 2018

RE: Fiscal Year 2019 Budget Message

I am pleased to present the Fiscal Year 2019 operating and capital budgets for your consideration. As always, our goal in this budget document is to provide information in a transparent manner. Each department has included a mission statement, organizational chart, and goals, along with an explanation of any significant changes proposed. This document will be available on the town's website [www.westfordma.gov](http://www.westfordma.gov) so our residents may review the information, and follow along during our televised budget hearings if they wish to do so.

**Summary of Fiscal Year 2019 Budget Recommendation**

| <i>Revenues</i>                |                      | <i>Expenditures</i>               |                      |
|--------------------------------|----------------------|-----------------------------------|----------------------|
| <b>Tax Revenue</b>             | \$78,488,544         | <b>Westford Public Schools</b>    | \$57,928,362         |
| <b>Local Revenue</b>           | 8,201,481            | <b>Other Town Departments</b>     | 22,640,449           |
| <b>State Aid</b>               | 21,247,945           | <b>Community Preservation</b>     | 999,704              |
| <b>Enterprise Revenue</b>      | 7,902,345            | <b>Debt Service</b>               | 7,188,617            |
| <b>Reserves Applied</b>        | 0                    | <b>Enterprise</b>                 | 7,456,661            |
| <b>Other Available Funds</b>   | 1,658,808            | <b>Unclassified</b>               | 17,209,638           |
| <b>Free Cash Appropriation</b> | 2,542,755            | <b>N.V.T.H.S.</b>                 | 724,134              |
|                                |                      | <b>Other Amounts to be Raised</b> | 5,894,313            |
| <b>Total</b>                   | <b>\$120,041,878</b> | <b>Total</b>                      | <b>\$120,041,878</b> |

During the preparation of our operating and capital budgets, we strived to adhere to the Board of Selectmen FY19 Budget Policy Direction, to sustain our town assets through capital investment, and to maintain the level of services we currently provide. Additionally, as we finally achieved a balanced budget, where revenues matched operating expenses in FY16, we continued that requirement for FY19.

**FY19 Budget Highlights - Revenues/Reserves Summary**

In FY18 Westford received an overall 1.65% increase in State Aid, which resulted in additional revenues of \$344,693. For FY19, we are projecting a 0.0% increase in State Aid, which will be

updated when the Governor releases his initial budget. We estimated New Growth at \$750,000. Currently we have reserves of \$8,596,633, which represents a reserve fund balance of 7.35% of our total operating budget.

Local revenue fluctuates from year to year. Below is a table showing the FY17 actual revenue received, the budget for FY18, and the local revenue projections for FY19. We will continue to monitor local revenue during the year and make adjustments as necessary.

| Revenue                             | FY17 Actual      | FY18 Budget      | FY19 Project     |
|-------------------------------------|------------------|------------------|------------------|
| Motor Vehicle Excise                | 3,755,588        | 3,514,696        | 3,567,417        |
| Local Options Excise                | 1,168,284        | 1,168,000        | 1,185,520        |
| Penalties & Interest                | 203,018          | 188,000          | 190,820          |
| Payments in Lieu of Taxes           | 64,131           | 64,000           | 64,960           |
| Fees                                | 348,874          | 292,000          | 296,380          |
| Rentals                             | 200              | 200              | 203              |
| Departmental Revenue – Cemeteries   | 30,950           | 30,000           | 30,450           |
| Other Departmental Revenue          | 156              | 100              | 102              |
| Licenses & Permits                  | 960,556          | 875,000          | 888,125          |
| Special Assessments                 | 26,200           | 10,924           | 11,088           |
| Fines & Forfeits                    | 53,111           | 53,000           | 53,795           |
| Investment Income                   | 65,674           | 65,000           | 65,975           |
| Miscellaneous Recurring Revenue     | 1,943,762        | 1,842,035        | 1,846,647        |
| Miscellaneous Non-Recurring Revenue | 318,006          |                  |                  |
| <b>Total</b>                        | <b>8,938,510</b> | <b>8,102,955</b> | <b>8,201,481</b> |

### FY19 Budget Highlights – Expenditures Summary

- School/Town increases:** Westford Public Schools are allocated an additional \$1,372,844, which is a 2.43% increase. This consists of a 1.50% increase plus an additional \$530,000 from the 2017 override passed to fund teacher salary increases. The other town departments are allocated an additional \$564,378, which equals a 2.56% increase. When factoring the increase to the general fund subsidy for the recreation and ambulance enterprises, that figure decreases to \$558,474 or a 2.46 % increase.
- Collective Bargaining Agreements:** As we budget for FY19, we have all six town union contracts settled. OPEIU (mid-management), WPWA (Westford Public Works Association), WPA (Westford Police Association), WSO (Westford Superior Officers), and CWA (Communication Workers of America) are all settled through June 30, 2019. IAFF (International Association of Fire Fighters) is settled through June 30, 2020. The School Department is currently in negotiations with the Unit A Teachers, Unit B Curriculum Coordinators, Unit C School Nurses, and Unit G Math and Reading Interventionists, whose agreements expired in FY17. The School Secretaries, Central Office Support, and Food Service Workers are settled though FY18, while the Unit E Teacher Assistants and Custodians are settled through FY19.
- Additional Public Safety Staffing:** The FY19 budget includes funding for additional positions in both our police and fire budgets. As our town has grown substantially over the

past several years, our public safety departments are contending with an increase in calls for service, many of a very complex nature. Please see the following link to a report recently completed by a task force assigned to study this issue: [Westford Fire, Police and Rescue 2017 Public Safety/Staffing Discussion](#). Although the request from our Police Chief is to hire five new patrol officers over the next two years, and our Fire Chief is seeking to hire a full time Emergency Management Services Coordinator, and eight additional firefighter/paramedics, budget limitations prevent us from including all of these requests in the FY19 budget. We did fund two new full-time patrol officers for our police department, one to be hired in October 2018, with the second to be hired in April 2019. Our fire department is funded to hire two additional firefighter/paramedics in July 2018. We will continue to monitor the service needs of our community and report to the Board of Selectmen our findings.

- **Additional Permitting Staff Hours:** Our Land Use departments have been requesting additional staff hours for the past several years due to an increase in activities in those offices. An opportunity arose when our Assistant Town Planner resigned to increase the hours of the position from 24 to 37.5 per week. The justification for these increased hours include: monitoring compliance with conditions of approval for Conservation Commission Orders of Conditions, Planning Board decisions, and Board of Appeal decisions, preparing forms/documents such as amendments, extensions, certificates of compliance, determinations, lot releases, bonds and escrows. This position also assists with public records requests, and supports town committees such as Healthy Lakes and Ponds Collaborative, Healthy Westford, and our Master Plan, and Master Plan Implementation Committee. The FY19 increased funding for the increase in hours is \$18,951.

In addition, our October 2017 town meeting supported creating a new full time Assistant Building Commissioner position, to assist with processing permits in our Land Use department, and assist with inspections and zoning enforcement. The funding for this position is \$74,181 in FY19, or \$12,468 more than projected with the former staff of two-part time Assistant Building Commissioners.

- **Creation of Director of Facilities/Facilities Office Manager positions - consolidation of town and school's facilities maintenance operations:** At the recommendation of the Public Works Initiative Committee, the Superintendent of Schools, Town Manager staff, and many town and school department heads spent two years analyzing the logistics, feasibility, cost, and expected improvements of consolidating town and school facility oversight, maintenance, and operations. The proposal received the support of the Board of Selectmen, Finance Committee, School Committee, Library Trustees, Cemetery Commission, and the Public Works Initiative Committee. This FY19 budget includes funding a Director of Facilities and an Office Manager support position, with the schools funding 75% and the town funding 25% to properly reflect the stewardship of town buildings. Here is a link to the presentation: [Proposal to Consolidate Town and School Facilities Departments](#)
- **Recreation Enterprise:** In October our long time Parks, Grounds and Recreation Director retired, which gave us an opportunity to analyze revenues, staffing, programming, and expenses in our Recreation Enterprise account. The FY19 budget will include more detail

on programming revenue and expenses so town officials and residents have more transparency into how the department is functioning. Currently the general fund subsidy for FY19 is recommended to be \$95,395. We have hired a new Director who will start in January, so there may be future changes to the budget prior to finalizing for annual town meeting.

- **Cemetery/Veteran's Agent:** We transferred oversight of the Cemetery Department from the Recreation Director to the Town Manager's office, and reduced a 24 hour per week benefitted Cemetery administrative assistant to an 18 hour non-benefitted position to be shared with the Veteran's Agent.
- **Health Insurance:** For FY19 we are budgeting \$10,513,038 which represents a \$128,515 or a 12% increase over our FY18 health insurance budget. In November 2017, our Insurance Advisory Committee recommended, and our Board of Selectmen elected to stay with Fallon Healthcare, which included making several health plan design changes for our employees and retirees, which resulted in a net impact to the premium for current employees of a 2.74% increase. The premium for Medicare plans remained level. We currently have \$529,171 in a Health Insurance Stabilization Fund, which was established in March 2014 to assist us in case of unanticipated premium or enrollment increases. We are recommending adding \$100,000 to this account at our Annual Town Meeting due to the uncertainty of the health insurance market, and a desire by our employees to return to BlueCross BlueShield.
- **Other Post Employment Benefits (OPEB)/Middlesex Retirement Assessment:** Our FY19 contribution to our OPEB Trust Fund, which funds retiree health and life insurance, is \$995,587. Due to budget constraints, we are proposing to fund our OPEB contribution in the operating budget at \$935,164, and then appropriate an additional \$60,423 from Free Cash to meet our OPEB funding policy requirements. The OPEB Fund has a current balance of \$4,318,124, which will increase to \$5,313,711 with this appropriation. Westford's last actuarial study on July 1, 2016 showed that Westford had a \$65.9 million liability. A new actuarial analysis will be completed in FY18. Our goal to finance OPEB is to fund the normal costs, or accrued liability, for every employee hired after January 1, 2012 each year. Our Middlesex Retirement Assessment increased by \$282,787 to \$4,902,690. 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 \$92,348, or a 1.85% savings.
- **Perchlorate Remediation:** We continue to work with the Massachusetts Department of Environmental Protection (DEP) on remediation efforts related to the release of perchlorate during the blasting operations involved with the construction of our Highway Garage facility. In August 2017, the DEP authorized the town to permanently bypass the Nutting Road Treatment facility. Closure of this treatment facility is projected to annually save our town roughly \$80,000 related to utility expenses, water testing and laboratory services, and bi-annual resin replacement. The DEP has also approved reduced water sampling and testing operations in the Valley Aquifer due to minimal detectable concentration levels of perchlorate, which is projected to reduce the budget by an additional \$8,000 annually. The town's contract with our Licensed Site Professional (LSP) is anticipated to reduce by

\$10,000 due to decreased assignments and responsibilities required by the DEP. We are requesting an appropriation of \$99,537 to provide sufficient funding to continue our town's perchlorate remediation efforts in FY19.

## **Capital Investment**

Our Capital Planning Committee met and reviewed capital requests from all town departments, and voted their recommendation on November 3<sup>rd</sup> for consideration. For FY19, we are recommending \$9,315,697 in capital to be funded with our town issuing general fund bonds for \$3,452,000, water enterprise bonds for \$2,320,000, using \$1,842,795 in Free Cash, and utilizing enterprise and other available funds for the remaining \$1,700,902 of capital projects. 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 \$807,189) if needed. We are also recommending replenishing the Capital Stabilization Fund with \$40,000 at the Annual Town Meeting, which is from the Cornerstone mitigation funds, as we promised to do at our 2018 Summer Special Town Meeting.

Our FY19 proposed capital budget continues our past practice of reserving at least \$1,000,000 for non-excluded debt payments. There are two reasons for forecasting the non-excluded debt in this manner. First, the additional funding will help us pay for some of our capital needs over the next five years, and second, the non-excluded debt budget decreases over time, and if not reserved for capital, those funds may be absorbed into operational expenses and become unavailable for future capital needs. The current FY19 non-excluded debt service budget is \$1,091,033 which exceeds the minimum borrowing capacity by \$91,033. Of this \$1,091,033, \$726,878 is permanently bonded and the remaining balance of \$364,155 is estimated debt payments for ongoing projects. This budget will change as we are planning to refinance several issues in December 2017 and permanently borrow for several projects in January 2018. The FY19 budget does not include principal and interest payments for capital to be proposed at our March 24, 2018 Annual Town Meeting. We plan to borrow short-term until projects are completed and then structure the debt to maintain the minimum \$1,000,000 in non-excluded debt over the next several years.

- **Public Works Projects:**

Several public works projects were completed during 2017. We constructed sidewalks on Concord Road, Plain Road, and a portion of Main Street. We upgraded our town center curbs, sidewalks, and cross walks, which were funded by a Complete Streets grant. We completed our Main Street water main and reconstruction project, and we are finalizing the intersection at Tadmuck Road and Littleton Road - our contractors will pave the final layer of asphalt in the spring. MassDOT awarded the contract for the traffic light installation at Oak Hill Road and Groton Road. Construction will begin in April 2018. Lastly, the construction for the Prospect Hill Water Tank is expected to begin this winter. This year we are recommending funding our town roads reconstruction above our Chapter 90 funds, estimated at \$879,801, by bonding an additional \$845,000 to address road maintenance

needs as indicated by our Pavement Management System. Here is a link to the roads scheduled for paving: [FY19 Proposed Roads to be Paved](#)

- **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. Additional funding is not being requested in FY19 as there is a fund balance of \$205,590 remaining from the original appropriation that we are still in the process of expending. Once the original appropriation is fully expended we will reassess our facility needs. If approved, our new Director of Facilities will assist us in prioritizing these projects.

- **New Center Fire Station/Combined Dispatch:**

Our new combined dispatch center was completed and is operational as of November 8, 2017. Our dispatchers now answer all police and fire 911 calls in the same room, adding efficiency to our operation. Our new center fire station on Boston Road is currently being constructed, within budget, with an estimated completion date of November 2018. Our town originally appropriated \$1,000,000 in Free Cash and authorized a debt exclusion of \$11,772,200 to fund the design and construction. The winning construction bid was submitted by Castagna Construction, with construction estimated to cost \$9,881,944. The architect, owner's project manager, and engineering costs are budgeted at \$1,487,116, and \$400,000 is earmarked for fixtures, furnishings, and equipment. The total project budget at this point is \$11,769,060, which is \$1,003,200 below our original appropriation. There may be further change orders that impact this estimate over the next year of construction.

- **Roudenbush Community Center:**

During the facility condition assessment in 2014, it was determined that the Roudenbush building was in serious need of rehabilitation. Our town hired Mills Whitaker Architects for the design of the project that would bring the facility up to current building codes, as well as make it handicapped accessible. At our May 2017 town meeting, we approved \$7,012,000 including Community Preservation Act funding for 90% of the project costs, with the remaining 10% to be bonded within the town's levy limit. This summer we released public bids for the project and awarded the contract to the company NELCO, who bid \$5,848,491. NELCO began construction in November 2017 and it is anticipated to have construction substantially complete in 15 to 18 months.

- **35 Town Farm Road:**

During the 2014 town-wide facility condition assessment, it was determined that the building needed \$3,500,000 in repairs to bring it up to code. Rather than invest the money into the building, our April 2, 2016 Annual Town Meeting voted to declare the building surplus. We issued an RFP twice to sell the building, and our Selectmen agreed to terms with Yule Development, Inc. with a sale price of \$10,000 and a mandatory historical preservation restriction. Based on Yule Development's work on the Abbot Mills, we are confident that he will do an excellent job preserving and restoring this important building.

- **12 North Main Street:**

In September 2015, our town took ownership, by tax repossession, of the abandoned anodizing mill 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 prepared and released a request for proposals for the disposition of this property in May 2017. We received one proposal, which the Selectmen awarded to Yule Development, Inc, and our officials and staff are currently in the process of negotiating a purchase and sale agreement with the developer.

- **New Center Building:** At our 2017 Annual Town Meeting, we appropriated \$60,000 to conduct a feasibility study for our new Center building, which will be built to replace our existing center fire station. We are requesting \$320,000 for the design of the building, which will sit on the same footprint of the existing fire station. We have been meeting with the task force to design the building, which will include a 100-person meeting room along with office space for the technology department, Veteran’s Agent, and Facilities Director.

### **Impact of FYs 2017 & 2018 on the FY2019 Budget**

Since Cornerstone Square and Princeton Properties were completed, Westford has experienced a slowdown in new growth. In FY17, the town received \$707,422 in new growth, followed by only \$408,857 in FY18. This is significantly less than the \$1,808,449 the town received in FY15 and \$901,454 received in FY16. Because we originally estimated a new growth total of \$850,000 for FY18, the shortfall forced our town to fill a \$441,143 gap in order to recommend a balanced budget for FY19. While new growth has been falling short of expectations, local revenue has experienced increases to motor vehicle excise (+\$243,622), fees (+\$49,543), licenses & permits (+\$13,875), and investment income (+\$12,100).

### **Bond Rating**

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 October 31, 2017, our town had another interview with Standard & Poors, resulting in our bond rating remaining AAA. With the first bond for our new fire station set to be issued in January, and based on recent comparable bond issues, we expect the AAA rating as compared to the AA+ to save our tax payers over \$600,000 in interest over the next 20 years for this project.

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

The following variables may impact on our FY19 budget and need to be monitored:

- State aid
- New growth
- Infrastructure/facilities
- New Center building
- 12 North Main Street
- Health insurance
- N.V.T.H.S. assessment
- Energy costs
- Storm response and cleanup expenses
- Snow and ice deficit

## **Summary**

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. When projecting for future years, as there are many unknowns, we use conservative numbers.

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.