

Budget Task Force Joint Select Board, School Committee, & Finance Committee Meeting

Budget Task Force Presentation

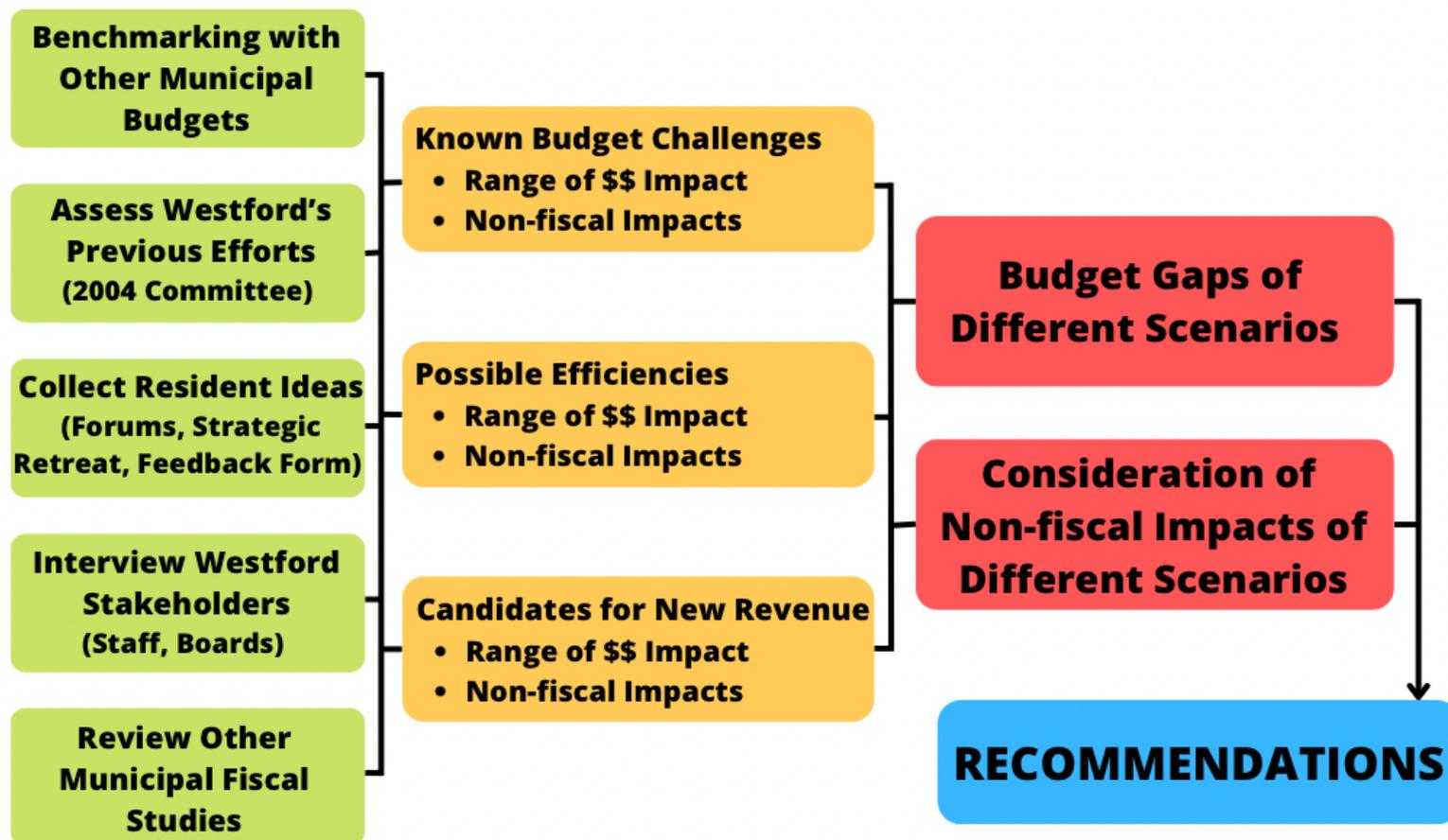
October 18th, 2023

Members: **Tom Clay**, Select Board, Chair; **Valery Young**, School Committee, Vice Chair;
Chris Chew, School Superintendent; **Shana Farnsworth**, Resident, Clerk;
Kristina Greene, Finance Committee; **Vibhu Jain**, Resident; **Kristen Las**, Town Manager;
Jenny Lin, School Finance Director; **Dan O'Donnell**, Town Finance Director;
Erika Kohl, Resident, Alternate; **Amy Lundquist**, Resident, Alternate

Agenda

- Review of Budget Challenges
- Update on Revenue Opportunities
- Benchmarking
- Potential Efficiencies
- Recommendations and Next Steps

Budget Task Force Work Plan



Research & Information

Analysis & Decisions

Budget Challenges

- Solid Waste & Recycling Contract
 - The Select Board and Recycling Commission are considering proposals from two different waste and recycling haulers.
 - Both the solid waste contract and recycling contract expire on 6/30/24.
 - ACME Waste has been our solid waste hauler since 1989; we knew we would have a significant increase once they no longer wanted to provide services.
 - In FY25, we are estimating an operating budget increase of about \$500,000. In outlying years, the increase is more reasonable at about \$75,000 per year.
- Utility Costs (Natural Gas & Electricity Supply Contracts)
 - The contract for natural gas expires on 2/28/24. The new three-year contract supply rates increase by 69.7%. The estimated annual increase is \$238,642 per contract year.
 - The contract of for electricity expire on 11/30/24. The new three-year contract supply rates are increasing by 39.6%. The estimated annual increase is \$297,994.
 - The total annual increase for the utility supply contract is \$536,636.

Budget Challenges

Government is a service industry and labor is the largest component of the operating budget. In order to meet our target for competitive pay, these are the cost estimates for labor contracts.

- Town and School Collectively Bargain Contracts
 - All Town contracts are settled through FY25 with the exception of the IAFF (Firefighters) that expires at the end of FY24
 - The estimated cost to fund contracts is \$831,400 in FY25 and \$808,400 in FY26
 - For School contracts:
 - The Coordinators and Team Leaders (Unit B) and Teacher Assistants (Unit E) have tentative agreements
 - The Custodian contract has been settled through FY25
 - The Teachers (Unit A) and Nurses (Unit C) have been settled through FY26
 - The estimated cost to fund contracts is \$3,326,392 in FY25 and \$3,464,062 in FY26
- Town Employee Non-Union Salaries
 - The Town constantly monitors market conditions for non-union personnel, which includes town department heads and other staff privy to confidential information
 - The expected costs for non-union salaries is \$193,900 in FY25 and \$201,700 in FY26

Budget Challenges

- Health Insurance Trust
 - The Town and Schools became partially self-insured on March 1, 2022
 - Since that time, our claims have increased by over 20% the past two years
 - We finished FY23 with a negative balance of \$387,079
 - The Health Insurance Trust voted to increase the rates by 15% on 9/11/23
 - Our Broker recommended a 22%
 - We had an article at Special Town Meeting to supplement the FY24 budget by \$950,000
 - We are expecting an increase of \$1,476,864 to the FY25 budget and \$1,877,000 to the FY26 budget.
- Bus Contract
 - Staff has written an RFP to solicit proposals for a new bus contract
 - Based on proposals received in other towns, we are projecting at least an 11% increase in FY25.
 - The budget impact is estimated at \$444,000 in FY25 and \$250,000 in FY26

Budget Challenges

- Special Education Fleet Leases
 - The fleet is managed in house, and currently all of the leases on our 18 vans are over 15 years old
 - The current vans have high mileage that results in higher maintenance costs
 - We are currently working on a plan to renew the leases for new vehicles and possibly supplement some of the fleet with electric vans
 - No bids have been received at the time of the Budget Task Force Report, however, the estimated impact to renew all leases in FY25 is \$132,000
- Special Education Tuitions
 - The Operational Services Division (OSD) is allowing special education private school tuition rates to increase by 14% in FY24.
 - Normal increases have historically been around 3.3%.
 - We are absorbing the 14% increase in FY24 with plans to use our Special Education Stabilization Fund or School Choice Fund, but this expense needs to be built into future budgets
 - The estimated cost to be included in the FY25 budget is \$1,204,850

Potential Revenue Opportunities

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The Budget Task Force investigated various new sources of revenue to offset the impact of the known budget challenges.

Examples include:

Town and School Facility Rentals

Sale of Town Owned Real Estate

Composting Programs

Fee Increases

Cannabis Excise

Pay as you Throw Solid Waste Program

Short-Term Rental Fees

Split Tax Rate

Real Estate Transfer Fees

Cell Tower Rentals

School Activity Fees

Bus Transportation Fees

Solar Panel Fields

Naming By-Law Fees

Expand Property Tax Work Off Program

Economic Development

MBTA Multi-Family Zoning

Proposition 2 ½ Override

Potential Revenue Opportunities

The Budget Task Force made these conclusions after completion of their research of these new revenue opportunities:

- Many of the listed opportunities were not viable due to existing laws, feasibility, current fee structures, market comparisons, etc.
- For the few that had potential for larger revenue impacts (outside of a Proposition 2 ½ override), these opportunities were not going to produce revenue quick enough to impact the current budget challenges for FY24 and FY25
- There were only a few revenue opportunities that could have a fairly immediate impact on near term budgets. However, most of these near term opportunities will only net low to medium revenue gains.

Potential Revenue Opportunities

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Near Term Revenue Opportunities:

- **Pay as you Throw Solid Waste Program** - The Select Board could consider the budget challenges and increased cost of the new waste contract when deciding whether or not to include resident charges for trash. Many peer communities offset some of the trash cost by charging residents for a percentage of what they throw. There are a few peer communities that pass the cost of trash entirely to the resident.
- **Cannabis Excise Tax** - The Select Board could further consider whether the town may want to revisit allowing recreational cannabis retail. There is a considerable amount of new information that show less community impact than originally anticipated. Westford residents who purchase recreational cannabis are purchasing in bordering towns, which is bolstering the tax revenue for those towns vs ours.
- **Increase Facility Rentals** - The town could look for other spaces that can be rented as possible revenue opportunities. Groups in town are looking for lower cost meeting spaces. The schools have successfully started a program recently that is starting to generate some revenue for the school budget. The schools could advertise their rental capabilities further to increase revenue opportunities.

Potential Revenue Opportunities

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Near Term Revenue Opportunities:

- **Ambulance Fees** - Ambulance fees were not in line with our comparable communities. The Budget Task Force noted several communities that had higher revenue numbers for ambulance services. Through conversations with the Fire Department and the Task Force, the FD did determine that it made sense to increase ambulance rates and this actually has already occurred. The FD will continue to revisit on a yearly basis or as necessary.
- **Review of Other Fees** – Currently, departments, boards, and commissions charge fees for certain aspects of their operations. These fees should be reviewed in a systematic fashion to ensure that the town is charging rates that are consistent with our market communities and covering the cost of the service.
- **Proposition 2 ½ Override** – The Town could consider a Proposition 2 ½ override.

Potential Revenue Opportunities

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Longer Term Revenue Opportunities:

- **Economic Development** - Economic development continues to be a large piece of adding revenue. The town could ensure that we are best positioned to attract economic development by ensuring correct zoning areas, adequate facilities and favorable conditions for prospective developers
- **MBTA Multi-Family Zoning** - This initiative has a strong opportunity to bring some significant revenue growth to the town. The town could work with residents and developers to carve out an option that works best for Westford from both a development and revenue perspective.
- **Solar Installations** - The Select Board could continue to evaluate using solar energy to offset energy costs. With Solar Installations, there is the ability to generate electricity, such that utility bill savings can be applied to other energy projects. While this may not immediately impact revenue growth, removing energy expenses from our annual operating budget will have long term fiscal benefits.

Potential Revenue Opportunities

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Longer Term Revenue Opportunities Continued:

- **Cell Tower Rentals** - Cell Tower rentals do add revenue through the lease income. As these come before the Select Board, we could consider these opportunities.
- **Composting Program** - The town could work with a composting company to arrange for a reduced cost composting program for residents. The more residents are composting, the greater chance that we can reduce our overall waste disposal. This will allow for some cost reduction for waste disposal services.

Benchmarking & Efficiencies

- Data analysis compared Westford spending to other municipalities or school districts
- Members are interviewing TOW department heads as well as a few select municipal counterparts
- Working to identify what Town and Schools can do collectively or separately to be effective in providing the best services for our residents, businesses and visitors, such as:
 - Leveraging technology
 - Shared services
 - Energy efficiency
 - Centralizing processes
- Balancing time constraints with the level of detail needed to determine feasibility and scope of savings

School	Town
Acton	Acton
Arlington	Andover
Chelmsford	Bedford
Concord	Belmont
Groton	Billerica
Hingham	Burlington
Holliston	Chelmsford
Littleton	Concord
Milton	Dracut
Natick	Franklin
Needham	Lexington
Sharon	North Andover
Tyngsborough	Reading
Wellesley	Shrewsbury
<u>Westford</u>	Stoneham
Winchester	Sudbury
	Tewksbury
	Wellesley
	Westborough
	<u>Westford</u>
	Westwood
	Wilmington

Benchmarking: Municipal Departments

Department	FY24 Spending
Library	\$75 per capita (vs \$99 average)
Recreation	\$11 per capita (vs \$8 average)
Health	\$19 per capita (vs \$17 average)
Council On Aging	\$25 per capita (vs \$19 average)
Dept. of Public Works	\$126 per capita (vs \$187 average)
Police	\$253 per capita (vs \$240 average)
Dispatch	\$38 per capita (vs \$29 average)
Fire	\$179 per capita (vs \$237 average)

Benchmarking: School Department

DESE Function Code		2022 Per Pupil \$
Administration	Sust/Asst Suspt/HR/Legal	37% below median
Inst'l Leadership	Principals, Dept Heads	5% below median
Teachers	Salaries, Stipends	2% below median
Other Teaching Svcs	OT/PT/etc., Subs, Paras	7% below median
Prof Development	Inst'l coaches, consultants	76% below median
Inst'l Mat'l/Tech	Textbooks, Supplies	46% below median
Guidance, Testing	Counselors, Assessments	11% below median
Pupil Services	Med/Health, Food, Transportation	16% above median
Ops & Maintenance	Custodial, Utilities	5% below median
Benefits & Fixed Charges	Retirement, Insurance	9% below median

Efficiencies:

- Invest in energy efficiency improvements for town and school buildings as part of the contract with Ameresco or other means
- Develop a strategy to reduce Westford's per household solid waste disposal to best practice levels. Westford is currently 17% above the state average for curbside collection, leading to high tipping costs to incinerate our waste.
- Review policy on funding level of the Recreation Department. Many peer communities do not have a Recreation Department or require that they be completely self-funded.
- Consider consolidating vehicle servicing and fueling versus the current patchwork of approaches and service providers.

Efficiencies:

- Consider consolidating town and school facilities management in hopes of mirroring other communities' success with this approach.
- Consider consolidating counseling/mental health support resources to improve efficiency.
- Review Westford's Health Insurance strategy to ensure it is the most cost-effective course. The expenses of our partially self-insured health care strategy have been far higher than forecasted over the past 12 months.

Continuous Improvement Ideas

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- Enhanced budget communication
 - Include revenue sources in department description to give better picture of net expense:
<https://www.lexingtonma.gov/DocumentCenter/View/8327/FY2024-Brown-Book-Amended-3-3-23>
 - Include key performance metrics for each department:
https://www.westboroughma.gov/sites/g/files/vyhlf5176/f/uploads/completefy2024budgetdocument_linked_test_final_1.pdf
 - Hold a budget kick off meeting with School Committee, Finance Committee and Select Board in early September
 - Consider renaming budget categories to be more descriptive – for example rename “unclassified” as “shared expenses”
- Routinely survey peer communities on major contracts/expenses

Continuous Improvement Ideas

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- Create 5 or 10 year capital forecast, create method to raise awareness if delayed maintenance/investment is generating risk
- Conduct and maintain a comprehensive inventory of town owned land, consider if all parcels are at best and highest use
- Highlight the large and variable nature of special education expense, consider at outset of budget process in advance of first allocation
- Revisit the list of comparable towns
- Continue to build on good practices in Westford

Summary and Next Steps

Potential next steps for Budget Task Force:

- Prepare a video summary for public education
- Prepare and present update on action status for recommendations in six months

Other questions or suggestions?



Thank you!

Please visit our Budget Task Force website for meeting recordings and minutes

<https://www.westfordma.gov/1582/Budget-Task-Force>

Feedback form for public input: <https://tinyurl.com/BudgetTFform>

Responses may be anonymous

Back up



Budget Task Force Charge

- The Budget Task Force shall be charged with recommending several scenarios for a five-year, sustainable fiscal plan for the Town of Westford. Said fiscal plan shall consider, as an example, alternative revenue sources; overrides and exclusions under Proposition 2 ½; cuts in service; contracting out of services, as well as other measures. Said fiscal plan shall include both operational and capital budgets for the Town. The Committee shall consult with pertinent departments as it formulates its plan.
- The Task Force shall present its findings to a joint meeting of the Select Board, Finance Committee, and School Committee by October 1, 2023.