

TOWN OF BOXFORD
Office of the Town Administrator
 7A Spofford Road
 Boxford, MA 01921

DATE: March 24, 2023
TO: Select Board
FROM: Brendan Sweeney, Assistant Town Administrator
RE: **FY24 Draft Budget Update**

On February 3rd, I presented the first draft of the Town of Boxford’s Fiscal Year 2024 (FY24) Operating Budget to the Finance Committee (FINCOM). At that time, the proposed budget was \$40,609,947, a \$2,812,185 (+7.44%) increase above FY23. Since that time, the Select Board has received updates of the FINCOM’s ongoing work with the Town Administrator’s office and department heads, including the Elementary Schools and Masconomet, to reduce the amount of the FY24 budget increase above FY23.

Currently, the draft Town of Boxford FY24 budget stands at **\$39,874,986, a \$2,077,224 (+5.50%) increase above FY23**. This is a slight reduction from the figure presented to the Select Board on March 13th. During their meeting on April 5th, the FINCOM will vote on the relevant Town Meeting warrant articles within their purview, including whether or not to recommend this figure for Town Meeting approval. The details of the current proposal are shown in the table below:

	Original Approved FY23 Budget	Original FY24 Budget Proposal	Current FY24 Budget Proposal	\$ Change vs. Original Proposal	% \$ Change FY23 to FY24	% Change FY23 to FY24
Education						
Elementary Schools	13,505,697	14,722,097	14,401,629	(320,468)	895,932	6.63%
Masconomet Regional Assessment	11,131,422	12,117,265	11,917,575	(199,690)	786,153	7.06%
Essex Technical School Assessment	407,347	407,347	380,512	(26,835)	(26,835)	-6.59%
Town Government	9,561,586	10,141,469	10,003,501	(137,967)	441,915	4.62%
Essex Regional Retirement Assessment	1,551,592	1,742,530	1,742,530	-	190,938	12.31%
Debt Service						
Non-Excluded	593,585	588,749	588,749	-	(4,836)	-0.81%
Excluded	746,533	590,490	590,490	-	(156,043)	-20.90%
Other Post Employment Benefits (OPEB)	300,000	300,000	250,000	(50,000)	(50,000)	-16.67%
TOTAL BUDGET	37,797,762	40,609,947	39,874,986	(734,960)	2,077,224	5.50%

When factoring in anticipated revenues, which includes an assumed 2.5% tax levy increase, figures from the Governor’s FY24 state budget proposal, and estimates for smaller revenue streams based on historical data, **the proposed Town of Boxford FY24 budget, as shown above, is out of balance by -\$1,496,951.** More details regarding anticipated revenues are outlined in the forecast on pages 8 – 9.

There is one notable swing in the Town’s FY24 revenue projections that is worth singling out. As many of you are aware, as part of the contract extension agreement currently under negotiation with Waste Management, the Town will shift from the current manual curbside collection approach to instead utilize Waste Management’s automated curbside collection technology. This switch will yield a comparative savings for the Town,¹ however, it will result in a **loss of roughly \$300 K in annual trash sticker revenue for the Town**, due to the fact that stickers for the bags within the standardized containers that are necessary for automated curbside collection will no longer be required (and stickers will now only be used for “overflow” bags). To put this swing into context, the 2.5% increase to the Town’s tax levy mentioned on the preceding page only amounts to a 1.5% increase when net against the \$300 K in lost trash sticker revenue, meaning that **the shift to automated collection and the loss of trash sticker revenue alone will result in a roughly 1% additional increase to the tax bills of Town residents in FY24.** This impact is shown in the tables on page 10 of this memo.

As was outlined in my March 13th memorandum to the Select Board, the Boxford Elementary School Committee and administration reduced their original FY24 budget proposal by -\$287,406 during their meeting on March 9th, some of which was made possible by use of federal Elementary and Secondary School Emergency Relief (ESSER) grant funding, which expires in September 2024. During their March 23rd meeting, the Boxford Elementary School Committee and administration further reduced their proposal by an additional -\$33,062, for a total reduction of -\$320,468 vs. their original FY24 budget proposal. The specific alterations made by the Elementary Schools are shown on page 7, with those changes made on March 23rd highlighted in yellow.

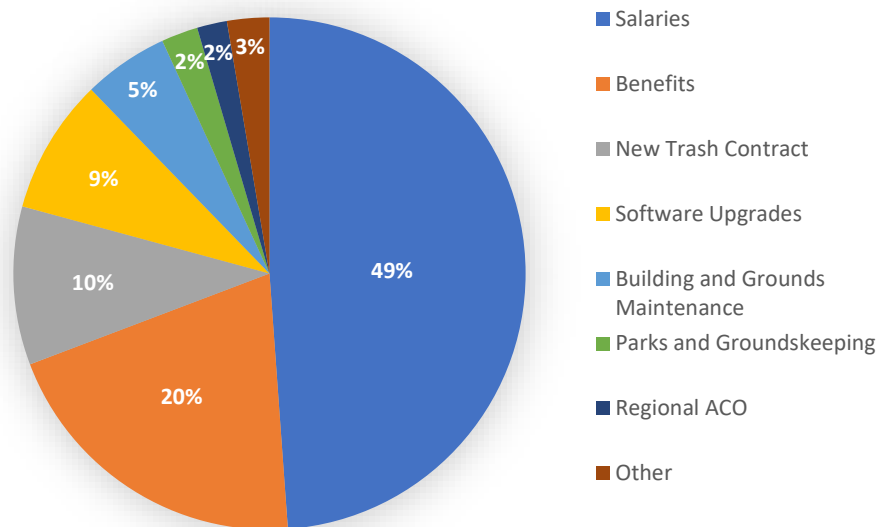
Since March 13th, the Masconomet Regional School Committee and administration reduced their district budget by -\$231,927 (also using ESSER funding), resulting in a -\$85,836 reduction for the Town of Boxford’s assessment. This is net against an increase in the Town’s required “net school spending” calculations when compared to the other two Masconomet member communities, as well as a removal of the \$167,451 cost to the Town of Boxford for the proposed turf field design costs assessment.²

¹ In FY24, the Town is projecting to spend \$769,602 on curbside collection with the automated collection system, a 6% increase vs. FY23. If the Town had opted to maintain the manual collection status quo instead, the Town would have spent anywhere between \$893,226 to \$961,111 (depending on the length of the contract extension), an increase of between 23% to 32% vs. FY23.

² The original Masconomet FY24 assessment figure included the estimated amount (at the time) of \$235,281 for Boxford’s share of the design costs for a new turf field. That amount has since been reduced to \$167,451 and will be funded through a free cash appropriation, if approved at Town Meeting through a separate warrant article.

The FY24 Town Government budget is **\$10,003,501, a \$441,915 (+4.62%) increase above FY23**. As has been noted in previous memorandums to the FINCOM and Select Board, much of the FY24 Town Government budget increase above FY23 is tied to “non-discretionary” spending increases. The breakdown of all increases in the FY24 Town Government budget is shown in the chart below; as you can see, the large majority (69%) of the increase is tied to salaries and benefits.

Breakdown of FY24 Town Government Budget Increase vs. FY23



- **Salaries: +\$218,046**
 - Includes implementation of compensation plan for non-union, benefitted employees.
 - Assumptions for ongoing negotiations with 5 unions accounted for in this figure.
- **Benefits: +\$86,540**
 - This increase is largely due to health insurance costs (+\$68,210) increasing 8.36% above FY23.
 - The Town was able to mitigate this increase by bundling voluntary employee dental through MIAA.
- **New Trash Contract: +\$44,602**
 - (Further details noted on previous page)
- **Software Upgrades: +\$38,040**
 - The increases shown are for the addition of annual expenses for new Pro Phoenix CAD/RMS dispatch software and OpenGov online permitting software, net against savings from the removal of old software systems currently in use.
- **Building and Grounds Maintenance: +\$24,033**
 - Estimated increases due to the new Center at 10 Elm.

- Parks and Groundskeeping: **+\$10,316**
 - Requested additional funds to improve quality of playing fields in Town.
- Regional Animal Control Officer and Animal Inspector: **+\$8,448**
 - The Town Administrator’s office is currently pursuing state grant funding to potentially help offset the FY24 cost of the program.
- All Other Spending Adjustments: **+\$11,890**
 - This figure include a -\$10,000 reduction in the Town’s litigation account vs. FY23.³
 - The +\$11,890 figure is the result of +\$31,781 in combined spending increases across 24 different line items, net against -\$9,891 in reductions to 9 separate line items, as well as the -\$10,000 reduction noted above.

Notably, the proposed FY24 Town Government budget does not include the \$75,000 necessary to maintain the Fire Department’s operation of the Medical Response Pilot Program. Currently, the Town Administrator’s office is planning to propose that the Select Board put this program before Town Meeting for approval through a separate warrant article. If approved, an additional \$75,000 in property tax revenue will need to be raised to support the program in FY24, amounting to an additional +0.23% increase to the tax levy.

As noted above, the FINCOM will meet on April 5th to vote on all matters of relevance regarding Town Meeting warrant articles. Though they have not yet taken a formal vote, the FINCOM has indicated through revised guidance that **any increases above 4.67% over FY23 will be subject to a Proposition 2 ½ operational override vote**. This would mean that **\$266,316 of the FY24 Masconomet assessment** shown on page 1 and **\$265,216 of the FY24 Elementary School budget** shown on page 1 would be need to be approved at the ballot box, for a **total operational override request of \$531,532**. This is illustrated within the FY24 budget detail on pages 5 – 6, in the forecast on page 9, and the potential tax increases that Boxford homeowners would have to bear is shown in the tables on page 10.

Another item that the FINCOM has reviewed throughout the FY24 budget development process is the Town’s annual contribution to the Other Post-Employment Benefits (OPEB) trust fund. In recent years, that contribution has been \$300,000; however, given the current financial situation, the FINCOM will likely reduce that amount to \$250,000. The FINCOM has indicated that it is willing to do so only due to the relative strength of Boxford’s OPEB trust funding levels when compared to the Commonwealth and other municipalities.

Included in this memo is a more detailed breakdown of the currently proposed Town of Boxford FY24 budget on pages 5 – 6, a list of the reductions made by the Elementary Schools from their original FY24 budget proposal on page 7, an FY24 revenue/expense forecast on pages 8 – 9, and a series of tables demonstrating the proposed tax increases for the median and average home owner on page 10.

³ This account was funded at \$70,000 in FY23; the FY24 proposal is \$60,000. Actual spending in this account has only exceeded \$50 K once in previous four fiscal years.

FY24 Town Budget

As it will appear on Town Meeting Warrant

	Actual Expended FY21	Budget FY22	Approved Budget FY23	Draft Budget FY24	\$ Change FY23 to FY24	% Change FY23 to FY24
General Government						
Select Board & Administrator	325,833	306,794	329,663	351,284	21,621	6.56%
Legal	136,899	82,447	98,361	88,361	-10,000	-10.17%
Technology	220,400	220,421	226,576	264,616	38,040	16.79%
Town Clerk	128,920	124,275	131,213	140,748	9,535	7.27%
Land Committee	0	0	500	500	0	0.00%
Land Use	88,868	91,238	93,958	104,874	10,916	11.62%
Utilities & General Maintenance	331,341	361,897	332,007	356,041	24,034	7.24%
Other Insurance	383,829	395,144	421,780	432,325	10,545	2.50%
Total General Government	1,616,090	1,582,217	1,634,058	1,738,748	104,690	6.41%
Financial Administration						
Finance Committee	0	179	1,010	1,010	0	0.00%
Finance Committee Reserve	175,000	175,000	175,000	175,000	0	0.00%
Municipal Finance Departments	459,379	495,884	541,556	515,392	-26,165	-4.83%
Total Financial Administration	634,379	671,063	717,566	691,402	-26,165	-3.65%
Public Safety						
Police Salary	1,264,032	1,282,172	1,379,937	1,443,348	63,411	4.60%
Police Non Salary Expenses	88,769	84,208	104,020	111,045	7,025	6.75%
Fire Salary	649,651	654,579	688,530	711,760	23,230	3.37%
Fire Non Salary Expenses	83,903	96,239	107,009	112,063	5,054	4.72%
Building Inspection/Zoning Bd	146,609	164,743	169,821	178,159	8,338	4.91%
Sealer of Weights & Measures	431	425	431	431	0	0.00%
Animal Inspector	5,279	5,335	5,830	0	-5,830	-100.00%
Animal Control Officer	36,963	32,633	45,722	60,000	14,278	31.23%
Communications Salary	398,344	477,540	445,374	459,793	14,419	3.24%
Communications Non Salary Exp.	103,518	80,694	108,511	110,538	2,027	1.87%
Total Public Safety	2,777,498	2,878,569	3,055,185	3,187,137	131,952	4.32%
Education						
Elementary Schools*	12,802,280	13,122,122	13,505,697	14,136,413	630,716	4.67%
Essex NS Agricultural/Technical School	274,070	402,602	407,347	380,512	-26,835	-6.59%
Masconomet Operational Assessment*	10,961,352	10,773,426	11,131,422	11,651,259	519,837	4.67%
Total Education	24,037,702	24,298,150	25,044,466	26,168,184	1,123,718	4.49%

*Does not include operational override amounts

FY24 Town Budget

As it will appear on Town Meeting Warrant

	Actual Expended FY21	Budget FY22	Approved Budget FY23	Draft Budget FY24	\$ Change FY23 to FY24	% Change FY23 to FY24
Public Works						
Cemeteries	994	142	500	500	0	0.00%
Trash/Recycling Pickup & Disposal	720,684	691,800	737,382	778,984	41,602	5.64%
Snow & Ice Removal	376,360	403,000	133,000	133,000	0	0.00%
Fuel Depot	58,764	93,730	75,000	75,000	0	0.00%
DPW Salaries	610,042	648,533	678,357	716,124	37,767	5.57%
DPW Non Salary Expense	378,736	395,976	433,364	439,842	6,478	1.49%
Total Public Works	2,145,579	2,233,180	2,057,603	2,143,450	85,847	4.17%
Human Services						
Board of Health	150,741	160,929	179,817	183,329	3,512	1.95%
Council on Aging	130,984	141,763	171,910	182,932	11,022	6.41%
Veterans' Benefits	47,000	40,703	45,000	48,564	3,564	7.92%
HAWC Program	2,000	2,000	2,000	2,000	0	0.00%
Tri Town Council	29,614	31,095	31,095	31,095	0	0.00%
Total Human Services	360,339	376,490	429,822	447,921	18,099	4.21%
Culture & Recreation						
Library Salaries	319,414	356,431	374,952	385,088	10,136	2.70%
Library Non Salary Expense	110,150	126,557	134,184	135,544	1,360	1.01%
Celebrations/Events	3,904	4,425	4,425	4,425	0	0.00%
Cultural Council	0	3,000	3,000	3,000	0	0.00%
Historic District Commission	0	0	375	375	0	0.00%
Total Culture & Recreation	433,468	490,412	516,936	528,432	11,496	2.22%
Employee Benefits						
Health Insurance (non school)	668,836	657,629	815,913	884,123	68,210	8.36%
OPEB Contribution	300,000	300,000	300,000	250,000	-50,000	-16.67%
Essex Retirement Assessment	1,423,044	1,523,087	1,551,592	1,742,530	190,938	12.31%
Medicare/Life Ins (Town/School)	194,193	202,146	209,503	217,288	7,785	3.72%
Unemployment Insurance	15,595	13,371	15,000	15,000	0	0.00%
Salary Reserve	0	0	110,000	150,000	40,000	36.36%
Total Employee Benefits	2,601,668	2,696,233	3,002,008	3,258,942	256,934	8.56%
Debt Service						
Permanent Debt Service	852,459	875,702	1,340,118	1,179,239	-160,879	-12.00%
Masconomet Debt Assessment	111,736	105,545	0	0	0	#DIV/0!
Total Debt Service	964,195	981,247	1,340,118	1,179,239	-160,879	-12.00%
Initial Budget Proposal	35,570,917	36,207,561	37,797,762	39,343,454	1,545,692	4.09%
Masconomet Override				266,316		
Elementary Schools Override				265,216		
Fire Department Medical Response Pilot Program				75,000		
Revised Budget				39,949,986	2,152,224	5.69%

**Boxford Elementary Schools
Budget Overview**

Updated: 3/23/2023

Approved FY2023 Budget	13,505,697		
Add: Fincom Guideline	<u>630,716</u>	4.67%	265,215.95
FY2024 Guideline Budget	14,136,413		

Starting Point - Pre Draft I Proposed FY24 Budget	<u>14,722,097</u>	1,216,400	9.01%
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Proposed Budget Requests					
Salary Items	Proposed Adjustment	Change to Budget Increase	Budget Increase %	Comments	School Committee Action
Operations Supervisor	35,150.00	1,181,250.00	8.75%		APPROVED 3/9/23
Facilities Utility Truck - Operations & Maintenance	6,738.00	1,174,512.00	8.70%		APPROVED 3/9/23
Use Additional Esser III Funds	80,000.00	1,094,512.00	8.10%		APPROVED 3/9/23
Non Public Tuition	100,000.00	994,512.00	7.36%		APPROVED 3/9/23
.50 FTE Psychologist	51,205.00	943,307.00	6.98%		APPROVED 3/9/23
Nurse Assistant	14,000.00	929,307.00	6.88%		APPROVED 3/9/23
Insurance Premium	(16,937.00)	946,244.00	7.01%	Premium is 8.9% versus 8.0%	APPROVED 3/9/23
Adjustment Counselor .20 FTE	19,233.00	927,011.00	6.86%	To be covered by another funding source	APPROVED 3/23/23
Science from Scientists	15,000.00	912,011.00	6.75%		APPROVED 3/9/23
Travel Expense	250.00	911,761.00	6.75%		APPROVED 3/9/23
Districtwide - Other Non - Employee Expenses	2,000.00	909,761.00	6.74%		APPROVED 3/9/23
Insurance Premium	10,829.00	898,932.00	6.66%	Decrease in premium from 8.9% to 8.36%	APPROVED 3/23/23
Overall Supplies, Tech, ad PD	3,000.00	895,932.00	6.63%		APPROVED 3/23/23

320,468.00
14,401,629.00

FY24 Revenue/Expense Projection - Current FY24 Budget Proposal (with Operational Overrides)

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Forecast	Comments
Revenue							
*Tax Levy (before excluded debt)	28,223,169	29,259,250	29,943,000	30,969,271	32,075,815	33,048,357	2.5% increase above (FY23 Tax Levy + New Growth)
Excuded Debt Added Tax Levy	1,236,303	1,159,689	610,168	691,782	746,533	590,490	
New Growth added to tax rate	227,546	191,761	219,222	310,699	166,484	166,484	FY23 Actuals
Unrestricted State Aid	502,630	516,201	516,201	534,268	563,118	574,380	FY24 Governor's Budget Proposal
Other State Receipts	180,561	203,236	197,869	228,091	285,317	308,296	FY24 Governor's Budget Proposal
Chapter 70	1,726,753	1,750,975	1,747,903	1,768,093	1,811,833	1,833,463	FY24 Governor's Budget Proposal
Motor Vehicle Excise Tax	1,726,665	1,627,627	1,619,559	1,500,000	1,600,000	1,700,000	Estimate
Trash Sticker Revenue	261,708	261,807	325,881	321,729	330,000	23,520	\$6 sticker, less \$1/bag pickup fee for WM and \$0.10 estimated production cost, multiplied by estimated 2 overflow bags per year for 2,400 households (estimate based on current curbside collection usage data from Waste Management)
Other Local Receipts	778,741	818,134	965,318	777,646	770,000	775,000	Estimate based on FY22 actual and first quarter FY23 receipts
Other (Masco debt reimb FY23)	431,993	-	150,000	-	183,169	-	
Subtotal	35,296,069	35,788,680	36,295,121	37,101,579	38,532,269	39,019,990	
Less Local Receipts to Replenish Free Cash	300,000	200,000	100,000	200,000	200,000	100,000	Reduction per FINCOM recommendation
Total Revenue Estimate	34,996,069	35,588,680	36,195,121	36,901,579	38,332,269	38,919,990	
Excess Levy Capacity	1,520,493	1,435,870	1,738,252	1,734,999	1,730,799	1,737,095	

FY24 Revenue/Expense Projection - Current FY24 Budget Proposal (with Operational Overrides)

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Forecast	Comments
Adjustments to Revenue							
Snow & Ice Deficit Previous Year	196,290	187,172	199,969	200,661	200,000	200,000	Estimate
Essex Technical High School	289,030	304,486	269,300	402,602	407,347	380,512	Current FY24 draft assessment for Boxford
Reserved for Abatements	149,331	145,832	155,951	161,378	150,000	150,000	Estimate
State Charges	152,733	168,077	172,759	180,236	174,489	191,954	FY24 Governor's Budget Proposal
Subtotal	787,384	805,567	797,979	944,877	931,836	922,466	
Excluded Debt:							
MASCO Debt (excluded)	410,037	409,017	111,736	105,545	-	-	
Other Excluded Debt (Permanent)	540,282	522,765	498,432	586,237	710,091	590,490	
Other Excluded Debt (BAN ESTIMATE)	225,871	168,794	-	-	36,442	-	
Subtotal	1,176,190	1,100,576	610,168	691,782	746,533	590,490	
Total Committed Expenses	1,963,574	1,906,143	1,408,147	1,636,659	1,678,369	1,512,956	

Other Appropriations:	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Budget	FY24 Draft	
Masconomet Budget	10,206,544	10,668,997	10,961,352	10,773,426	11,131,422	11,651,259	+4.67% vs. FY23. Does not include \$167,451 Town of Boxford assessment for design costs of a new turf field
Elementary School Budget	12,218,594	12,513,767	12,702,686	13,079,977	13,505,697	14,136,413	+4.67% vs. FY23
Town Departmental Budget	8,188,414	8,506,596	8,454,541	8,777,365	9,561,586	10,003,501	Current proposal (+4.62% vs. FY23)
Other Post-Employment Benefits (OPEB)	350,000	300,000	300,000	300,000	300,000	250,000	Reduction per FINCOM recommendation
Non-Excluded Debt Service	116,297	30,369	92,613	167,628	593,585	588,749	
Essex Regional Retirement Assessment	1,268,935	1,339,233	1,423,044	1,523,087	1,551,592	1,742,530	
Total Town & School Budgets	32,348,784	33,358,962	33,934,236	34,621,483	36,643,882	38,372,453	

Total Estimated Expenses 34,312,358 35,265,105 35,342,382 36,258,142 38,322,251 39,885,409

Balance	683,711	323,575	852,738	643,437	10,018	-965,419
Amount to draw from Excess Levy Capacity	0	0	0	0	0	965,419
Available Excess Levy Capacity	1,520,493	1,435,870	1,738,252	1,734,999	1,730,799	1,737,095
Remaining Amount to be Raised Above Excess Levy Capacity	0	0	0	0	0	0

% Increase of Tax Levy Above +2.5%	2.99%
Revised Total % Increase of Tax Levy Above FY23	5.49%
Additional \$75,000 for Medical Response Pilot Program	0.23%
Revised Total % Increase of Tax Levy Above FY23 if Medical Response Pilot Program is Approved	5.73%

Required Override

266,316	Override required to balance current FY24 budget proposal
265,216	Override required to balance current FY24 budget proposal
531,532	Total Required Override Amount

4.64%	% Increase of Tax Levy Above +2.5% if override passes
7.14%	Revised Total % Increase of Tax Levy Above FY23 if override passes
0.23%	
7.38%	Revised Total % Increase of Tax Levy Above FY23 if both Overrides and Medical Response Pilot Program are Approved

Property Tax Impact of Proposed FY24 Budget

	FY23 Value	FY23 Tax Rate	FY23 Tax Bill	1% of FY23 Tax Bill
Median Home Value	\$782,200	\$13.84/thousand	\$10,825.65	\$108.26
Average Home Value	\$840,866	\$13.84/thousand	\$11,637.59	\$116.38

Current Proposal	Assumed 2.5% Increase over FY23	Incremental Increase Above 2.5% (+4.64%)	Cost of Funding Medical Response Pilot Program	Proposed FY24 Tax Bill Increase (+7.38%)	Proposed FY24 Tax Bill
Median Home Value	\$270.64	\$502.31	\$24.90	\$797.85	\$11,623.50
Average Home Value	\$290.94	\$539.98	\$26.77	\$857.69	\$12,495.28

4.67% Town and Schools Spending Increase Cap	Assumed 2.5% Increase over FY23	Incremental Increase Above 2.5% (+2.99%)	Initial Proposed FY24 Tax Bill Increase (+5.49%)	Initial Proposed FY24 Tax Bill	Incremental FY24 Tax Bill Increase if Overrides Pass and Medical Response Pilot Program is Approved (+1.88%)	Revised FY24 Tax Bill if Overrides Pass and Medical Response Pilot Program is Approved
Median Home Value	\$270.64	\$323.69	\$594.33	\$11,419.98	\$203.52	\$11,623.50
Average Home Value	\$290.94	\$347.96	\$638.90	\$12,276.49	\$218.79	\$12,495.28

	Average Trash Sticker Spending Per Household Currently	% of Tax Bill Increase Tied to "Trash Sticker Savings" with no Overrides or Medical Response Pilot Program	% of Tax Bill Increase Tied to "Trash Sticker Savings" if Overrides Pass and Medical Response Pilot Program is Approved
Median Home Value	\$134.05	23%	17%
Average Home Value	\$134.05	21%	16%