



Town of Reading



**Town Meeting
June 15, 2020**

FY21 Budget





FY21 Budget

	<u>Warrant Report</u>	<u>Budget votes</u>
Covid-19 Revisions	pages R1-R27	R32
Overview	pages 17-28	

Shared Costs	pages 29-34 & 151-159	lines B99 to F99
Town Government	pages 35-79	lines G91 to M92
School Department	pages 80-141	line U99

Enterprise Funds	pages 143-150	lines W99 to Z99



Overview - Reserve Status

June 2020

FREE CASH July 1, 2019	\$ 15,641,661
• November 2019 TM	(1,696,953)
• June 2020 TM	(365,000)
• June 2020 TM – FY21 budget	<u>(2,018,000)</u>
	\$ 11,561,708
GENERAL STABILIZATION FUND	\$ 1,705,000*
FINCOM Reserves	<u>300,000</u>
TOTAL	\$ 13,566,708

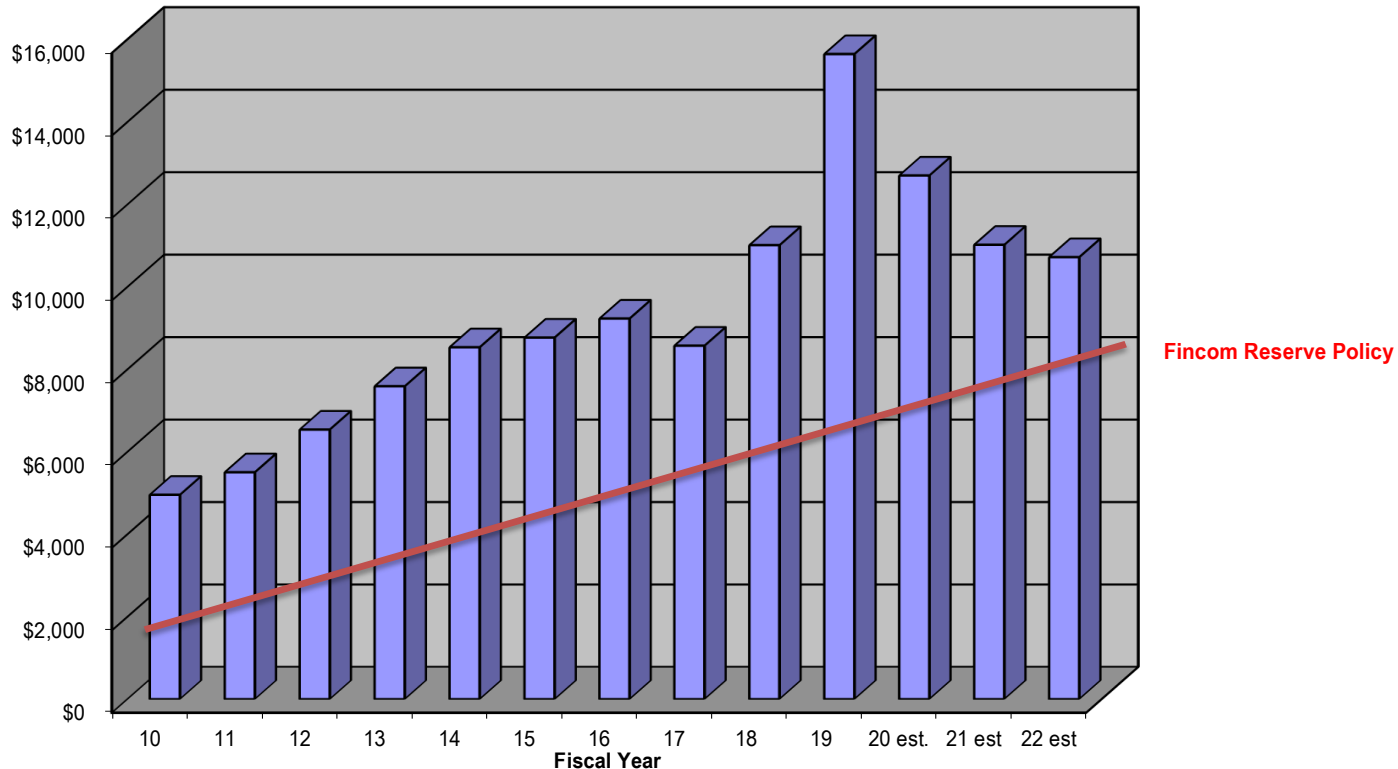
13.2% of estimated \$102.9 million FY21 net available revenue;
FINCOM Policy is 7% minimum

**total excludes funds designated for specific purpose*



Free Cash

Ten Year Actual History Projected out 3 Years (\$ Thousands)



2020-2022 figures assumes \$1.5 million regeneration and \$2.018 million in uses FY20 and \$1.5 million in uses in FY21 and FY22. FY21 also assumes additional free cash will be used at Nov. TM to add back \$930K for capital that was cut and \$400k of free cash at Apr 21 TM to add back the OPEB funding that was cut.



Regeneration of Reserves

- **Receive more revenues than expected**
 - Last six years range from +\$1.0 mil to +\$2.5mil;
 - State Aid, new growth and excise taxes vary widely;
 - Known one-time variances are purposely ignored in forecast
- **Spend less expenses than budgeted**

Average recent sources:

 - Town Government 68%
 - Schools 12%
 - Shared Costs & other 20%
- **Combination is called ‘regeneration’**

\$1.5 million assumed minimum – serves as basis for spending that much Free Cash to balance annual budgets



Debt Authorizations

	<u>Date Authorized</u>	Article Number	Amount	Appropriation made for the					Amount
			<u>Authorized 30-Jun-19</u>	<u>Authorized</u>	<u>Issued</u>	<u>SBA or other Grant</u>	<u>Retirement Of BANS</u>	<u>MWRA Issued</u>	<u>Rescinded</u>
			\$	\$	\$	\$	\$	\$	\$
MWRA I/I Sewer Loan	04/22/13	15	460,000					460,000	—
Birch Meadow Field Lighting	04/27/15	4	900,000					900,000	—
MWRA Sewer I & I Phase 12	11/15/18	9	1,040,000						1,040,000
MWRA Sewer I & I Phase 13	11/15/18	9	1,040,000						1,040,000
Turf II W Lighting	04/22/19	15	2,225,000		1,607,000				618,000
Building Security	04/22/19	16	4,000,000		3,523,000				477,000
Auburn Water Tank Replacem	04/22/19	17	4,500,000						4,500,000
Grove St Water Main Improv	04/22/19	18	1,000,000		935,000				65,000
			\$ 15,165,000	\$ —	\$ 6,065,000	\$ —	\$ —	\$ 1,360,000	\$ 7,740,000



FY21 Projected General Fund Revenues

(\$ millions)

	FY20	FY21 Original	Covid Changes	FY21 Revised	Revised Change
Prop Taxes	75.35	77.86	-0.15	77.71	+3.1%
Local Revs	7.83	8.47	-0.69	7.78	-0.6%
State Aid	14.54	14.90	-1.50	13.40	-7.8%
Trf & Avail	4.06	4.07	-0.05	4.02	-1.1%
Sub Total	101.78	105.30	-2.39	102.91	+1.1
Reserves Used	1.00	1.25	+0.93	2.018	+101.8%
TOTAL	102.78	106.55	-1.46	104.93	+2.1%



FY21 Spending Scorecard

Pages 28 & R32

(\$ millions)

	FY20	FY21 Original	Covid Cuts	Covid Adds	FY21 Revised	Revised Change
Shared Costs	26.68	27.78	-1.61	+0.10	26.27	-1.6%
Town Gov't	28.99	29.56	-0.15	+0.17	29.58	+2.0%
Schools	46.77	48.41	-0.16	+0.06	48.32	+3.3%
General Fund	102.44	105.76	-1.92	+0.33	104.17	+1.7%
Water	6.72	7.01	-0.12		6.89	+2.6%
Sewer	7.21	7.43	-0.69		6.74	-6.5%
Storm Water	0.55	0.54			0.54	-2.3%
PEG Access	0.60	0.61			.061	+2.1%
Enterprise Funds	15.08	15.59	-0.81	0	14.78	-2.0%
TOTAL	117.52	121.35	-2.73	+0.33	118.95	+1.2%



Shared Costs

(\$ millions)

		FY20	FY21 Revised*	Change
B99	Benefits	\$17.99	\$18.42	+2.4%
C99	Capital	3.62	2.01	-44.4%
D99	Debt	4.44	4.99	+12.6%
E99	Vocational Schools	0.45	0.55	+21.6%
F99	FINCOM Reserves	0.20	0.30	+50.0%
	Shared Costs	\$26.68	\$26.27	-1.6%

***Covid cuts: -\$1.61mil**
(-\$780k B99; -\$930k C99; +\$95k E99; +\$100k F99)



FY21 Benefits (Line B99)

(\$ millions)

Employee & Retiree Benefits

\$18.42 + 2.4%

Retirement

\$ 5.37 +11.7%

Pension Assessment	5.23	+25.0%
OPEB	0.10	-82.6%
Other	0.04	-20.0%

Medicare

\$ 0.99 - 1.3%

Health Insurance

\$ 11.49 - 1.3%

Premiums	11.20	- 1.8%
Other	0.29	+20.8%

Worker Compensation

\$ 0.35 + 0.6%

Indemnification

\$ 0.13 + 6.7%

Unemployment

\$ 0.10 + 26.7%



FY21 Capital (C99)

<u>Proposed Capital spending</u>		<u>\$2,007,000</u>	<u>-44.4%</u>
\$ 300k	Energy Improvements Phase II/Design		
\$ 50k	Permanent Building Committee funding		
\$ 50k	School Facilities		
\$ 15k	Town Facilities		
\$ 215k	School technology projects, phone upgrade, wiring design		
\$ 200k	Town technology projects; water tank telecom equip.		
\$ 40k	Parks/Field study & playground improvements		
\$ 232k	Fire turnout gear & breathing air compressor		
\$ 380k	DPW equipment (backhoe, tractor, grinder & compressor)		
\$ 500k	Road and sidewalk repairs		
\$ 25k	General fence improvements		

*FINCOM Policy: a minimum of 5% to be spent on **capital + debt** inside the tax levy / suspended for FY21 through at least November 2020 Town Meeting*



FY21 Capital (C99)

Capital spending reductions from original plans - \$930,000

- \$150,000 Facilities CORE (-\$100k PBC; -\$50k equip defer to FY22)
- \$200,000 School wiring project (defer to FY22)
- \$ 25,000 Admin Services (defer wiring project to FY22)
- \$ 10,000 Library equipment (not needed)
- \$120,000 Public Services (defer 3 \$40k project startups)
- \$250,000 DPW Equip (move \$25k up one year; defer \$275k out one year)
- \$ 75,000 DPW Parks/Cem (cut \$50k parking lots; reduce Fencing by \$25k)
- \$100,000 DPW Roads (Cut sidewalk/curb and skim coating by 50% each)



FY21 Debt (D99)

Pages 29-34
Pages 151-159

Debt Service	\$4,993,600	+12.6%
debt premiums paid	\$ 8,739	
within levy	\$2,136,676	
<i>School buildings</i>	\$ 772,488	
<i>All buildings - energy</i>	\$ 492,388	
<i>Building security</i>	\$ 491,760	
<i>RMHS Turf II</i>	\$ 227,940	
<i>Roadway Improvements</i>	\$ 152,100	
excluded from the levy	\$2,848,182	
<i>Schools (ends 2024)</i>	\$1,400,882	
<i>Library (ends 2025)</i>	\$1,447,300	



Vocational Education (Line E99) & FINCOM Reserves (Line F99)

*Pages 33-34
& R13-14*

Vocational Education **\$550,000** **+21.6%**

This figure annually estimates enrollment, and sometimes needs to be amended at a future Town Meeting.

FINCOM Reserves **\$300,000** **+50.0%**

FINCOM is requesting \$100,000 above recent fund levels in order to respond to Covid-19 costs during the year, in order to avoid a possible need to otherwise call a Special Town Meeting. We are also unsure what details will surround future Town Meetings that might be called.



Town Government Overview

(\$millions unless specified)

	FY20	FY21 Original	Covid Cuts (\$)	Covid Adds (\$)	FY21 Revised	Revised Changes
Admin Services	3.02	3.15	-8,375	+35,000	3.17	+5.0%
Public Services	1.90	1.84	-24,625	+35,000	1.85	-2.2%
Finance	0.92	0.93	-4,425		0.93	+0.9%
Public Safety	11.80	12.09	-6,500	+15,000	12.09	+2.6%
Public Works	6.14	6.29	-67,375	+5,000	6.23	+1.5%
Public Library	1.76	1.81	-10,000		1.80	+2.4%
Facilities	3.45	3.44	-28,700	+75,000	3.49	+1.0%
TOTAL	28.99	29.56	-150,000	+165,000	29.58	+2.0%

School Dept.	46.77	48.42	-157,000	+60,000	48.32	+3.3%
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Administrative Services +5.0%

Wages (G91) and Expenses (G92)

Wages \$1,563,775 (+6.2%)

Expenses \$1,608,600 (+3.9%)

Wages

- \$46.8k increase in elections costs; ~+3% increase otherwise

Expenses

- COVID-19 expenses added \$25k for legal and \$10k Town Manager Reserves
- Professional development expenses reduced by 10% in revised budget
- Town Manager Reserves increased for Police Department Operational Review
- Cultural Council support level increased modestly from \$5k to \$6k
- Increase in Property/Casualty insurance associated with industry trends
- Increase in legal costs for cable negotiations requirement
- Higher election costs due to two more elections than in FY20



Public Services -2.2%

Wages (H91) and Expenses (H92)

Wages \$1,541,425 (+2.7%)

Expenses \$313,500 (-20.8%)

Wages

- Community Service Director position reinstated mid year FY20
- Veteran's Service Officer hours reduced
- Vacant position in Human/Elder Services reduced from 35hrs/wk to 28hrs/wk
- Addition of \$30k for COVID-19 Health wages

Expenses

- Decreased need for support of our Veterans' is projected
- Professional development expenses reduced by 10% in the revised budget
- COVID -19 Expense added \$5k to H/E Services for emergency meals



Finance **+0.9%**

Wages (I91) and Expenses (I92)

Wages **\$775,625** (+2.1%)

Expenses **\$150,550** (-4.7%)

Wages

- Small Overtime reduction

Expenses

- Maintain Regional Assessing arrangement with Wakefield
- Professional development expenses reduced by 10% in revised budget
- Reductions in Banking and Tax Title fees



Police

Wages \$5,480,650 (+3.1%)

Expenses \$299,600 (-13.1%)

Wages

- No changes to staffing levels
- Increase OT

Expenses

- Funding for cruisers cut back to two cruisers per year
- Additional \$5,000 for COVID-19 safety equipment
- Professional development expenses reduced by 10% in the revised budget



Coalition

Wages \$145,375 (+3.8%)

Expenses \$9,500 (-4.0%)

Wages

- No change in staffing;
- May add civilian mental health position in FY22 if supported by dept. review

Expenses

- Professional development expenses reduced by 10% in the revised budget



Fire and EMS

Wages \$5,307,875 (+2.7%)

Expenses \$202,500 (+5.6%)

Wages

- No staffing changes
- Increase in OT

Expenses

- COVID-19 Expense: \$10k added for medical supplies

NOTE:

- Department awarded very competitive \$600,000 SAFER grant
- A portion of these funds will support this budget over the next few years



Dispatch

Wages \$620,200 (+4.4%)

Expenses \$36,000 (+7.5%)

Wages

- Wage increases in new Contract driven by salary survey of peer communities
- Grant shown as offset to wages only per Town Accountant

Expenses

- Professional development expenses reduced by 10% in the revised budget



Public Works +0.7% total

Division Wages (K91) and Expenses (K92)

Wages \$2,789,700 (+2.4%)

Expenses \$845,025 (-4.2%)

Wages

- Five seasonal positions are eliminated as part of revised budget
- Trust fund continues to pay a portion of Cemetery wages

Expenses

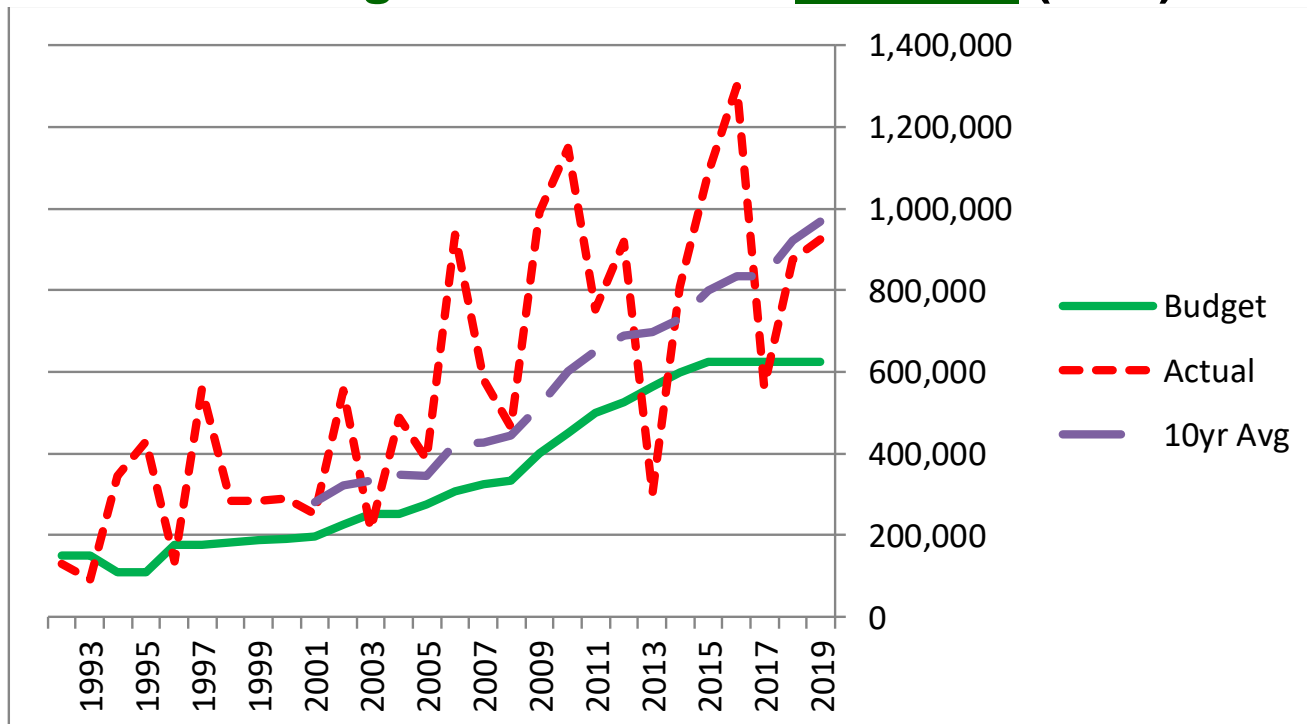
- Professional development expenses reduced by 10% in the revised budget
- Safety equipment and training required to meet OSHA regulations
- Line painting funding increased to include the entire town, and some high traffic areas being painted twice
- Town Forest Thinning Project removed from FY21 budget
- Increase funding for shade trees



Public Works

Snow & Ice (K93)

Snow & Ice funding level funded at \$675,000 (+0%)



'Underfunded' on purpose: why eliminate teachers & public safety in case we have a light winter (FY12 & FY16 & FY20) ?



Public Works

Street Lights (K94) and Rubbish (K95)

Street Lighting \$145,000 (-12.0%)

- Costs continue to be modest

Rubbish \$1,775,000 (+4.8%)

- Significant volatility in industry – long term contracts may or may not hold



Public Library +2.4%

Wages (L91) and Expenses (L92)

Wages \$1,432,295 (+3.0%)

Expenses \$372,100 (+.3%)

Wages

- Small increase in hours for Communications Specialist
- Changes to shift schedules will eliminate need for overtime

Expenses

- Library materials budget reduced by \$10k in the revised budget
- Materials budget complies with 13% Municipal Appropriation



Facilities +1.0%

CORE Facilities (M91) and Town Buildings (M92)

CORE \$3,149,300 (+1.0%)

Town Bldgs \$338,650 (-1.1%)

- Recall that a third portion of this department is voted as part of the overall School Budget
- CORE building budgets for extraordinary repairs has been reduced by 20%
- CORE building budgets for other maint. & repairs has been reduced by 20%
- Professional development expenses reduced by 10% in the revised budget
- Additional \$75k for COVID-19 expenses for organizational safety equipment
- Decreases in electricity and natural gas related to Performance Contracting
- Sharp increases in water/sewer charges based on past years' being underbudgeted for some school buildings
- Town building cleaning services have stabilized after increase last year



Pages 99-161

School Department



Enterprise Funds Overview

- Select Board set combined rates as unchanged effective Fall 2020;
Water \$10.70/hcf (+3.2%);
Sewer \$10.70/hcf (-3.0%);
Storm Water \$60/residential (unch)
- Significant ongoing capital expenses in Water and Sewer
- The Covid-19 changes are as follows:
 - -\$116,000 Water (-\$66k MWRA; -\$50k capital reduced)
 - -\$690,000 Sewer (-\$360k MWRA; - \$330k planned debt deferred)
- Sharp reduction in Spring 2020 payments – mix of water conservation and grace period for penalties
- Rates set incorporate flat water usage and some payment slowdowns, but these will need to be monitored



Water Enterprise Fund (W99)

Rates +3.2%

- Wages +3.1%
- Overhead expenses -2.8% (-7.4% pension assessment, +9.1% OPEB contr.)
- Operating expenses +10.1% (increase in service meter costs)
- Support to general fund costs +3.2%
- Capital & Debt planned at +3.0%
- = Total Local costs + 2.8%
- MWRA assessment +1.1%
- = Gross budget +2.2%
- Use \$800k Reserves to minimize rates
- = **Net budget +0.4% (rate increase needed to offset payment slowdown)**



Sewer Enterprise Fund (X99)

Rates -3.0%

- Wages +4.7%
- Overhead expenses -0.9%
- Operating expenses +12.6%
- Support to general fund costs +3.2%
- Capital & Debt planned at -34.0%
- = Total Local costs -14.0%
- MWRA assessment -3.3%
- = Gross budget -6.2%
- Use \$525k Reserves to minimize rates
- = **Net budget -6.2% (rate decrease is less because of payment slowdown)**



Storm Water Enterprise Fund (Y99)

Rates \$60/residential SF home (unchanged)

- Wages +3.9% no changes in staffing
- Overhead expenses -26.9% (no pension assessment)
- Operating expenses +9.6% (new OSHA safety requirements)
- Support to general fund costs +3.2%
- Capital & Debt planned at -4.8%
- = Total Local costs -1.4%
- Use \$90k Reserves to offset some capital costs
- = **Net budget +1.0%**

FUTURE

- => Federal regulations impact – unknown but forecast very high for state
- => Local Infrastructure - 3 river projects

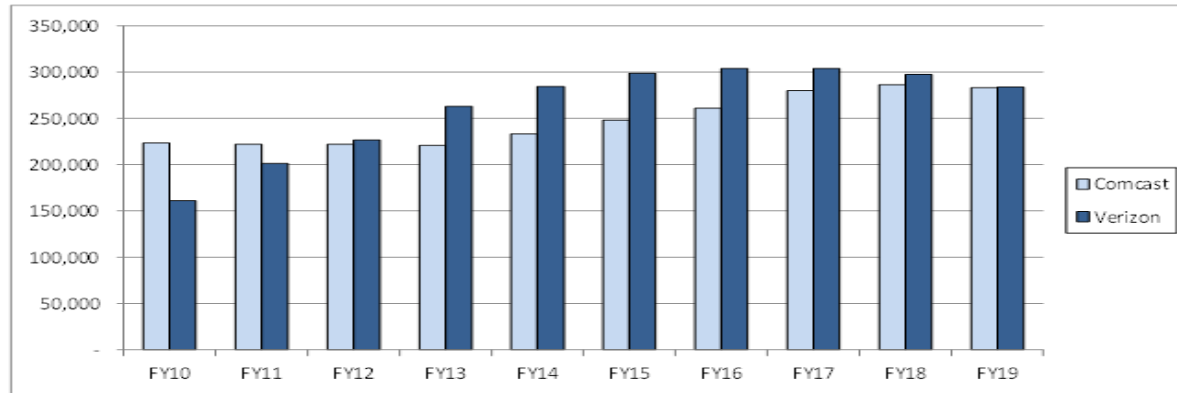


PEG Access Enterprise Fund (Z99)

PEG Access \$612,500

PEG ACCESS REVENUES RECEIVED

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	5 yr Ave	10 Yr Ave
Comcast	223,516	221,812	222,324	220,564	233,001	248,340	261,345	279,553	286,324	282,892	304,500	287,000	282,923	256,066
Comcast Capital	-	-	-	-	-	-	-	-	-	97,500	32,500	32,500	32,500	16,250
Verizon	161,038	201,547	226,884	262,959	284,657	298,382	303,624	303,583	297,655	284,055	278,000	293,000	293,383	274,135
Total	384,554	423,359	449,208	483,523	517,658	546,722	564,969	583,136	583,979	664,447	615,000	612,500	608,806	546,450



	FY17 Actual	FY18 Actual	FY19 Actual	Projected FY20	FY21 BUDGET	FY19-20 Change
GENERAL FUND SUPPORT	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	100.0%
PROFESSIONAL SERVICES	\$ 583,137	\$ 583,979	\$ 664,447	\$ 614,000	\$ 611,500	-0.4%
PEG EXPENSES	\$ 583,137	\$ 583,979	\$ 664,447	\$ 615,000	\$ 612,500	-0.4%