

Fiscal Year 2021 Budget

Initial Budget Presentation

(This is NOT the proposed FY2021 Budget)

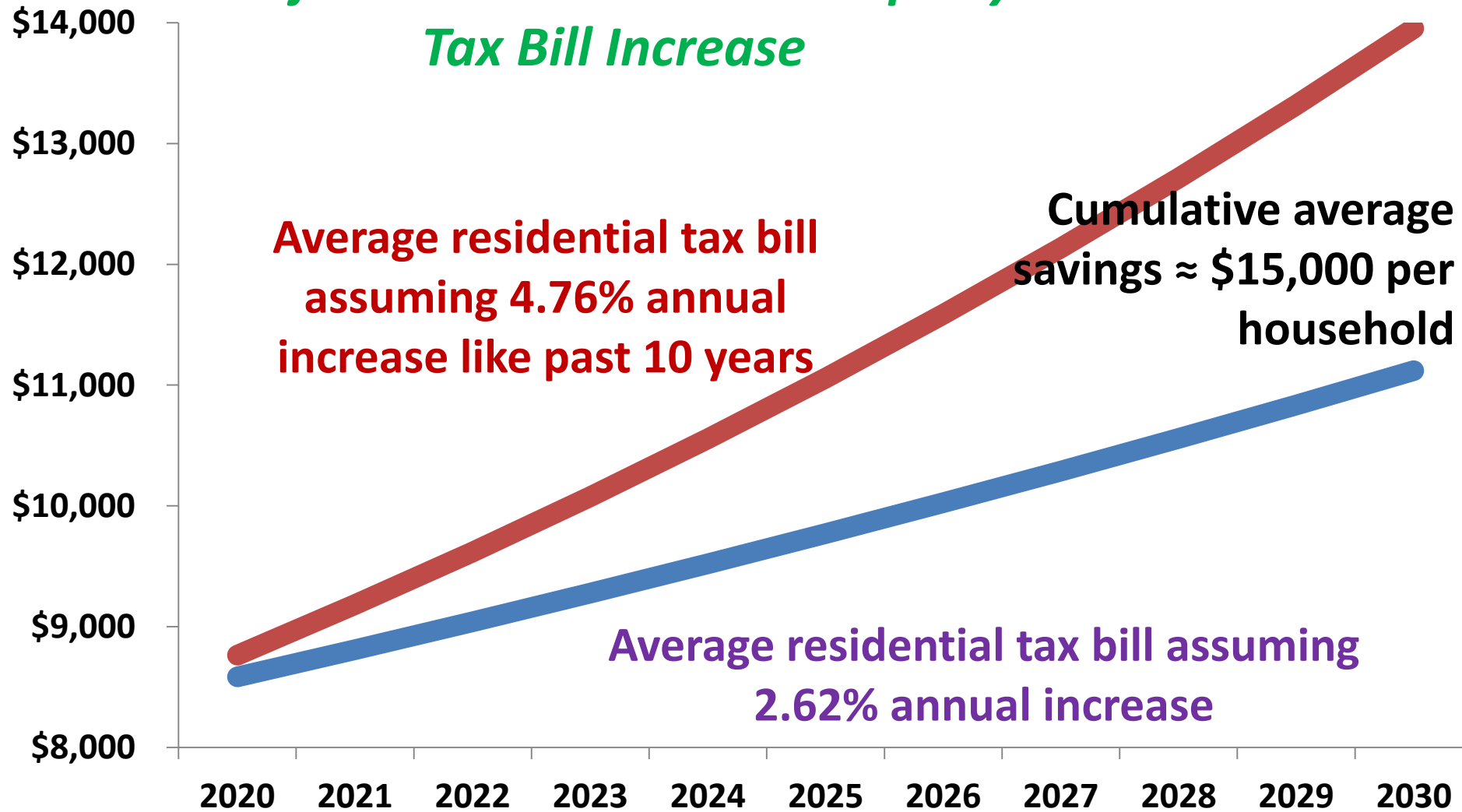




Property Tax Increase “Goal”

(Slide as Provided at 2019 ATM)

Projected Future Annual Property Tax Bill Increase





$f(x)$ Property Tax Bill

Property Value (PV) x Residential Tax Rate (RTR) = Residential Property Tax Bill (RPTB)

Estimated

FY2019 \$600,000 x (\$16.41/1000) = \$9,846

FY2020 \$625,200 x (\$16.15/1000) = \$10,097

PV(+4.2%) x RTR(-1.6%) = RPTB(+2.62%)

Actual

FY2019 \$600,000 x (\$16.41/1000) = \$9,846

FY2020 \$630,000 x (\$16.31/1000) = \$10,275

PV(+5.0%) x RTR(-0.6%) = RPTB(+4.36%)



FY2021 Focus Items

Items

Debt Service

Pensions

Transfer Station

Ambulance Receipts

Municipal Employees/Positions & Operational Changes

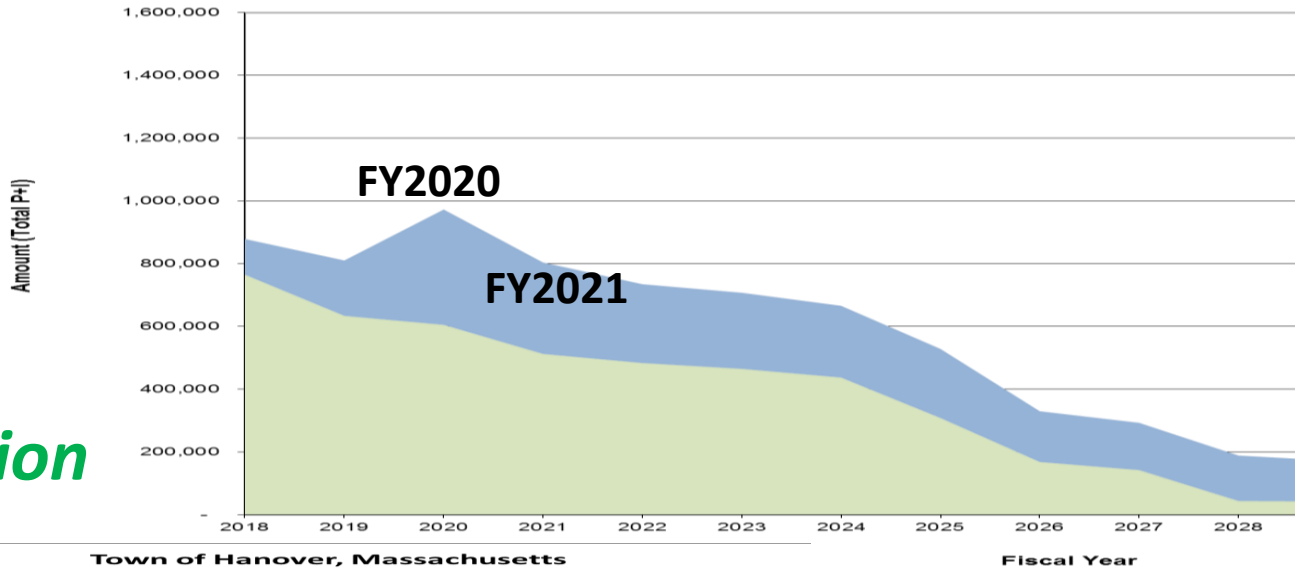
Capital Items

Tax Rate Levers

Prepare for FY2022 Budget

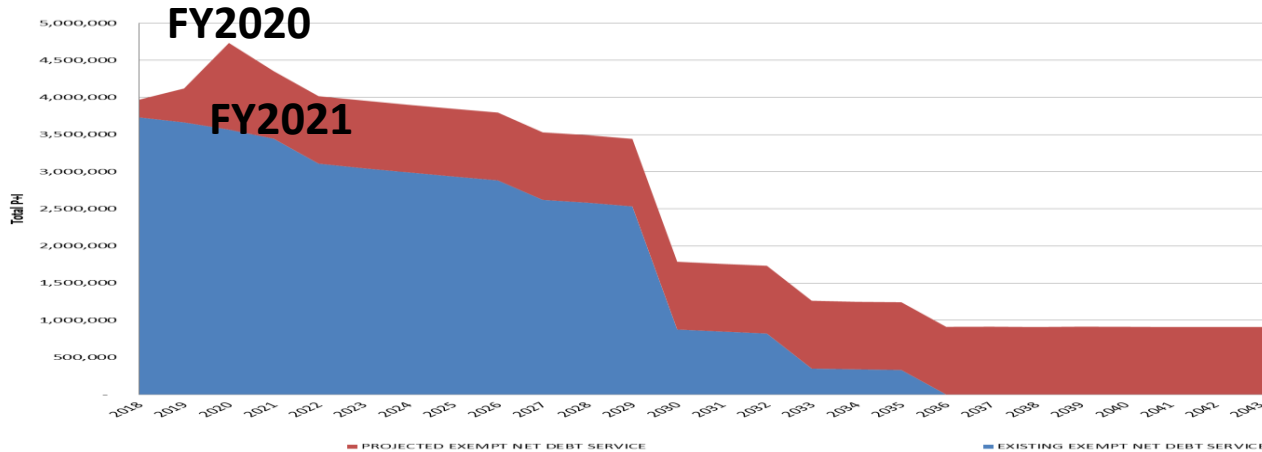


Debt Service



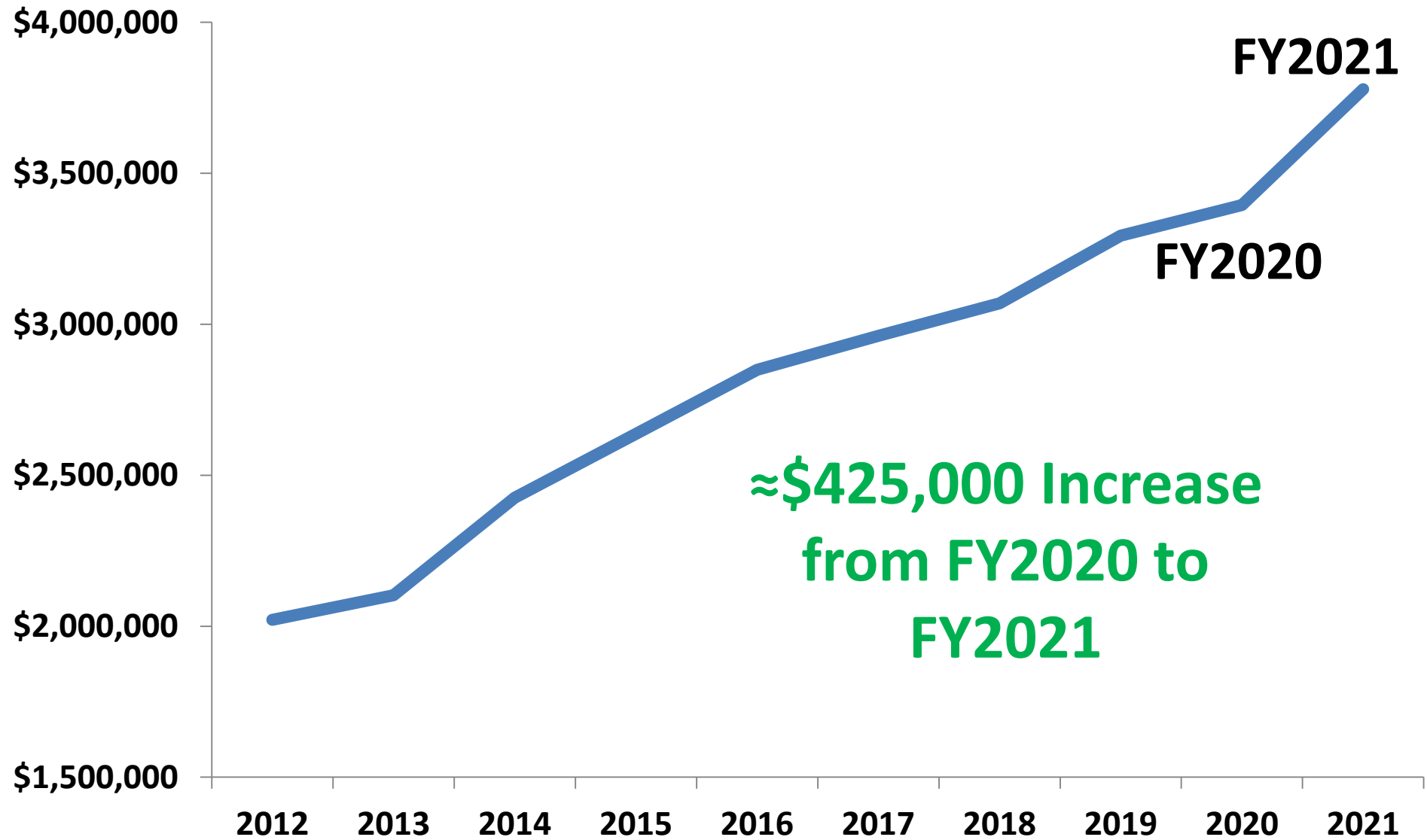
≈ \$400,000 Reduction

Town of Hanover, Massachusetts
Existing and Projected Exempt Debt Service
Bond 2019





Pensions





Transfer Station

Proposal

- Eliminate the Acceptance of Construction and Debris (C&D) Materials

(Savings ≈ \$170,000)

- Implement a \$50 per year Sticker Fee

(Non- Property Tax Revenue ≈ \$250,000)

- Enhance Security

(Additional Cost ≈ \$40,000)

- In-House Hauling of Bulky and Recyclables

(Savings ≈ \$40,000)



Ambulance Receipts

Past Practice

- Identified Budget Application(s) Connected to Services Provided

Current Practice

- Off-set to Budget without a Clear Application
- Purchase New Ambulance(s) with Cash w/o Burden to Property Tax Payer

Proposed Future Practice

- Clear Budget Application(s) Connected to Services Provided
- Use to Fund Purchases of Ambulance(s) and Pumper(s) with Cash and/or Financing w/o Burden to Property Tax Payer



Ambulance Receipts

<u>Fiscal Year</u>	<u>Amount Received</u>	<u>Amount Used in Operating Budget</u>
2010	\$439,473	\$519,000
2011	\$643,052	\$518,313
2012	\$665,526	\$528,325
2013	\$855,826	\$579,692
2014	\$967,670	\$692,095
2015	\$1,025,229	\$675,095
2016	\$1,018,358	\$1,050,295
2017	\$1,025,316	\$915,295
2018	\$926,162	\$933,095
2019	\$1,241,334	\$1,200,000
2020	\$1,241,334	\$1,200,000

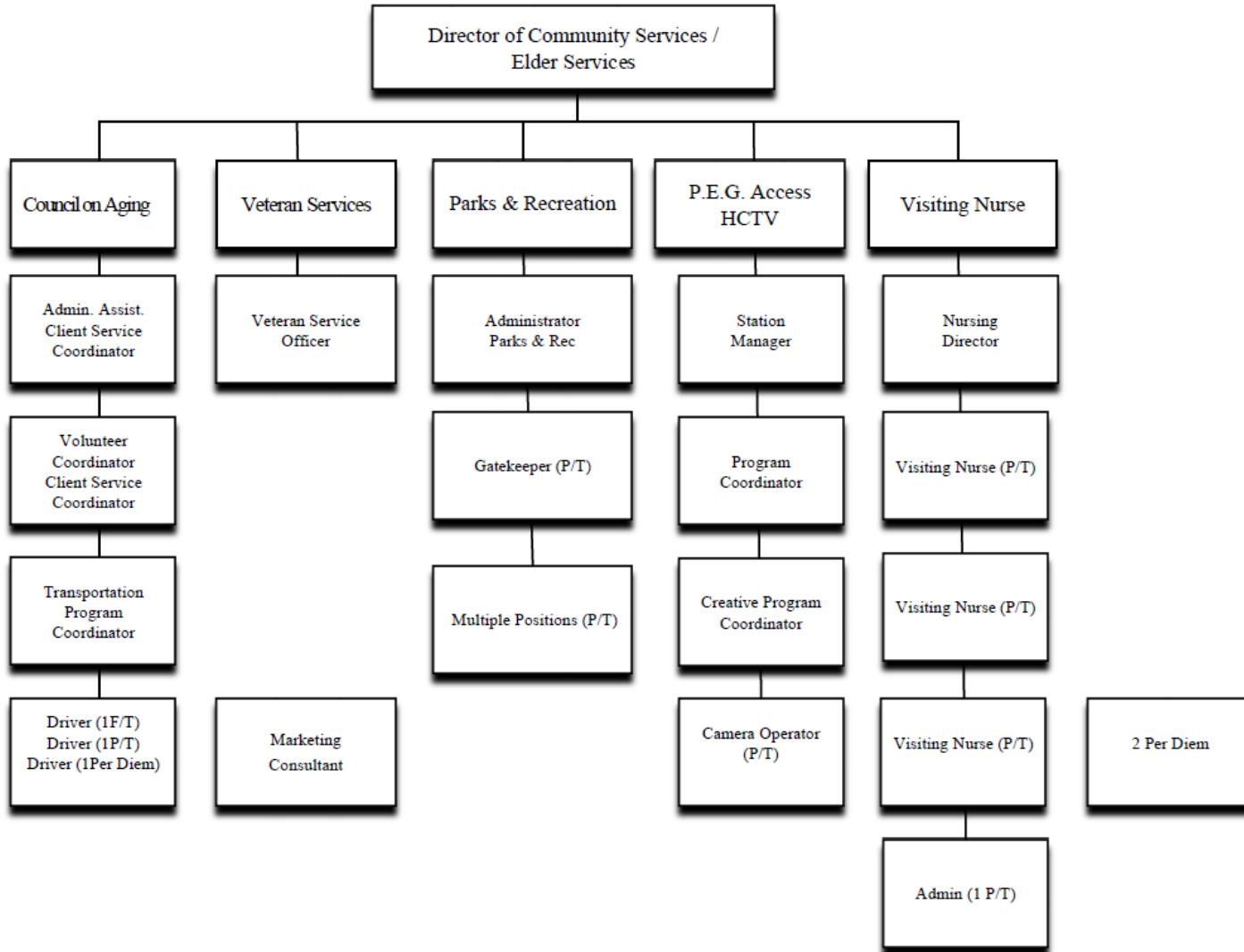


Ambulance Receipts Plan (Example)

	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>
Receipts	\$1,200,000	\$1,200,000	\$1,250,000	\$1,300,000	\$1,350,000	\$1,383,750	\$1,418,344	\$1,453,802	\$1,490,147
A-1	\$75,000							\$75,000	\$75,000
A-2				\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	
A-3	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000			
1st Engine Replacement	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
2nd Engine Replacment	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Total Apparatus	\$300,000	\$225,000	\$225,000	\$300,000	\$300,000	\$300,000	\$225,000	\$300,000	\$225,000
Monitors		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Total Equipment	\$0	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Expenses	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Expenses	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
4 Medics	\$800,000	\$824,000	\$848,720	\$874,182	\$900,407	\$927,419	\$955,242	\$983,899	\$1,013,416
Total Salaries	\$800,000	\$824,000	\$848,720	\$874,182	\$900,407	\$927,419	\$955,242	\$983,899	\$1,013,416
Total Allocation	\$1,200,000	\$1,169,000	\$1,193,720	\$1,294,182	\$1,320,407	\$1,347,419	\$1,300,242	\$1,403,899	\$1,358,416
Surplus	\$0	\$31,000	\$56,280	\$5,818	\$29,593	\$36,331	\$118,102	\$49,903	\$131,731

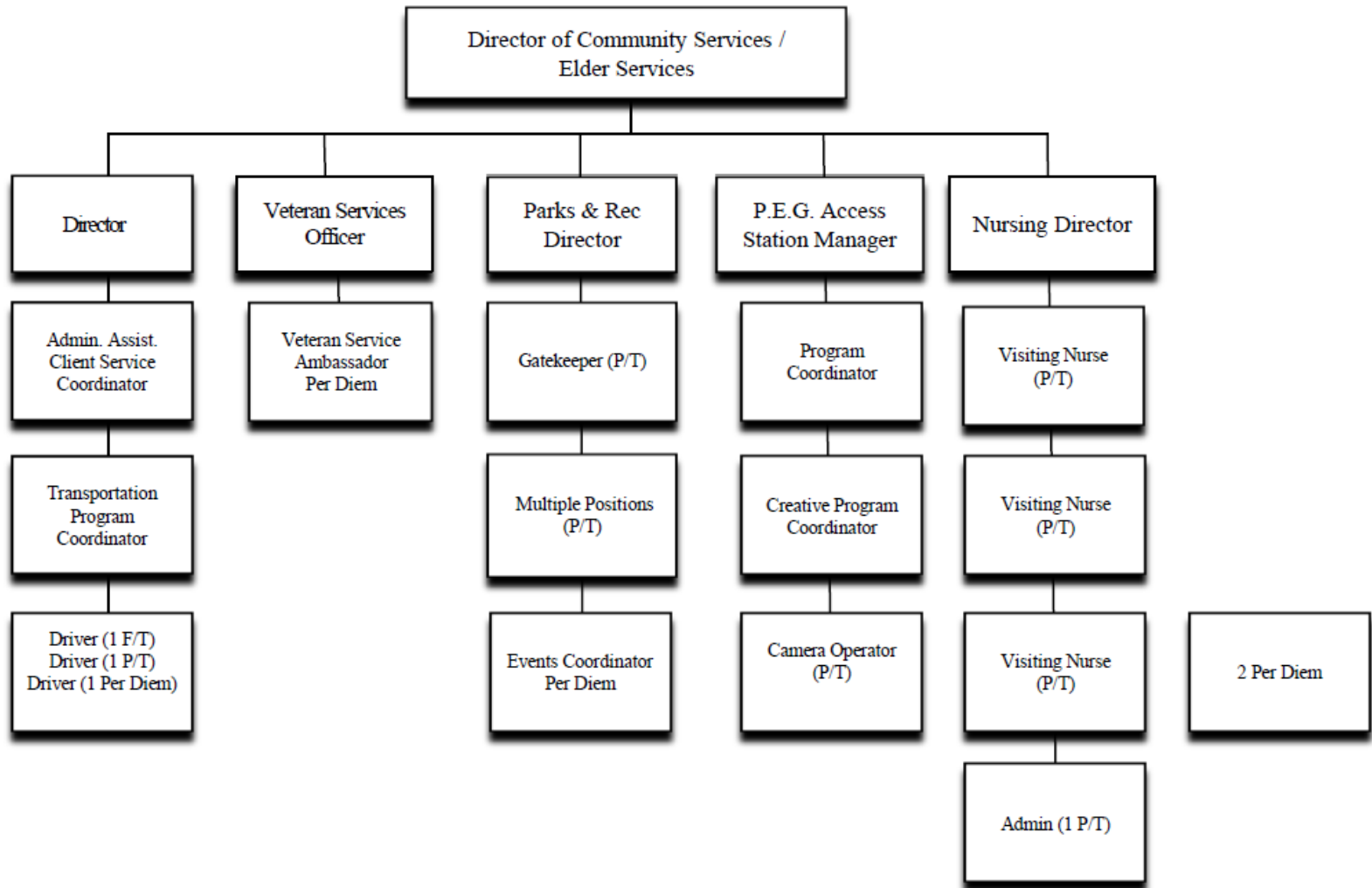


Employees & Positions Community Services (FY2020)





Employees & Positions Community Services (FY2021)



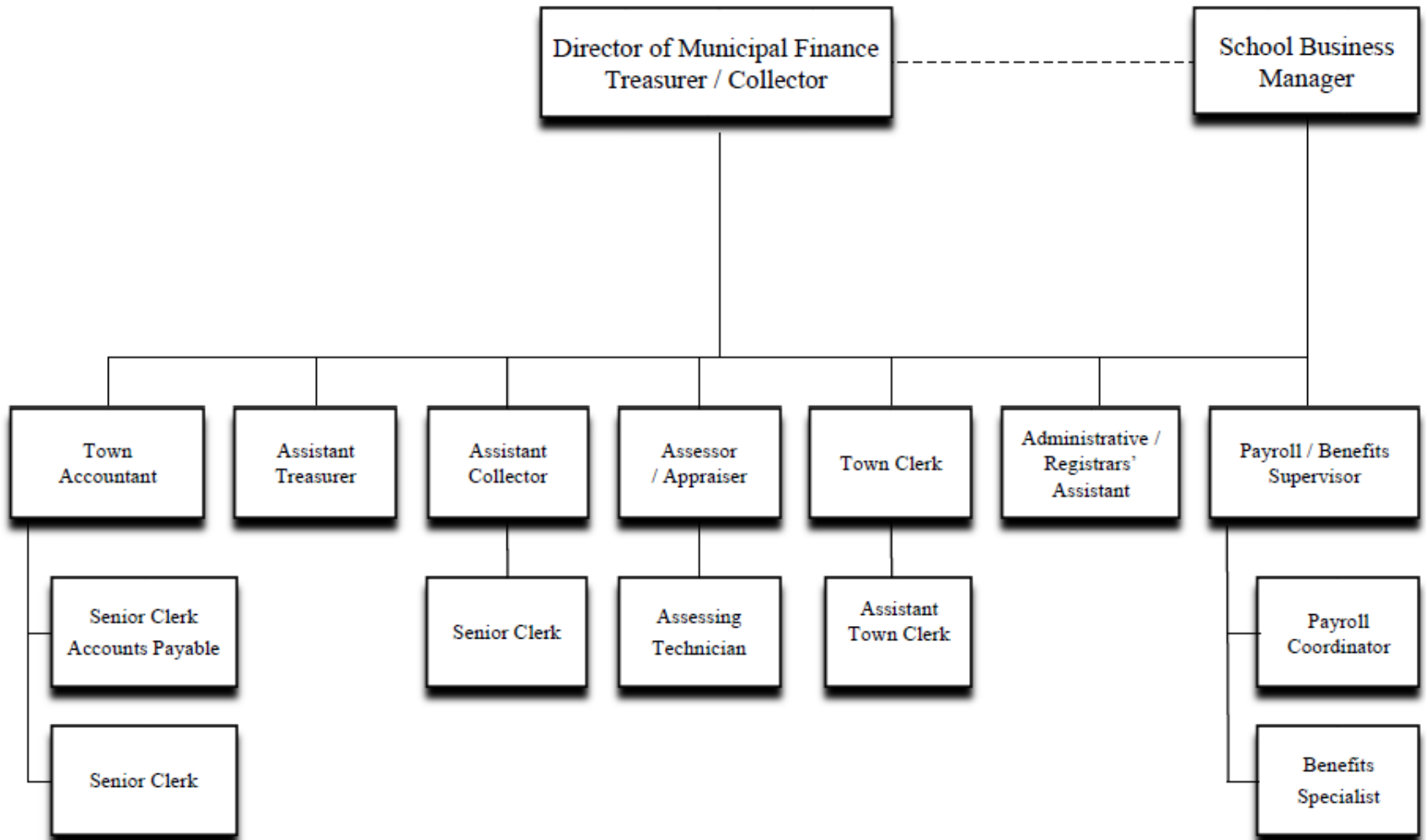


Community Services (Significant Changes)

- **-1.5 FTE; + 3 Per Diem**
- **Increase to “Off Budget” Sources**
 - **PEG + \$150,000**
 - **Parks & Rec + \$30,000**
 - **GATRA + \$5,000**

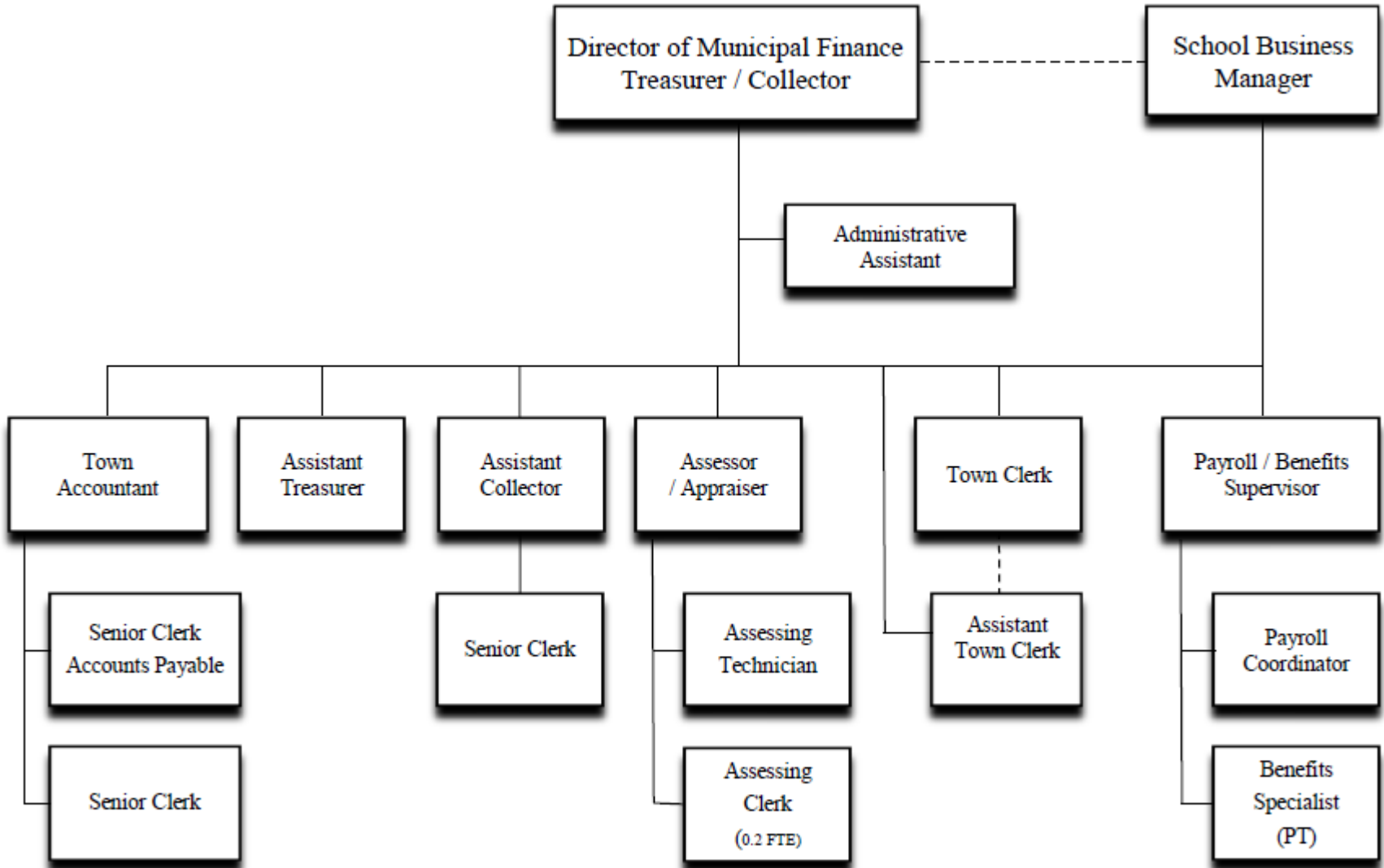


Employees & Positions Finance (FY2020)





Employees & Positions Finance (FY2021)





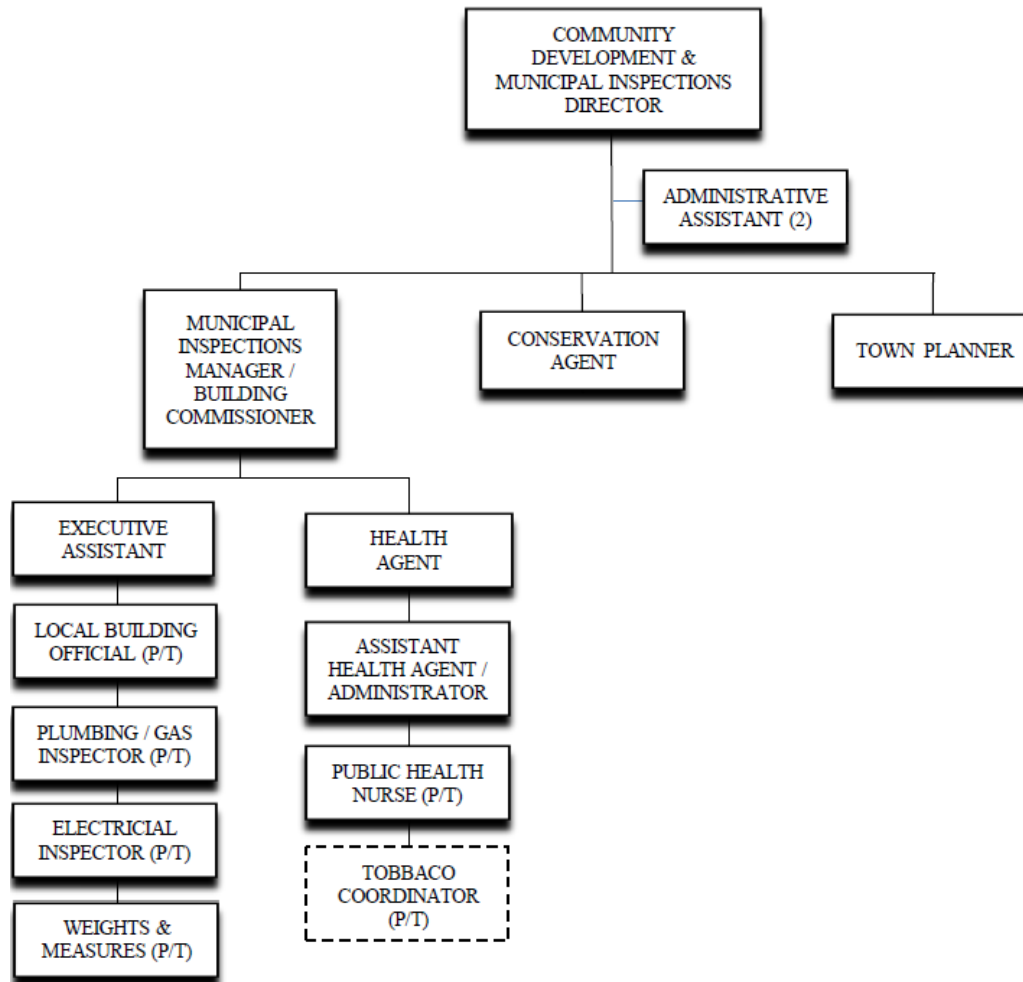
Finance

(Significant Changes)

- **- 1.5 FTE**
- **Increase to Elections budget for November Presidential election and September state primary; Unknown impact of early voting.**



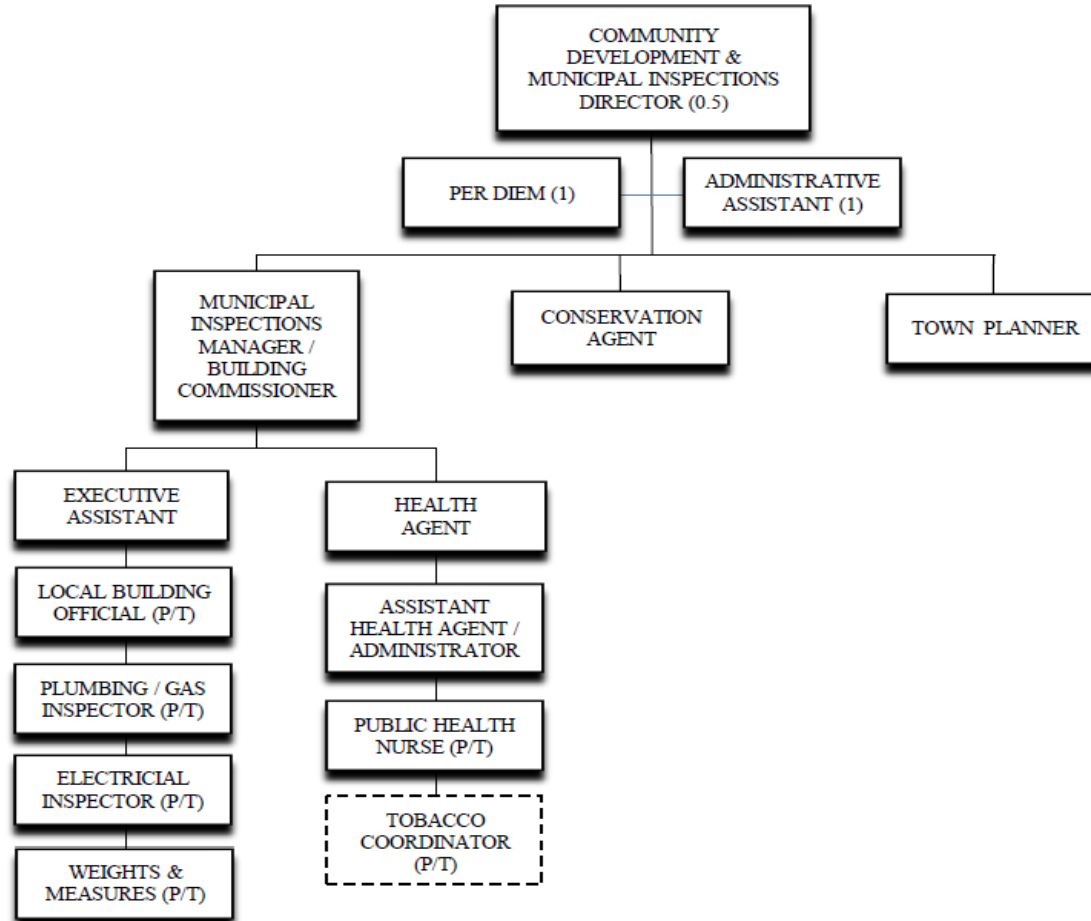
Employees & Positions CDMI (FY2020)



Grant Position



Employees & Positions CDMI (FY2021)



Grant Position



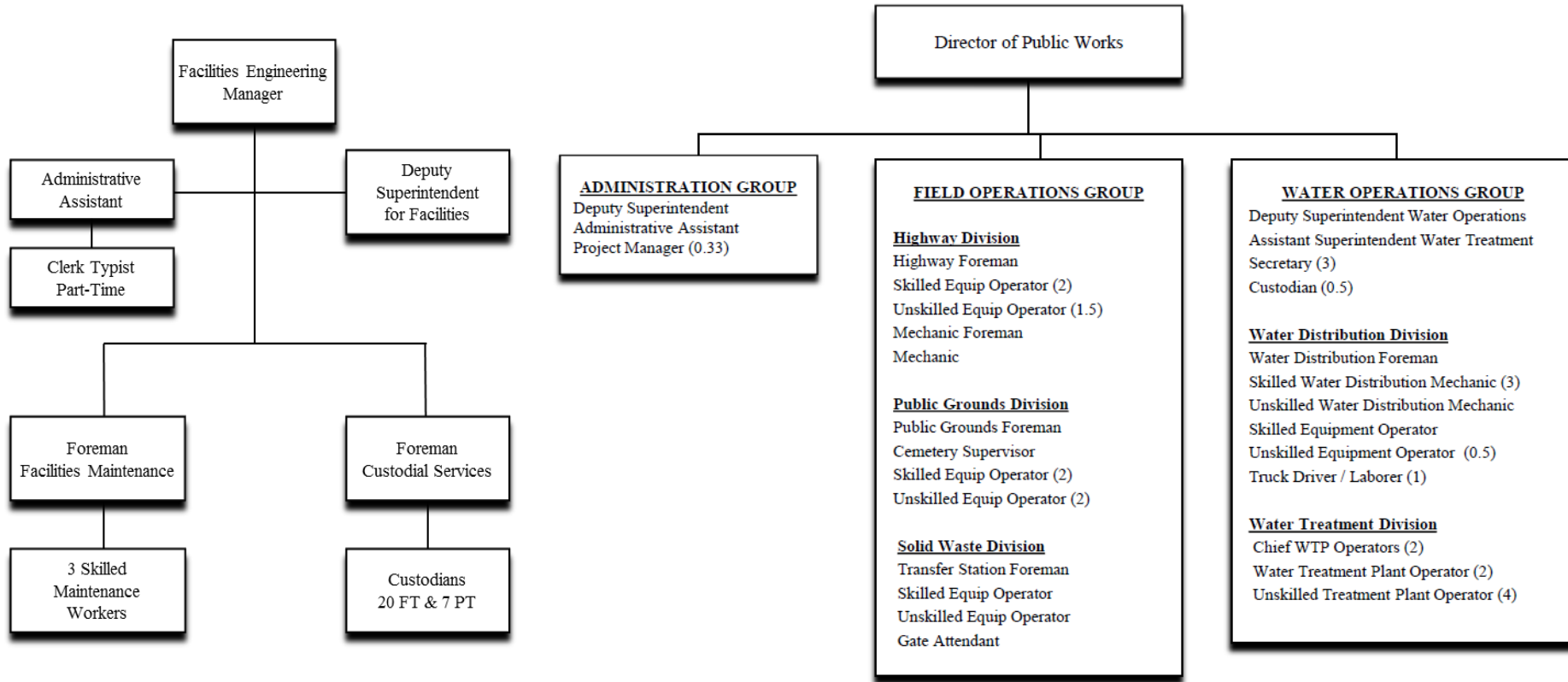
CDMI

(Significant Changes)

- **-1.5FTE; + Per Diem**

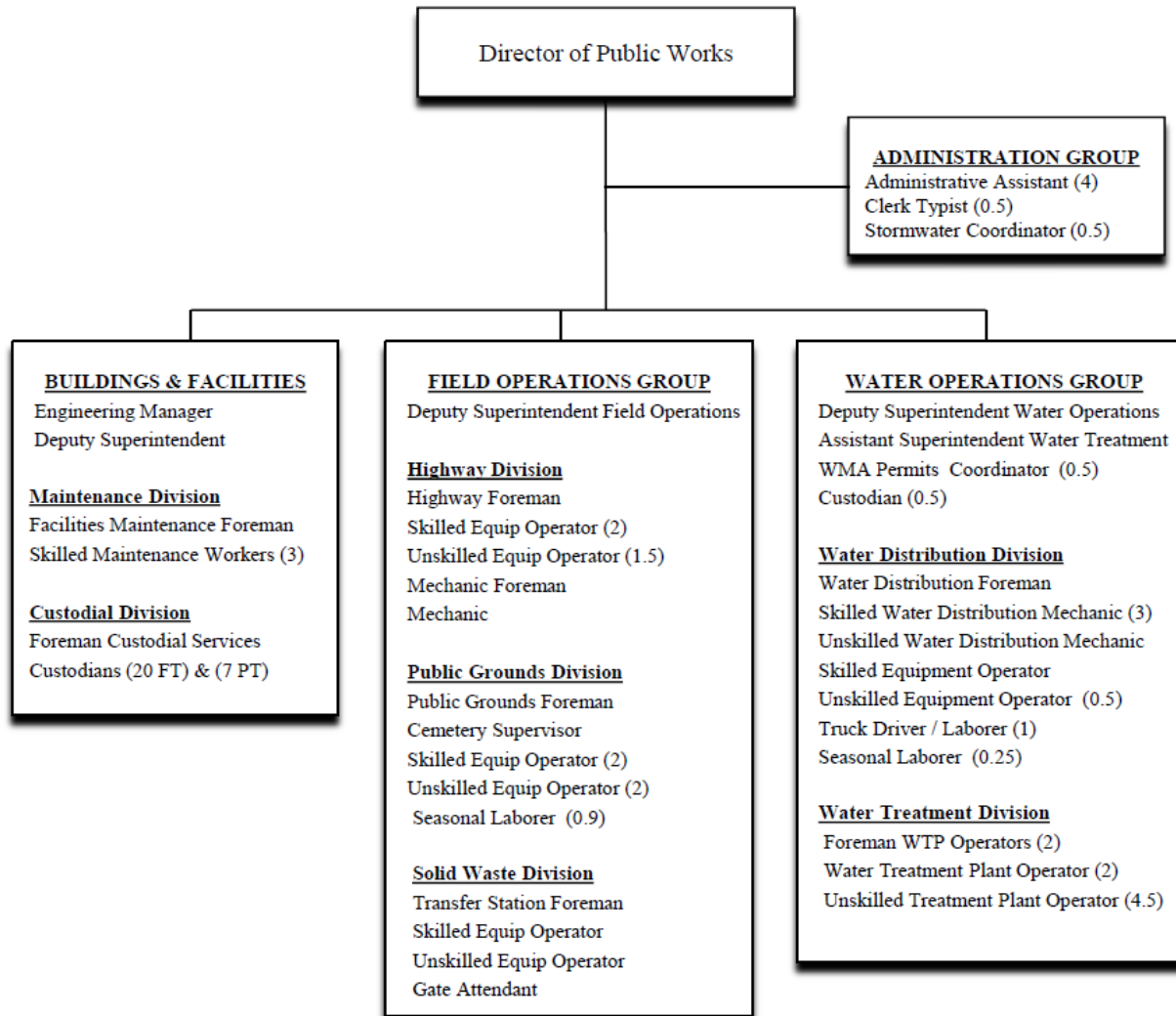


Employees & Positions Public Works (FY2020)





Employees & Positions Public Works (FY2021)



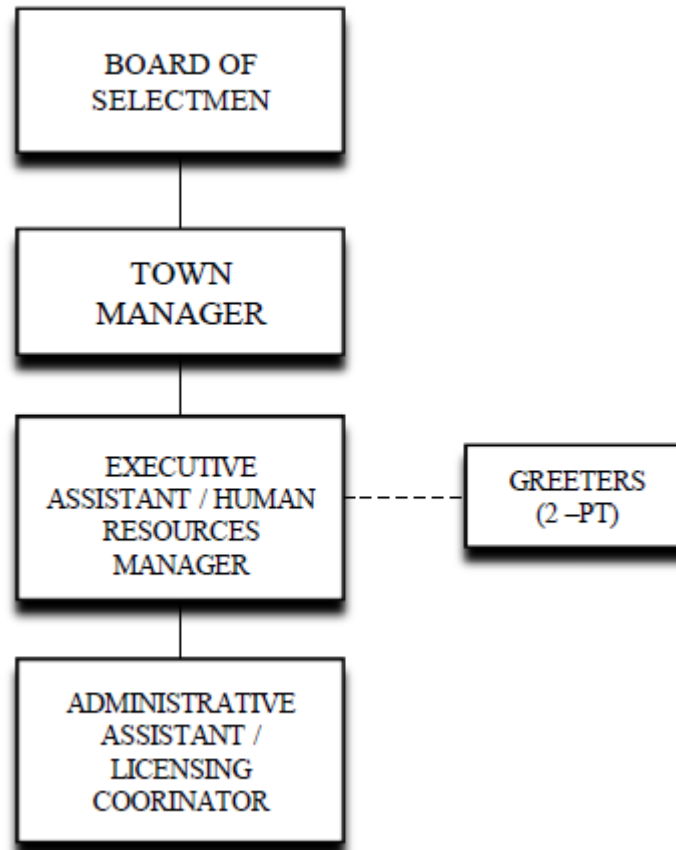


Public Works (Significant Changes)

- **Transfer Station Changes Proposed to Funding and Operations (see earlier slide)**
- **- 1 FTE because of combination with Buildings & Facilities**
- **Budget up \$3,700,000 because Buildings & Facilities now a division of DPW**
- **Animal Control Officer (salary) moved to Police**



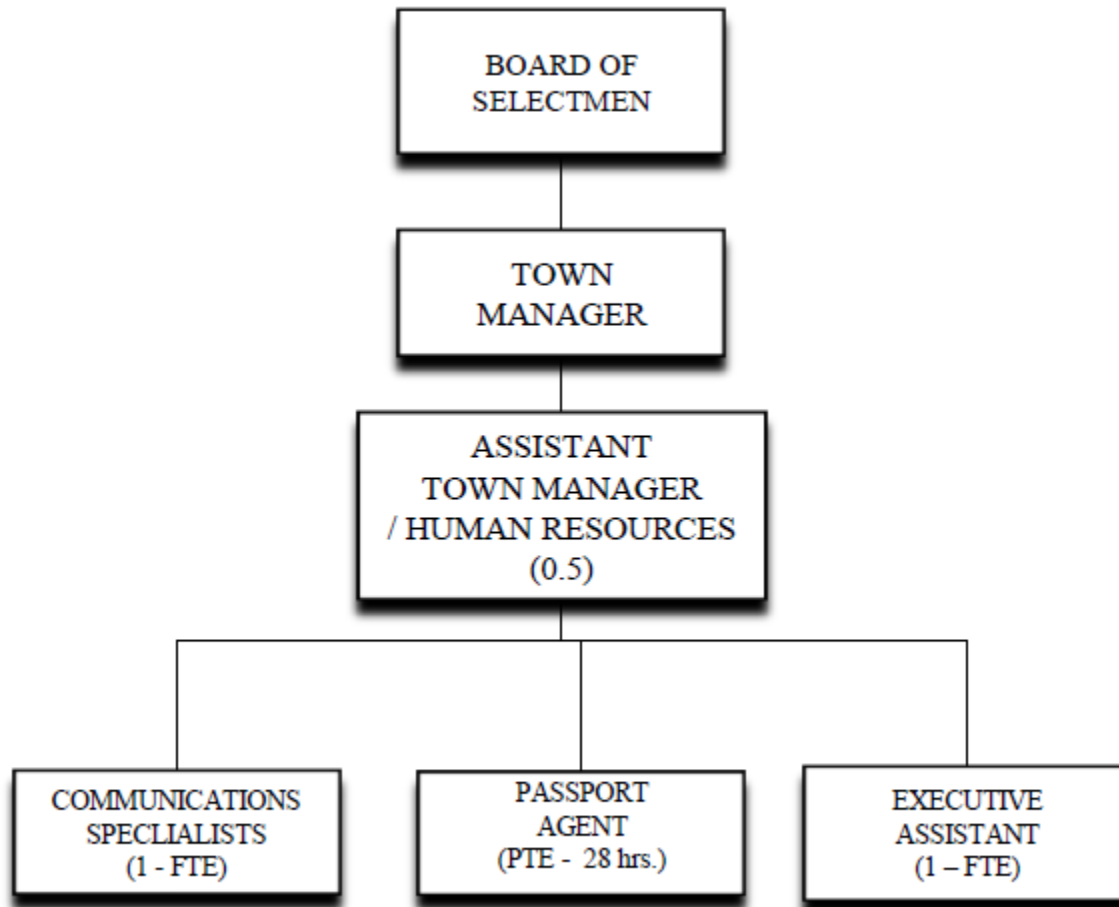
Employees & Positions Town Manager's Office (FY2020)





Employees & Positions

Town Manager's Office (FY2021)



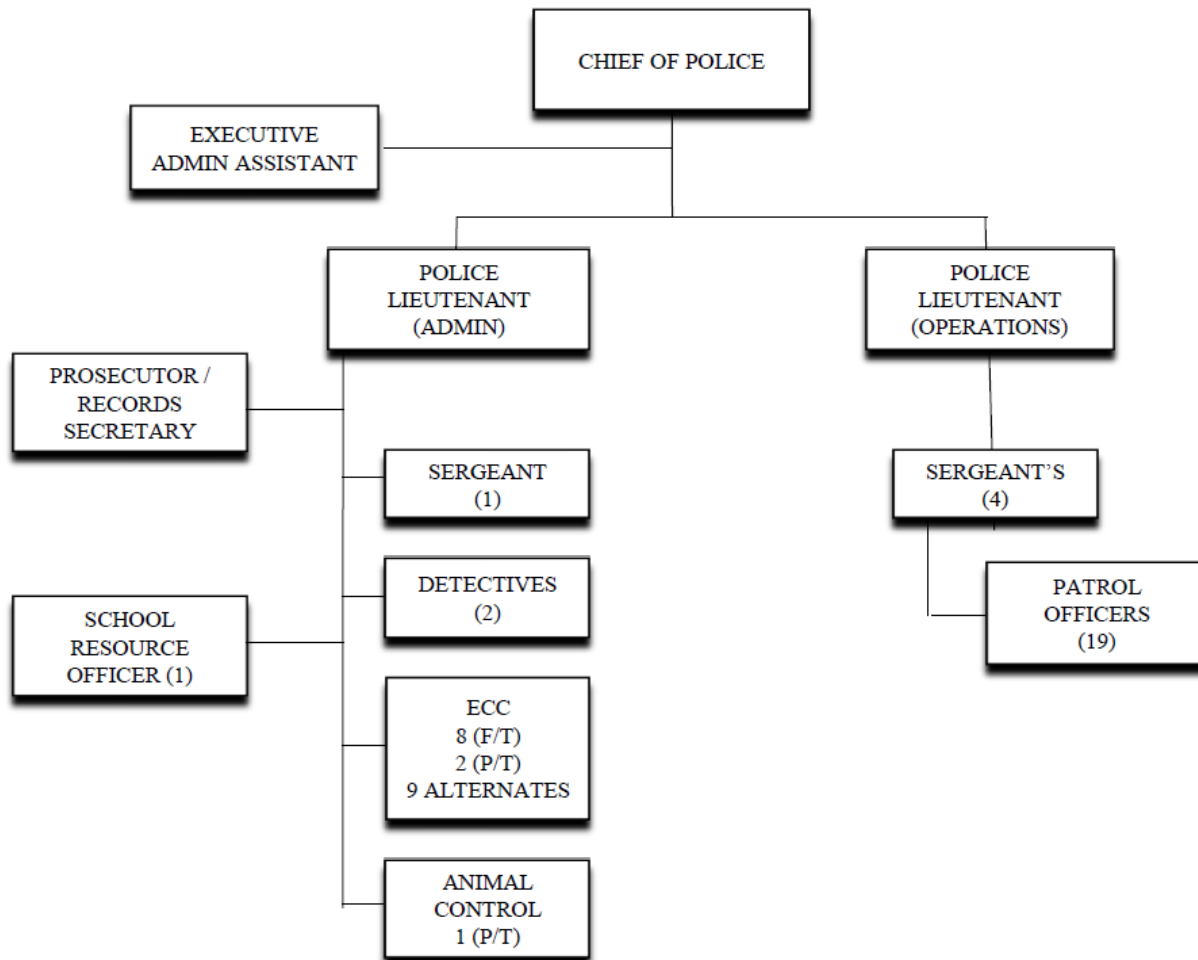


Town Manager's Office (Significant Changes)

- **+ 1 FTE**
- **Closer review of Legal Services needed**

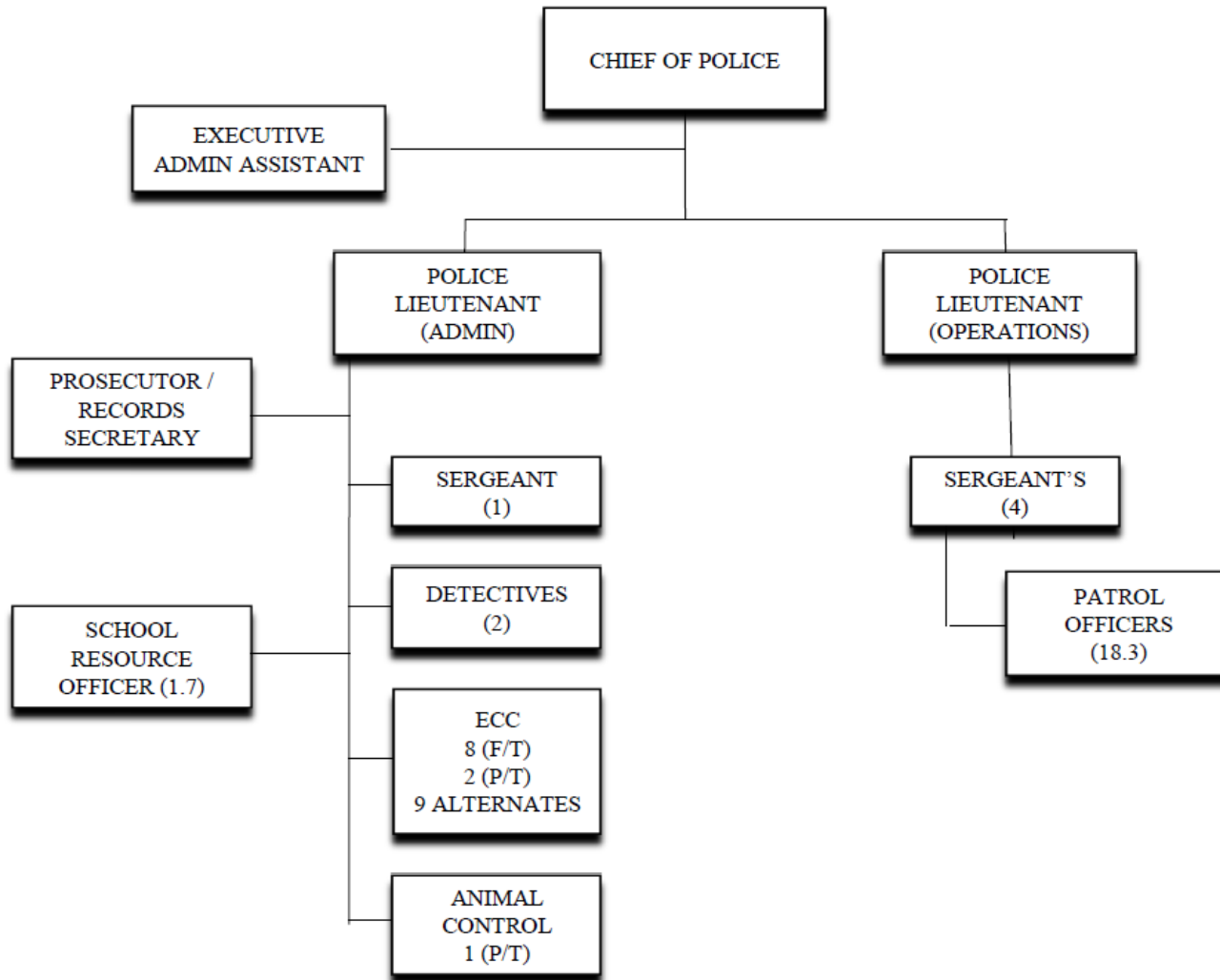


Employees & Positions Police Department (FY2020)





Employees & Positions Police Department (FY2021)



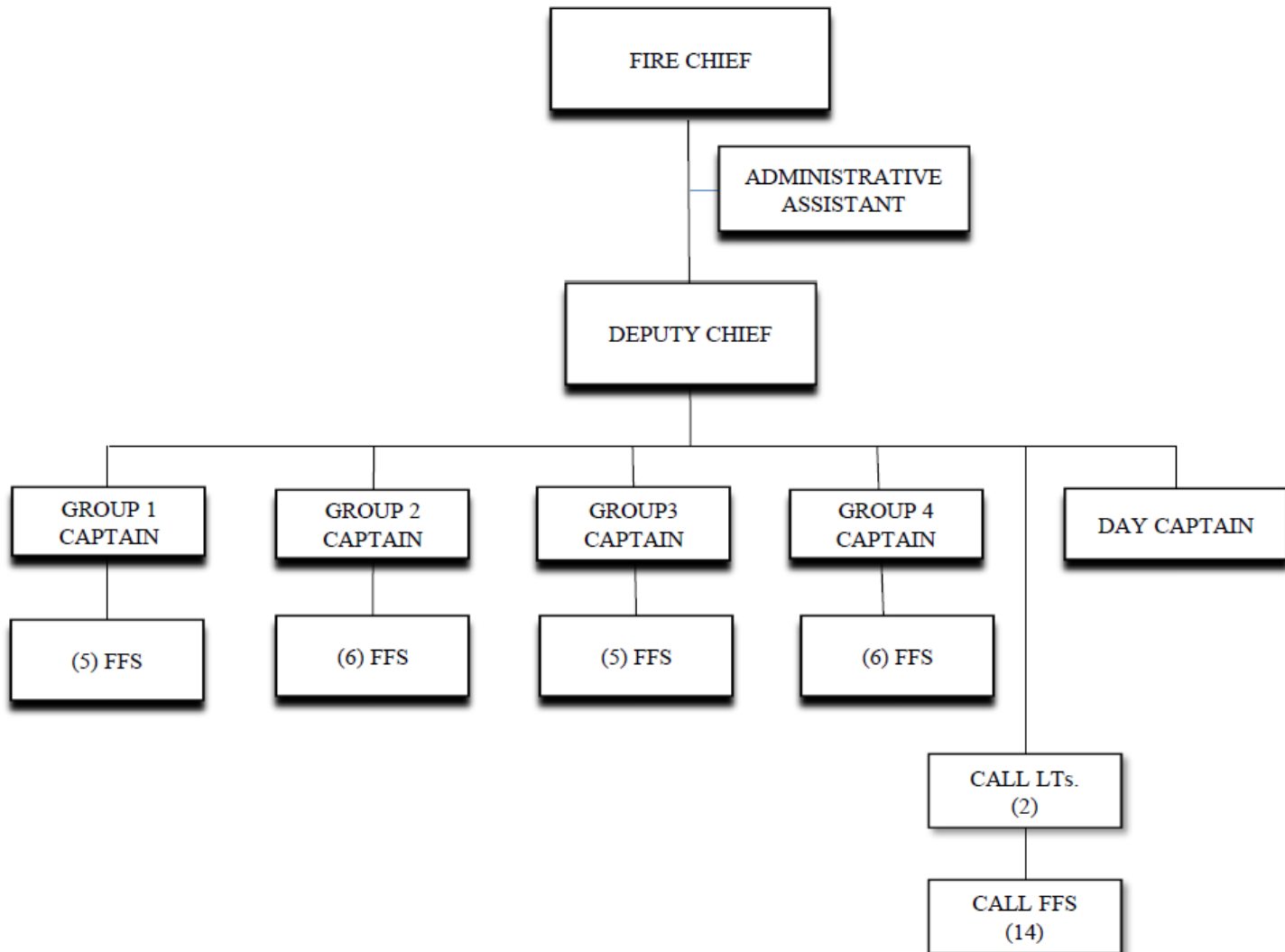


Police Department (Significant Changes)

- **Full Salary + Expense for Animal Control Officer Included**
 - Looking at regionalizing service with Pembroke
- **Dispatch Services currently under review by The Collins Center (UMASS – Boston)**
 - Possibly will impact FY2022 operating budget



Employees & Positions Fire Department (FY2020 & FY2021)





Employees & Positions

Fire Department (FY2021)

- **Call Fire Department**
 - Continue to Prioritize
- **Turnout Gear**
 - Operating Budget v. Capital Budget (\$36,000)
- **Training Budget**
 - Operating Budget v. Capital Budget (\$15,000)
- **Ambulance Receipts (earlier slide)**



Employees & Positions

<u>Fiscal Year Budget</u>	<u>Employee Change</u>	<u>Reason</u>
FY2020	-1.0FTE	Library/CDMI/CS
FY2021	-1.5FTE	Community Services
FY2021	-1.5FTE	Finance
FY2021	-1.0FTE	DPW Re-Org
FY2021	-1.5FTE	CDMI
FY2021	+1.0FTE	Town Manager Office
TOTAL	<u>-5.5FTE</u>	



Budget Summary

(As of January 6, 2020)

	<i>FY2020 Appropriated</i>	<i>FY2021 Potential</i>	<i>Change</i>
General Government	\$510,785	\$620,000	\$109,215
Finance Department	\$1,102,338	\$1,151,151	\$48,813
Community Development and Municipal Inspections	\$730,181	\$797,373	\$67,192
Community Services	\$603,446	\$603,788	\$342
Library	\$606,443	\$614,666	\$8,223
Police	\$4,233,059	\$4,468,344	\$235,285
Fire	\$3,360,427	\$3,616,936	\$256,509
Hanover Public Schools	\$29,218,627	\$30,683,498	\$1,464,871
South Shore Vocational High School	\$750,000	\$786,228	\$36,228
Public Works	\$3,447,471	\$7,274,989	\$3,827,518
Facilities	\$3,557,896		(\$3,557,896)
Debt	\$6,199,544	\$5,817,057	(\$382,487)
Town-Wide Expenses	\$8,492,259	\$9,100,828	\$608,569
Transfers	\$227,700	\$177,700	(\$50,000)
Overlay Reserve	\$400,000	\$400,000	
State & County Charges	\$393,173	\$586,135	\$192,962
TOTAL APPROPRIATIONS	\$63,833,349	\$66,698,693	\$2,865,344

This is NOT the proposed FY2021 Budget. This is for discussion purposes only



Budget Summary & Levers

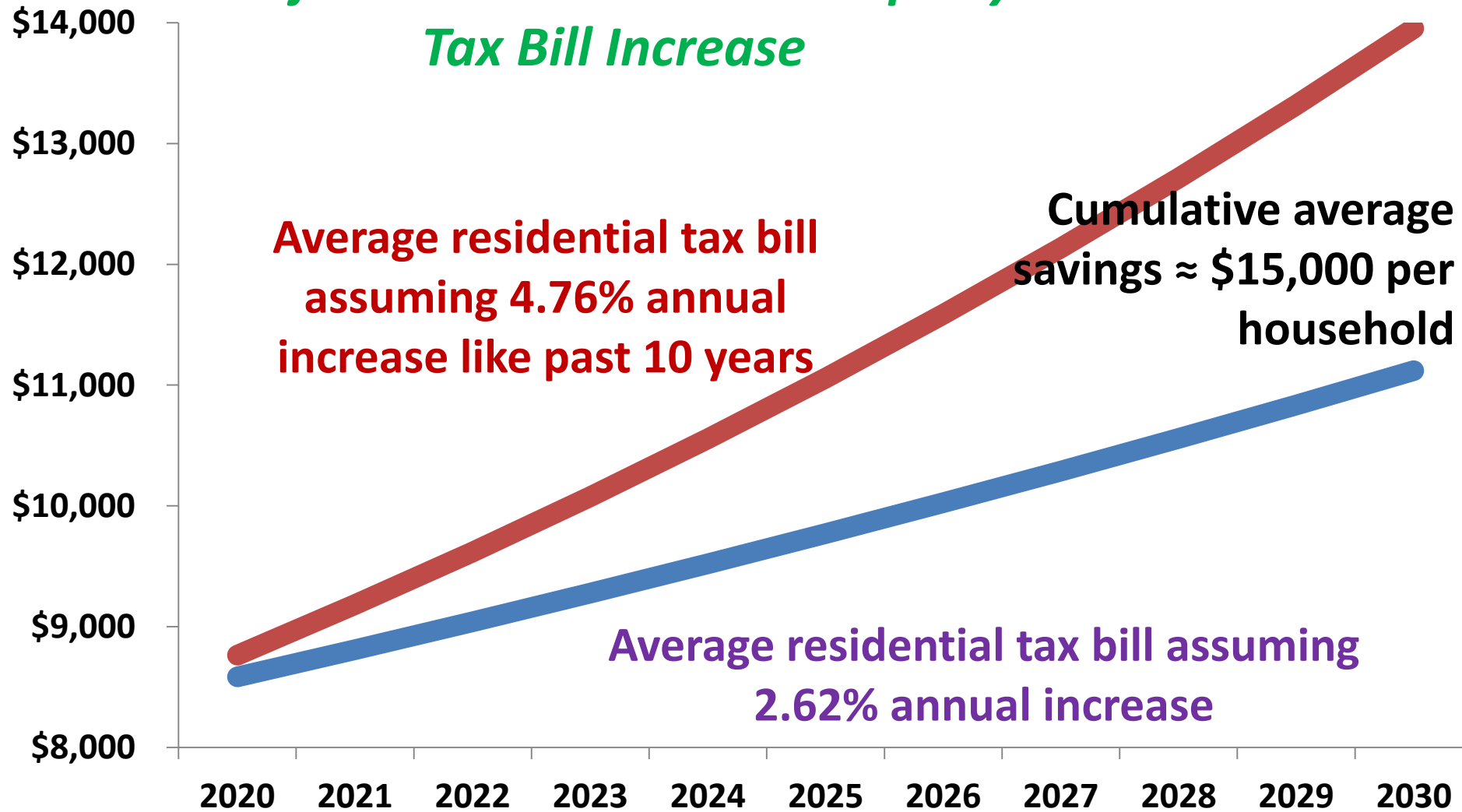
- **\$2,865,344** Expenditure Increase
- **\$500,000** New Growth Revenue
- **\$2,365,944** Revenue “Gap” (January 6, 2020)



Property Tax Increase “Goal”

(Slide as Provided at 2019 ATM)

Projected Future Annual Property Tax Bill Increase





Ways to Close the Gap ("Levers")

Average Residential Tax Bill w/ No Changes

FY2020	$\$535,000 \times (\$16.31/1000) = \$8,731$
FY2021	$\$546,000 \times (\$17.02/1000) = \underline{\$9,361 (+630)}$ <i>PV(+2.0%) * x RTR(+4.3%) = RPTB(+7.2%)</i>

Average Residential Tax Bill w/ Reduction of CPC Surcharge of 0.25%

FY2020	$\$535,000 \times (\$16.31/1000) = \$8,731$
FY2021	$\$546,000 \times (\$17.00/1000) = \underline{\$9,348 (+617)}$ <i>PV(+2.0%) x RTR(+4.2%) = RPTB(+7.0%)</i>

Average Residential Tax Bill w/ each 1% of property tax rate split Increase

FY2020	$\$535,000 \times (\$16.31/1000) = \$8,731$
FY2021	$\$546,000 \times (\$16.99/1000) = \underline{\$9,345 (+614)}$ <i>PV(+2.0%) x RTR(+4.2%) = RPTB(+7.0%)</i>

Average Residential Tax Bill +\$250,000 Free Cash/Reduction in Budget

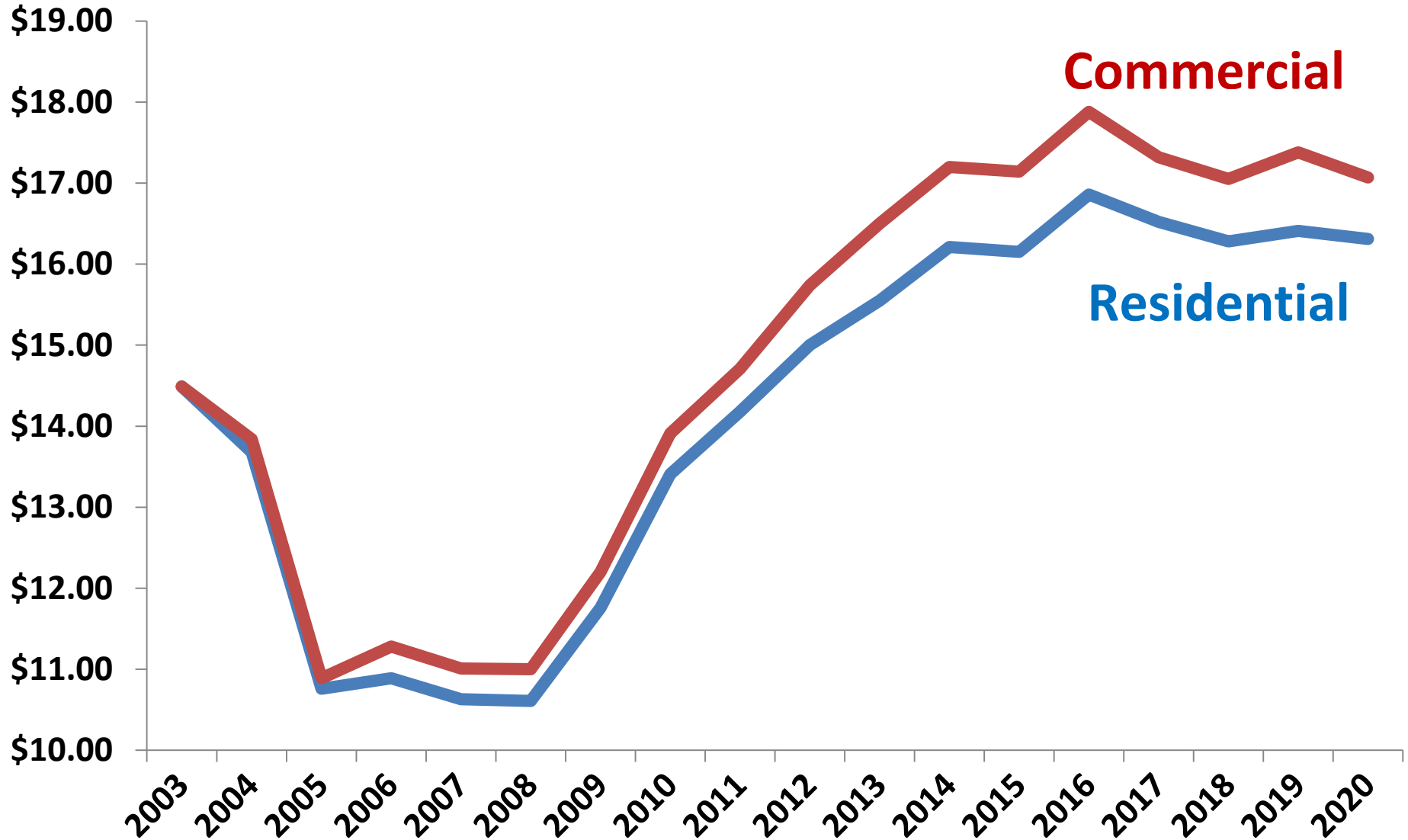
FY2020	$\$535,000 \times (\$16.31/1000) = \$8,731$
FY2021	$\$546,000 \times (\$16.94/1000) = \underline{\$9,315 (+584)}$ <i>PV(+2.0%) x RTR(+3.8%) = RPTB(+6.6%)</i>

*Annual Increase Since 2014 \approx 4.0%



Commercial v. Residential Tax Rate

Hanover





Commercial v. Residential Tax Rate

Example of No Split Tax Rate

- Cohasset
- Hanson
- Hull
- Kingston
- Norwell
- Plymouth
- Scituate
- Pembroke
- Hingham

Examples of Split Tax Rate

- Hanover
- Foxboro
- Wrentham
- Walpole
- Quincy
- Weymouth
- Braintree



Commercial v. Residential Tax Rate

<u>Municipality</u>	<u>% Split</u>
Hanover	5%
Foxboro	25%
Wrentham	28%
Walpole	33%
Weymouth	57%
Quincy	103%
Braintree	133%



FY2021 Free Cash Use

<u>(Projected) Free Cash Items</u>	<u>Amount</u>
Middle & Cedar, Phased Replacement of Cafeteria Lunch Tables (\$1,400 ea)	10,000
Schools, Install Filters for Drinking Fountains	38,800
Playground Sail Shades	30,000
Fire Headquarters Interior Improvements	15,000
Town Hall Site Renovations	10,000
Town Hall Elevator Modernization	600,000
Police Station - Replace Jail Cell Toilets Phase 2	20,000
Walnut Hill Neighborhood Continued Improvements	150,000
Replacement of (2) 72" Mowers	30,000
Transport/Service Truck Replacement	75,000
Wheel Loader Replacement	50,000
Large Dump Truck, Sander & Plow (6-Wheel Dump Truck) Replacement	205,000
2 Message Board Trailers	40,000
Command vehicle	55,000
Turnout Gear	36,000
2 Marked Police Vehicles	90,000
Marked Command Cruiser	50,000
Large Format Scanner	10,000
High School - Laser Cutter	15,000
WiFi Upgrades at Cedar School, COA, Police and Fire Headquarters	75,000
Install VOIP Phones at High School	26,000
Upgrade ViewPermit Software	30,000
Upgrade and Additional High School Cameras	25,000
TOTAL	\$1,685,800



Historical (& Projected) Free Cash Use

Fiscal Year	Amount Available	Amount Used Operating Budget	% Used in Operating Budget	Amount Used ATM	Amount Used STM	Total Used	% Used Total	Amount Remaining End of Fiscal Year
2010	\$1,546,768	\$1,248,929	81%	\$227,647	\$30,578	\$1,507,154	97.44%	\$39,613
2011	\$1,710,066	\$1,598,827	93%	\$111,239	\$0	\$1,710,066	100.00%	\$0
2012	\$2,394,387	\$1,447,366	60%	\$947,021	\$0	\$2,394,387	100.00%	\$0
2013	\$2,204,388	\$840,682	38%	\$1,226,556	\$0	\$2,067,238	93.78%	\$137,149
2014	\$3,049,716	\$460,166	15%	\$1,022,960	\$441,295	\$1,924,421	63.10%	\$1,125,294
2015	\$2,074,285	\$250,000	12%	\$956,923	\$320,000	\$1,526,923	73.61%	\$547,361
2016	\$2,784,497	\$0	0%	\$1,977,100	\$164,650	\$2,141,750	76.92%	\$642,747
2017	\$1,734,005	\$0	0%	\$1,075,612	\$195,350	\$1,270,962	73.30%	\$463,043
2018	\$2,543,589	\$500,000	20%	\$1,147,700	\$290,635	\$1,938,335	76.20%	\$605,254
2019	\$3,219,470	\$680,000	21%	\$836,000	\$602,679	\$2,118,679	65.81%	\$1,100,791
2020	\$2,850,000	\$750,000	26%	\$977,200	\$0	\$1,727,200	60.60%	\$1,122,800
2021	\$3,500,000	0	0%	\$1,700,000	0	\$1,700,000	48.5%	\$1,800,000



FY2022 Budget Preview

- **≈ \$1,000,000 Loss of Non-Property Tax Revenue**
 - MSBA
 - SAFER Grant (Fire Fighters)
- **Dispatch Services**
- **“Earmark” Free Cash in FY2021 for FY2022?**
- **Use of Capital Stabilization Funds ≈ \$700,000**
 - Add to Stabilization in FY2021 w/ Free Cash for FY2022?
- **CPC “Undesignated Fund Balance” ≈ \$1,750,000**



Next Steps

- **Gather feedback from FY2021 Initial Budget Presentation**
- **Tighten and Solidify Budget Figures**
- **Investigate all possible solutions**
- **Present Town Manager's FY2021 Proposed Budget on February 3, 2020**