



February 13, 2023

FY 2024 PROPOSED BUDGET

Current Environment

- Regional and national economic data is mixed.
 - The COVID-19 pandemic continues to have an impact on the community's well-being.
 - Unemployment remains low, overall property valuations continue to rise, and global supply chains have generally improved.
 - Costs for a range of products and services are higher than a year ago.
 - The Federal Reserve's ongoing efforts to curb inflation by raising interest rates are having an effect on economic activity and will impact the cost of borrowing.
- State finances appear uncertain.
 - The State's consensus revenue estimate puts overall revenue at 1.6% above the latest estimate for FY 2023, which is also 2.1% higher than the estimate utilized for the FY 2023 budget.
- Lakeville has maintained a pattern of sustained and strong growth despite these conditions.
 - FY 2023 New Growth totaled \$540,758 and the Town recorded 468 building permits in 2022.
 - December 2022 unemployment was 3.1% and median residential sales prices were up 10.7% over 2021.

FY 2024 Budget Process

- Primary Objectives:
 - Ensure that the proposed budget and capital plan meet statutory obligations and maintain current levels of service.
 - Provide stakeholders with sufficient opportunity to address areas of concern.
- Core Principles:
 - Focus on near and long-term sustainability.
 - Maintain current levels of service.
 - Ensure that Lakeville remains a workplace of choice.
- The proposed budget and capital plan accomplishes these objectives through a conservative approach which emphasizes proper funding for existing services and refrains from proposing significant new initiatives.

FY 2024 Proposed Budget

Revenue Assumptions

Property Tax Levy –
Proposition 2 ½ + New
Growth

New Growth estimated at
\$350,000
(FY 2023 = \$540,758)

Conservative estimate for
Local Receipts at
\$4,064,000
(FY 2022 Actual =
\$4,680,886)

State Aid estimated at
\$1,923,606 pending release
of State budget
(2.4% Increase)

Park Enterprise Fund
revenue estimated at
\$210,889
(FY 2023 Budget =
\$163,233)

Landfill Enterprise Fund
revenue estimated at
\$445,117 (FY 2023 Budget =
\$458,902)

Community Preservation
Act base budget and
reserves have been
assembled and projects are
anticipated for Fall 2023
Town Meeting.

FY 2024 Operating Budget

- The FY 2024 proposed budget totals \$35,301,548, of which the General Fund is the largest component at \$34,630,028.
- Balanced using conservative estimates for state aid and local receipts, along with Proposition 2 ½ increase.
- Proposed budget includes no cannabis revenue: HCA payments are the subject of current and potential litigation.
- Proposed budget ensures that adequate resources were provided to maintain services but refrained from funding significant new initiatives.
 - Funding to meet increased costs due to inflationary increases, including utilities expenses and maintenance agreements.
 - Implementation of collective bargaining agreements for union personnel and funding for wage increases for nonunion employees.

FY 2024 Operating Budget

- The proposed budget includes the following additions:
 - Funding to support collective bargaining agreements and employee contracts.
 - Night Differential pay for dispatchers in the Police Department and overtime expenses in the Fire Department.
 - Anticipated increases in employee health care costs and general insurance.
 - Placeholders for school districts' budgets.

FY 2023 - 2024 Growth by Program Area

| Program Area | % Increase Since 2023 |
|------------------------|-----------------------|
| General Government | 2.09% |
| Public Safety | 5.10% |
| Education | 3.22% |
| Public Works | 2.91% |
| Human Services | 1.63% |
| Culture and Recreation | 2.23% |

Education Funding

- Timeline for school district budgets is complicated by delays in the State budget process (Governor will submit proposed budget on March 1).
- Proposed budget includes placeholders for the regional districts.

| District | Budget Placeholders | % Increase |
|--------------------|---------------------|------------|
| Freetown-Lakeville | \$547,409 | 3.90% |
| Old Colony | \$109,671 | 4.40% |

- Funding is also included for non-resident tuition assessments:
 - Bristol Agricultural High School tuition and capital (11 students) – capital assessment for non-member jurisdictions is currently in dispute.
 - Norfolk Agricultural High School tuition (one student).
- Additional discussion will be required to arrive at FY 2024 budgets that the Town can accommodate.

Proposed Free Cash Allocations

Free Cash assignments are limited to one-time uses, policy compliance and to support ongoing sustainability.

| Description | Amount |
|---|----------------|
| Total FY 2023 Free Cash | \$2,125,559 |
| | |
| <u>Proposed Allocations</u> | |
| Prior Year Bills | \$11,975 |
| Capital Projects (Fall 2022 Town Meeting) | 250,000 |
| Snow and Ice Budget Contingency | 100,000 |
| FY2024 Capital Plan | 660,045 |
| Ladder Truck lease payment #1 | 175,000 |
| General Stabilization (per Fiscal Policy) | 250,000 |
| <u>OPEB Trust</u> | <u>310,000</u> |
| Total Proposed Allocations: | \$1,757,020 |

FY 2024-2028 Proposed Capital Plan

- 5-year planning period (FY 2024-2028). Funding consists of a combination of borrowing, Free Cash, retained earnings, capital stabilization and overlay surplus.
- Largest project is a placeholder for design and construction of the Town fire station (\$16 million in FY 2024-25).

| Significant projects | Amount | Fiscal Year |
|--------------------------------------|-------------|---------------|
| Library Roof Replacement | \$250,000 | 2025 |
| Senior Center Addition (placeholder) | \$560,000 | 2024-2025 |
| Roadway improvements | \$1,975,000 | 2024-2028 |
| Police cruisers | \$600,000 | 2024-2028 |
| Ambulance Replacements | \$775,000 | 2025 and 2028 |
| Fire engine replacement | \$750,000 | 2027 |
| Public works vehicles | \$885,045 | 2024-2028 |
| DPW Yard improvements | \$260,000 | 2024-2025 |
| Park projects | \$155,000 | 2024-2028 |

FY 2024-2028 Proposed Capital Plan

- The Town's overall debt service budget declined by \$240,302 from FY 2020 to 2023, including a \$228,635 reduction in debt service supported within the levy limit.
- Fall 2022 Town Meeting approved an article funding the replacement of windows and doors at Assawompset Elementary School.
 - Maximum total budget: \$4,222,294
 - Will be financed by a combination of grant funding from the Massachusetts School Building Authority and a debt issue that would be accommodated within the Town's levy limit.
- Debt service within the levy limit will increase in FY 2024, due principally to the Assawompset Elementary School project.

FY 2024 Proposed Capital Plan

| Department | Description | Amount | Funding Source |
|-------------------------|--|--------------------|--------------------------|
| Select Board | Design/Construct - Fire Station | \$1,000,000 | Borrowing |
| Facilities | Security Improvements | 41,000 | Overlay Surplus |
| Facilities | Peach Barn Weatherization/Stabilization* | 75,000 | Free Cash |
| Police | Cruisers replacement w/equip | 120,000 | Free Cash |
| Fire-EMA | Ladder Truck (lease-purchase) | 175,000 | Free Cash |
| Fire-EMA | Thermal Imaging/Firefighter Tracking | 25,000 | Other/Old Capital |
| Fire-EMA | Pump Operations Equipment/Valves | 20,000 | Other/Old Capital |
| Public Works | Roadway Improvements | 375,000 | Free Cash |
| Public Works | Replace Sander & Body Work | 35,045 | Free Cash |
| Public Works | Storage Shed w/staging & electrical | 60,000 | Free Cash |
| Public Works | 4x4 Pickup Truck w/equipment | 70,000 | Free Cash |
| Council on Aging | Addition to Senior Center | 60,000 | Other/Old Capital |
| <u>Parks Commission</u> | <u>TWC Skatepark Improvements</u> | <u>25,000</u> | <u>Retained Earnings</u> |
| TOTAL: | | \$2,081,045 | |

* Fire Station project and Peach Barn/Betty's Neck renovations proposed for Fall 2023 Town Meeting.

FY 2024-2028 Proposed Capital Plan

Sources of Funding

| Description | <u>FY2024</u> | <u>FY2025</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> |
|----------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Borrowing | \$1,000,000 | \$15,375,000 | \$0 | \$750,000 | \$400,000 |
| Free Cash | \$910,045 | \$1,095,000 | \$1,070,000 | \$990,000 | \$1,070,000 |
| Retained Earnings | \$25,000 | \$230,000 | \$20,000 | \$30,000 | \$50,000 |
| Debt/Capital Stabilization | \$0 | \$250,000 | \$0 | \$0 | \$0 |
| Other/Old Capital | \$105,000 | \$500,000 | \$0 | \$0 | \$0 |
| <u>Overlay Surplus</u> | <u>\$41,000</u> | <u>\$50,000</u> | <u>\$25,000</u> | <u>\$25,000</u> | <u>\$25,000</u> |
| Total | \$2,081,045 | \$17,500,000 | \$1,115,000 | \$1,795,000 | \$1,545,000 |

** Fire Station project and Peach Barn/Betty's Neck renovations proposed for Fall 2023 Town Meeting.*



COVID Relief Funding

- Initial relief provided through the CARES Act. Town spent \$1,537,619 on eligible activities:
 - \$449,832 for supplies and mitigation for Town responders and staff.
 - \$1,087,787 for proportionate support to the regional schools.
- The American Rescue Plan Act provides additional funding to facilitate recovery and invest in certain types of infrastructure.
 - Town received direct funding from two sources:
 - Direct from Federal government: \$1,210,073 divided between FY 2021 and 2022.
 - Passed through Plymouth County: \$686,500 in pending applications.

COVID Relief Funding

Funding must be spent by December 2024.

Activities to date:

- Initial allocation of up to \$100,000 for COVID vaccination and mitigation.
- Restoration of the tennis courts at Ted Williams Camp (\$44,785).
- Gamache Playground restoration (\$170,000).
- Installation of a festival stage cover (\$20,000)
- Feasibility study to advance provision of water services to Town facilities and parks (\$14,800).

Next Steps

| Event | Description |
|----------------------|---|
| February 13, 2023 | Select Board and Finance Committee - preliminary FY2023 Budget Overview |
| March 2, 2023 | Capital Expenditures Committee reviews FY 2024 – FY 2028 Capital Plan |
| March 6, 8, 16, 2023 | Select Board and Finance Committee – Department Reviews |
| Mid-March 2023 | Education Budgets approved by F-L RSD and Old Colony School Committees |
| March 13, 2023 | Town Meeting Warrant Closes |
| April 10, 2023 | Select Board votes on the final warrant |
| April 24, 2023 | Warrant Review |
| May 8, 2023 | Special/Annual Town Meetings |



February 13, 2023

FY 2024 PROPOSED BUDGET