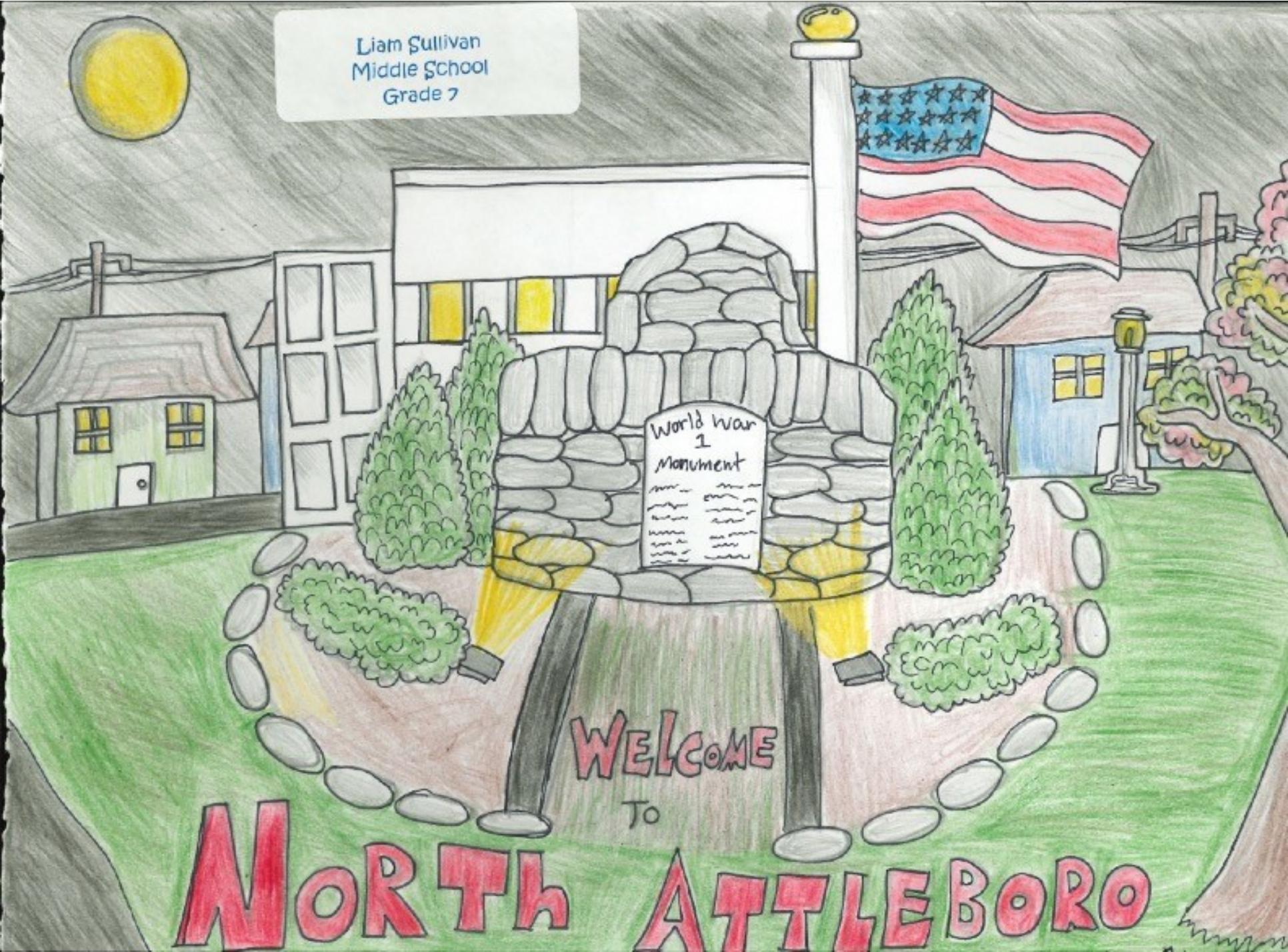


Liam Sullivan  
Middle School  
Grade 7



WELCOME  
TO

NORTH ATTLEBORO



# **Fiscal Year (FY) 2024 Annual Budget Policy Review & Long Range Financial Forecast**

09 January 2023

Michael D. Borg  
Town Manager  
North Attleborough, MA

# Outline

- Charter Reference
- Fiscal Year 23 So Far...
  - Snapshot, Budget Strategy, Significant Events
  - Development Highlights, Drivers, Budget Execution, Account Balances
  - FY23 Closeout & Summary
- Fiscal Year 24
  - Forecast, Drivers, Levy & New Growth Estimates, Capital Projects, Priorities, Risks & Mitigations
  - FY24 Budget Timeline
- Long-Range Financial Forecast
  - Strategy, Revenues, Focus Areas, Major Development Impacts
- Conclusion

# Charter Requirements

- Article 6-2 Annual Budget Policy  
“to review the financial condition of the Town, revenue and expenditure forecasts and other relevant information in order to develop a coordinated budget.”
- Article 6-8 Long Term Financial Forecast  
“prepare a 5-year financial forecast of Town Revenue, expenditures, and general financial condition of the Town.”

# Fiscal Year 2023 So Far...

- Town Finances
  - Bargaining unit negotiations are complete, Year 1 of 3
  - ARPA Funding is in hand
  - Successful grant applications
- Community Development
  - Smart Growth focused
  - Affordable Housing and 40R Developments
  - Emerald Square Mall
  - Community Events
- Public Safety
  - Police
  - Fire
- Public Works – reinforcing our commitment to the 10-Mile River
- Capital Programs – moving forward and funding with cash on hand

# FY23 Budget Strategy Execution

- Departments employ a Zero-Based budgeting strategy
- Leverage ARPA funding for one-time expenses, major capital initiatives
  - \$3mm directly from the Federal government
    - Expenditures
  - \$5.2mm from Bristol County
    - Allen Ave project
- Free Cash \$8mm
  - Expenditures to date - \$3.9mm for approved capital projects
  - Plan for the remainder - \$1.2mm NAPS / FY24 CIP
- Pursue every possible grant opportunity that makes sense for the Town
- Employee retention

# FY23 Significant Events

- Credit rating bump to AA+
- Top 10 community on Realtor.com
- Inflation driving increases in the cost of doing business
- PFAS mitigation is underway
  - Continue to lobby for the support of our elected officials (Federal & State)
  - Examine litigation to help recover costs of the Town's mitigation efforts
- Ten Mile River
  - Secured \$3mm in Federal earmark for this project
- Master Plan
  - Draft plan in hand
  - Housing Production Plan included

# FY23 Significant Events

- Focus on development
  - Land use survey
  - Design Standards
  - Mixed-Use Zoning
  - Downtown revisioning
  - Emerald Square Mall
- 152 / 106 Road improvements
  - Secured \$9mm for this project and is now underway
- 40R Development on Kelley Blvd
  - Potential to nearly double our current affordable housing percentage from 3.5% to 7%

# FY23 Development Highlights



**Angle Tree Brewery**  
**1320 South Washington St**  
Brewery at the center of downtown. Participated in block party with beer garden



**New England Dance Academy Expansion**  
2,500 SF business expansion for more dance students



**Sun Belt Rentals**  
**50 Alice Agnew Drive**  
9,375 SF metal warehouse facility with five garage bays. Expansion to existing business at end of cul-de-sac



**Coastal1 Bank**  
**99 Chestnut Street**  
First PCU branch to open in Massachusetts. Reviving key "gateway area" in Town where old ABC Vacuum building was

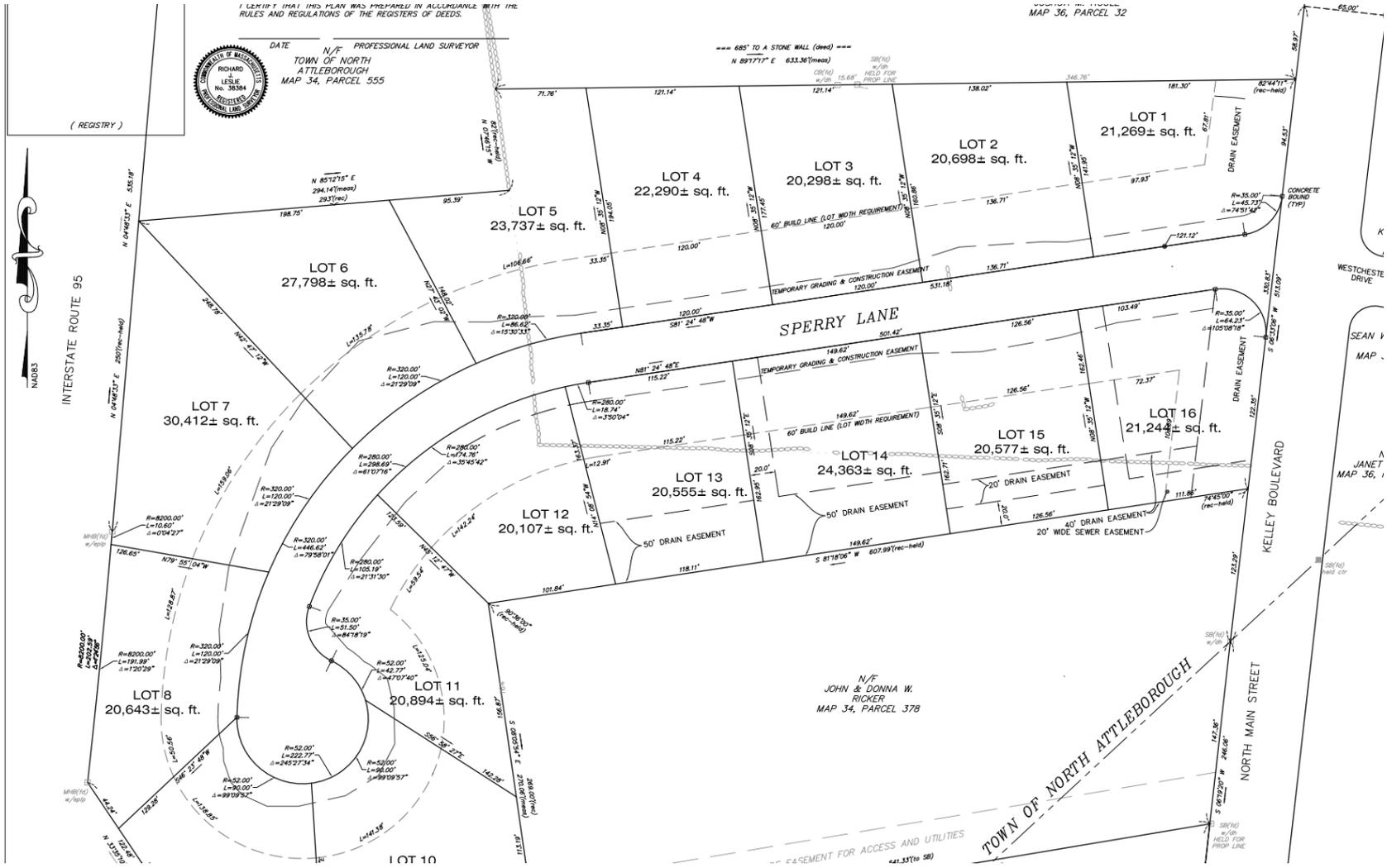


**Seasons Corner Market**  
**461 E. Washington Street**  
New convenience store & gas station with improved traffic circulation at Walgreens plaza



**Stay Green Irrigation**  
**58 George Leven Drive**  
New 3,200 sq. ft building on site

# Jackson Farm Subdivision



## 16 new residential lots off Kelley Boulevard

# Kelley Blvd 40R Development



311-unit apartment complex with pool, gym, common rooms, and walking path. Site Plan Review begins 2023

- \$1.2mm 40R incentive payment
- Add ~\$1.3mm in tax revenue
- Increases affordable housing percentage from 3.5% to ~ 7%
- Driving force behind traffic improvements along Kelley Blvd & cooperation with Plainville

# Kelley Blvd Traffic Improvements

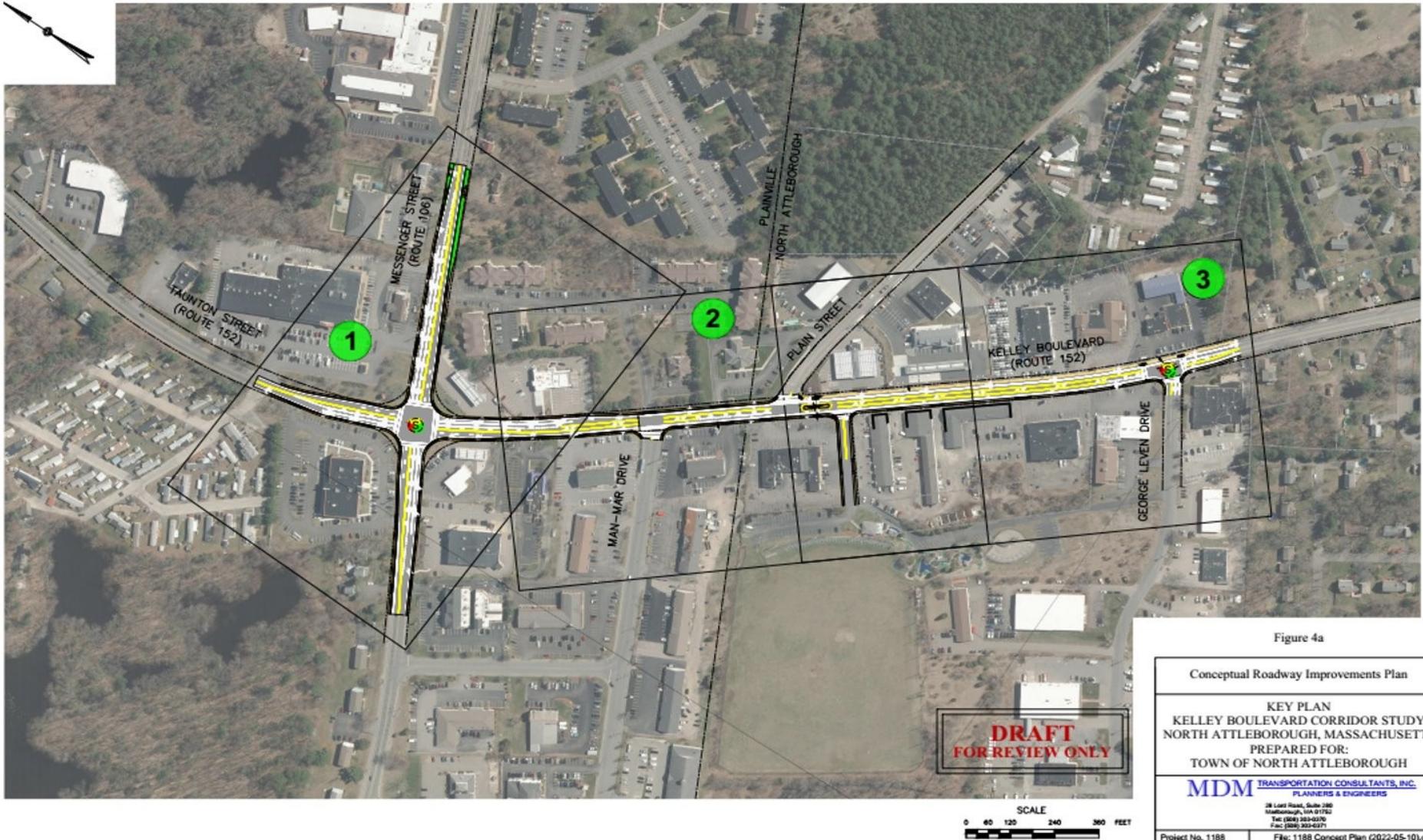


Figure 4a

Conceptual Roadway Improvements Plan

KEY PLAN  
 KELLEY BOULEVARD CORRIDOR STUDY  
 NORTH ATTLEBOROUGH, MASSACHUSETTS  
 PREPARED FOR:  
 TOWN OF NORTH ATTLEBOROUGH

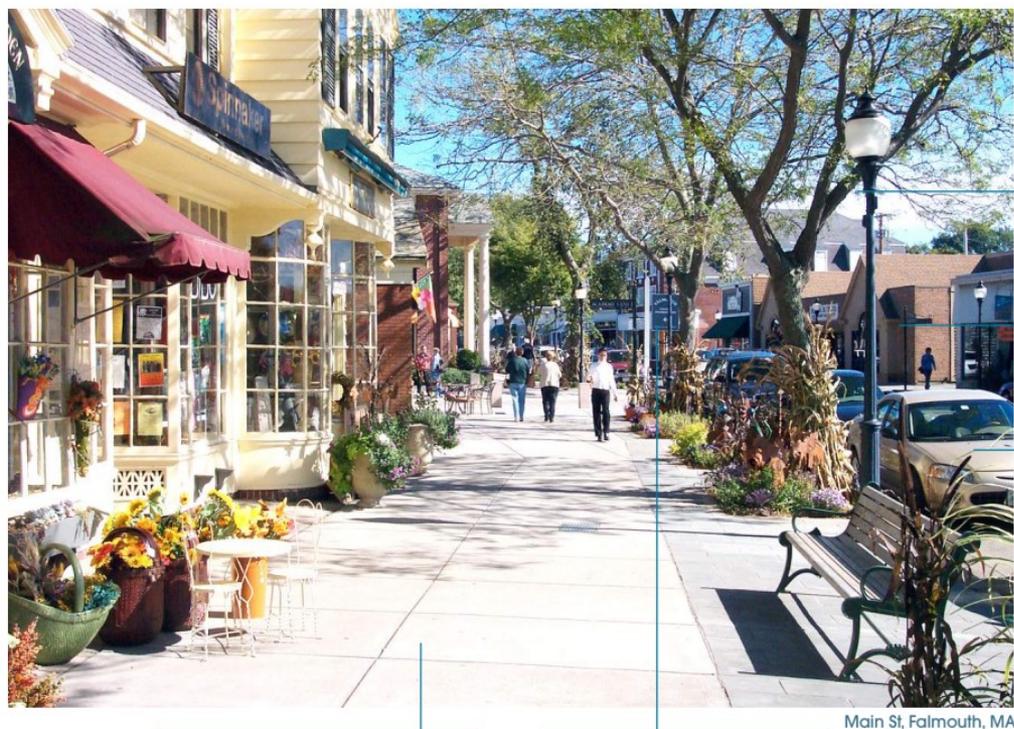
**MDM** TRANSPORTATION CONSULTANTS, INC.  
 PLANNERS & ENGINEERS

28 Lord Road, Suite 200  
 Middleborough, MA 01762  
 Tel: (508) 333-0370  
 Fax: (508) 333-6371

Project No. 1188	File: 1188 Concept Plan (2022-05-10).dwg
Date: May 10, 2022	Scale: As Noted
	Sheet 1 of 4

# Downtown Revitalization Plan

**Objective:** Work with our stakeholders to create a cohesive, unified main street. Focus design efforts and improvements that create a destination for pedestrians and business alike.



Main St, Falmouth, MA

Street trees and light posts located at consistent distance create visual interest and rhythm

Building awnings create a human-scale experience while walking

Planters provide Seasonal attraction, softens the surrounding hardscape, and helps unify the streetscape

Benches encourage people to linger and spend more time on street

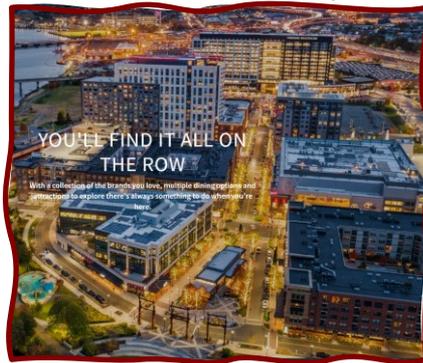
Consistent paving material types in key zones (transition, pedestrian walkway, Site furnishing, etc.) provides heirarchy and cohesiveness

Wayfinding used as a branding tool and provides a unique identity to the area

- The downtown represents the heartbeat of our town
- Investing in our downtown is an investment in our financial future
- Downtown Design Workshops are being scheduled for early 2023
- Stantec working design standards and downtown cross sections
- Our stakeholders are an integral part of this process
- Continue to aggressively seek grant funding opportunities from all sources

**\$1.1mm available today** (from previous bonding) for downtown improvements

# The Future of Emerald Square Mall



## Assembly Row

Medical, retail, and office space in one location



## Legacy Place

Retail, commercial, restaurants, and entertainment in location



## Life Sciences

Pharmaceutical/medical devices/research

Current valuation of ESM = **\$60mm** / Current Occupancy is ~ **60+%** / Housing provides stabilization  
ESM Provides approximately **\$1mm** in property tax revenue annually

# Planning & Economic Development Grants

MassWorks Grant for Kelley Boulevard/Route 152	\$3.9mm
EPA Revolving Loan Fund for Brownfields Remediation	\$1.2mm
EPA Grant for Boulter Farm / Courtois Remediation	\$500K
Economic Development Earmark for Brownfields Remediation	\$150K
DHCD Grant for Downtown Revitalization Plan	\$150K
MassWorks Grant for Kelley Boulevard	\$100K

**FY23 Available Total**

**\$6mm**

# **FY23 Budget Drivers**

Indicators, Observations, and Trends

# FY23 Building Permits & Inspections

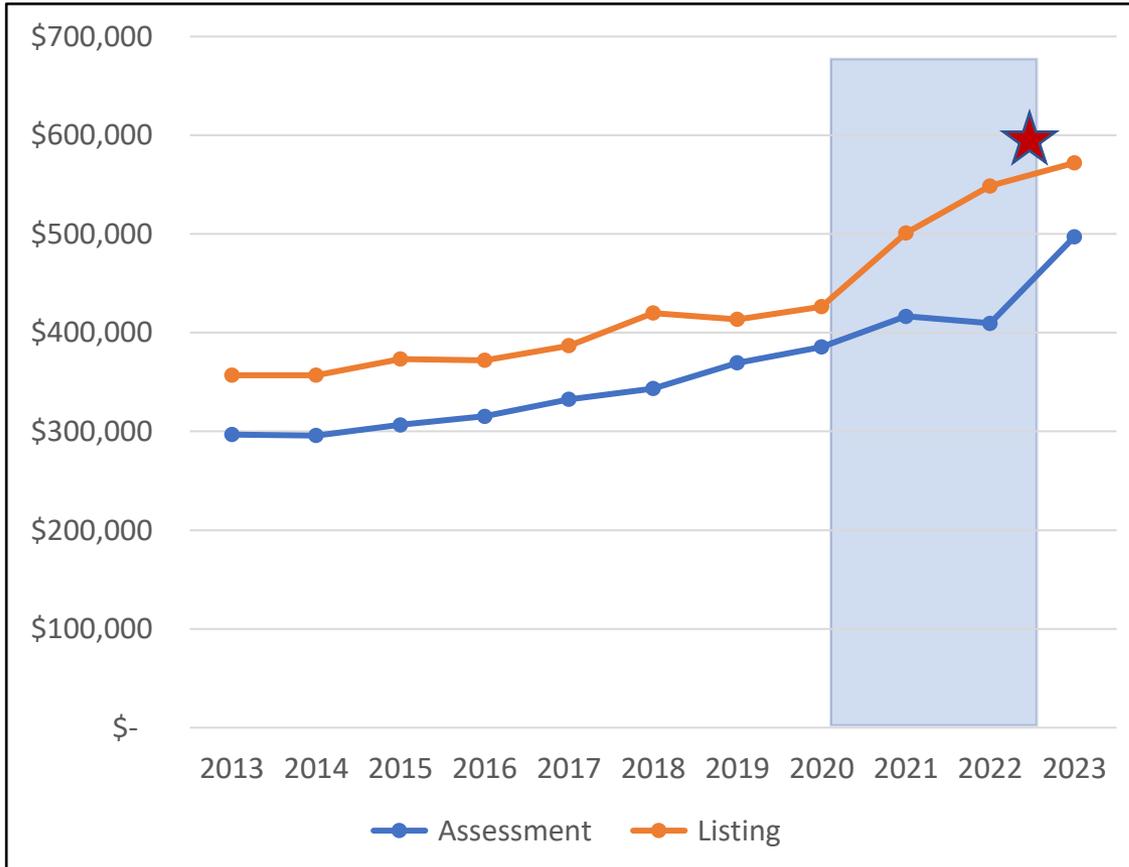
*Building permits are a leading economic indicator and measures current demand in the market and estimates future performance of the construction industry.*

<u>Action / Event</u>	<u>FY22</u>	<u>FY23</u>	<u>Notes / Remarks</u>
Records Created	2852	1268	Totals to date indicate a turndown in performance. Currently running 11% behind the previous year 
Revenue Generated	\$470,761	\$204,927	Running a projected \$30,453 ~ 13% behind previous year 
Inspections	4560	2299	On track, no issues observed
Permits Issued	3035	1336	Running 363 behind previous year, ~ 12% behind the previous year 

## Trends and Observations:

- (Trend) The economy is beginning to slow driven by the following factors:
  - Interest rates – current Federal Reserves' Interest rate. 4.25% - 4.5%
  - Inflation – the price of goods, services, and labor all going up
- (Observation) Property owners less likely to take on major upgrade / work at this time while prices remain high
- (Observation) Expect a continued slowing of permits issued over the next 12 to 18 months

# North Attleborough Housing Market Trends & Indications



Current Assessment	<b>\$497,100</b>
Assessment Increase Since 2021	<b>29%</b>
Current List Estimate	<b>\$572,000</b>
Peek List Estimate June 2022	<b>\$599,700</b>
Estimate Decrease from peek to today	<b>5%</b>

### Observations:

1. Housing market starting to cool as a result of interest rate increases, prices holding firm
2. Houses still selling above asking price
3. Number of permits issued indicates a slowdown in improvements

# Motor Vehicle Sales

- **US car and light truck sales**

- Down 7.9% from 2021, the slowest sales pace since 2011



TRADINGECONOMICS.COM | NATIONAL AUTOMOBILE DEALERS ASSOCIATION

- NADA's monthly report also flagged rising transaction prices, rising interest rates and incentive spending that remains near record lows as factors that pushed new-vehicle payments higher.

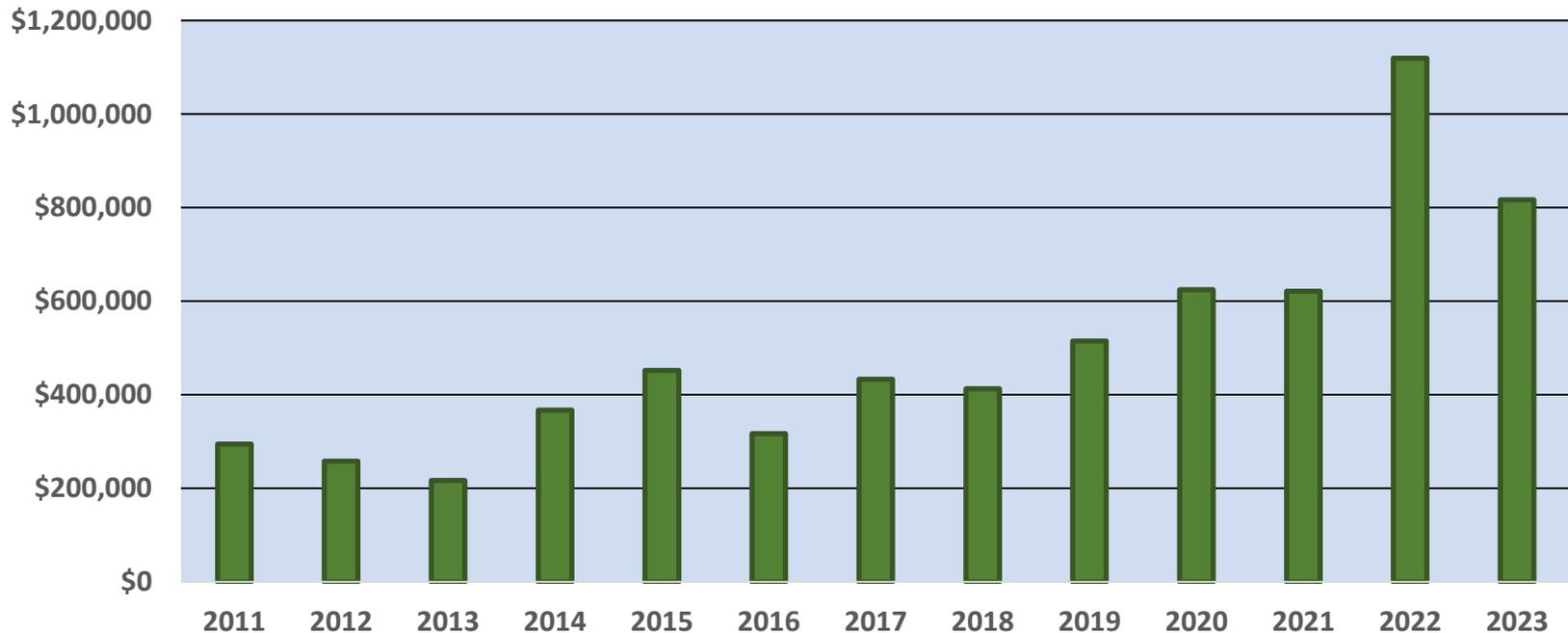
# FY23 Financial Snapshot

## Levy Limit Calculation

<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
\$65,109,045	\$67,636,332	\$69,927,240*

\*Estimated based on Prop 2 ½ and New Growth Estimate for FY24

## New Growth



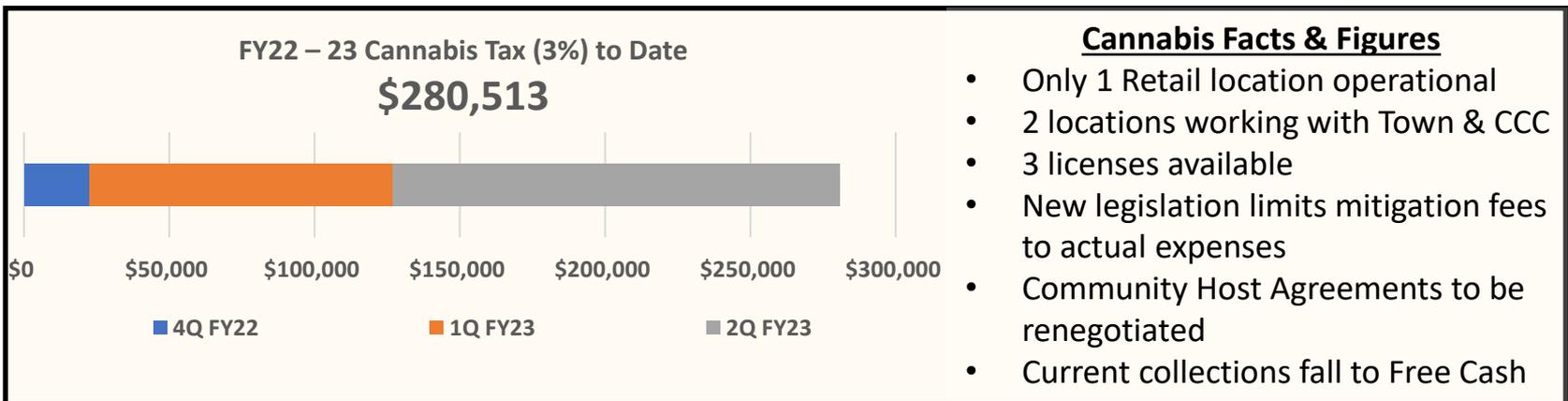
# FY23 Local Receipts Recap

<u>FY23 Budget</u>	<u>FY23 Actual</u>	<u>% of Budget</u>
<b>\$6,636,502</b>	<b>\$2,484,357</b>	<b>37%</b>

\*Estimated based collections as of 31 DEC 22

Source	FY23 Budget	FY23 Actual to Date	%	Remarks
Motor Vehicle	\$4,000,000	\$682,172	17%	Due Mar 23
Room	\$250,000	\$284,847	114%	Higher than expected
Licenses - BOH	\$12,000	\$7,805	65%	Higher than expected
Permits - Highway	\$7,000	\$6,200	89%	Higher than expected
Opioid Settlement	\$0	\$281,664	-	Falls to Free Cash '24

\*Estimated based collections as of 31 DEC 22



# FY23 Enterprise Funds

	Revenue Estimate	Revenue Actual	%	Expense Estimate	Expense Actual	%
Water	\$4,803,252	\$2,557,465	53%	\$4,803,252	\$2,292,997	48%
Sewer	\$6,148,255	\$2,974,685	48%	\$6,148,255	\$3,841,238	62%
Solid Waste	\$3,834,820	\$2,274,497	59%	\$3,834,820	\$1,900,876	50%

## Notes:

- All items are rate payer funded
- Sludge, power, and chemicals driving costs higher
- Expect to see increases in indirect costs in the coming year

# FY23 Department Budget Execution

<u>FY23 Appropriation</u>	<u>YTD Expended</u>	<u>% Executed</u>
<b>\$107,291,763</b>	<b>\$51,284,184</b>	<b>48.9%</b>

\*Estimated based collections as of 03 JAN 23

## Department Execution YTD Anomalies

<u>Department</u>	<u>YTD % Executed</u>		<u>Remarks / Observations</u>
Elections	74%		Early expenditure to support November 22 elections
Snow & Ice Salaries	7%		No significant snow events to date. February is the snowiest month of the year
Health insurance	40%		Better than expected premium-to-claims ratio
Salary Reserve	83%		Holding account for bargaining unit contract settlements

\*Estimated based collections as of 03 JAN 23

# Account Balances

Stabilization Fund	<b>\$7,125,563</b>
Capital Improvement Stabilization	<b>\$1,546,884</b>
Opportunity Fund	<b>\$450,000*</b>
FY23 Free Cash	<b>\$4,655,944</b>

**\*Opportunity Fund Established 2022 with the support of NAED assets (\$10,000,000). Interest Income based on projected returns. Proceeds from this account will fall to Free Cash in the next FY.**

# FY23 Closeout (6-month Outlook)

- Budget outcome – No issues anticipated
- Inflation continues to hamper operational costs and capital projects underway
  - Financial pressures on RML, NAPD HVAC, and Allen Ave
- Start of an economic downturn, recession?
- Local housing market stagnant, leading indicators include
  - Affordability 
  - Interest Rates 
  - Number of Days on market 
  - Housing inventory 

# FY23 Budget Summary

- Employee stabilization and retention remain a priority, this is a cost savings measure and ensures level service
- Looking for every opportunity to create savings within the budget to hedge against inflation, un-forecasted cost increases, and supply chain challenges

# **FY24 Budget Forecast**

Computations, Drivers, Estimates and Capital Projects

# FY24 Budget Forecast

- Initial Budget Guidance
  - Zero-based budgeting strategy remains in place for department operational expenses
  - We will continue to fund level service operations
  - Fiscally conservative estimates based on economic climate
  - Pursue grant funding opportunities for every project from every available source
  - Retain our workforce and expand benefits where feasible
- Leverage available Free Cash for 1 x expenses
- Stay the course with ARPA funds for approved capital expenses
- Pursue direct purchase of Health Insurance and explore Joint Purchase Agreement (JPA) with Plainville
- Avoid deferred maintenance and fully fund budget repair and maintenance line items

# FY24 Budget Drivers

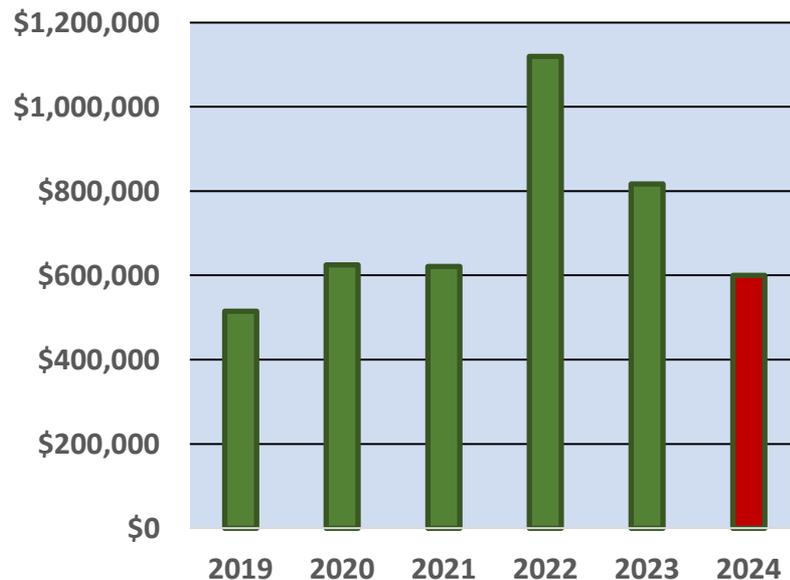
- Inflation will directly impact budget execution in FY24
  - New growth estimate impacted by inflation and interest rate hikes
  - Measure and List results will be available in FY24
- Health insurance costs are likely to see an increase in FY24 (6 to 8%)
- Capital projects underway are likely to see increased costs, future capital projects will cost more
- Gains in local receipts offset by higher costs across the board
- Cannabis to be limited to 3% sales tax as mitigation fees are renegotiated in all Community Host Agreements
- Sports betting to begin in FY23, unknown impact on our budget at this time
- Master Plan implementation costs

# FY24 Levy & New Growth Estimate

Levy Estimate		
<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
\$65,109,045	\$67,636,332	\$69,927,240*

\*Estimated based on Prop 2 ½ and New Growth Estimate for FY24. Cherry Sheet Estimates unavailable at the time of this writing, new administration has yet to publish any budget guidance.

## FY24 New Growth Forecast



## New Growth Notes

- Computation driven by permitting and developments
- Kelley Blvd 40R project unlikely to impact this budget cycle
- Housing market will continue to cool for the next 10 – 18 months
- Unable to forecast cannabis during this budget cycle
- Sports betting impact is unknown at this time

# FY24 Capital Projects Estimate

- Fund from available cash on hand
- Focus on infrastructure and major facility requirements
- ARPA Funds are fully committed

Total # of Projects

**55**

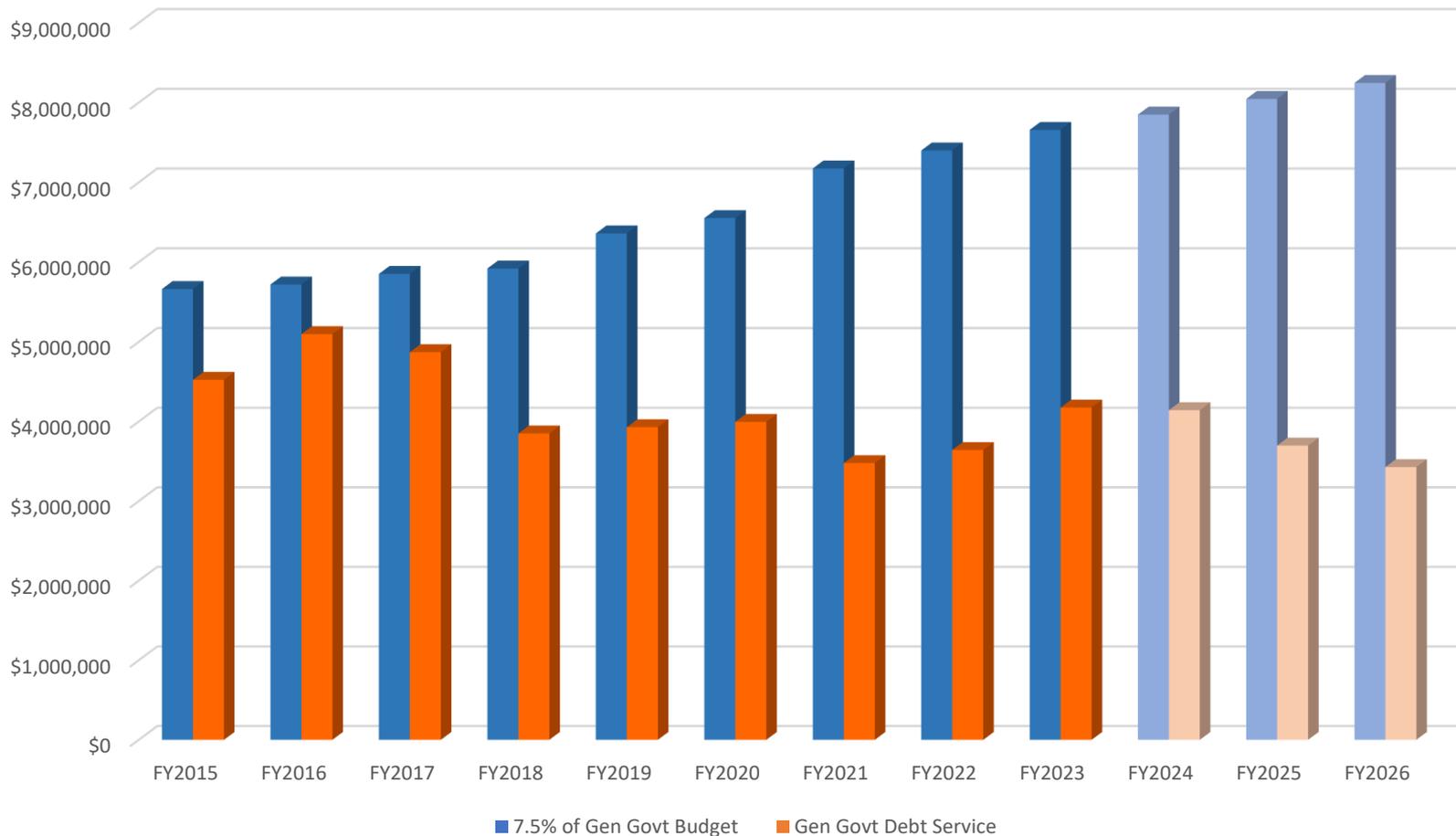
Estimated Total Cost

**\$24,328,136**

Funding Source	# of Projects	Estimated Total Cost
Free Cash	36	\$5,880,136
Capital Stabilization	1	\$2,000,000
Borrowing	4	\$4,550,000
Ambulance Reserve	1	\$68,000
Enterprise Funds	13	\$11,830,000

# FY24 Service & Capacity Estimate

## North Attleborough General Government Debt Service



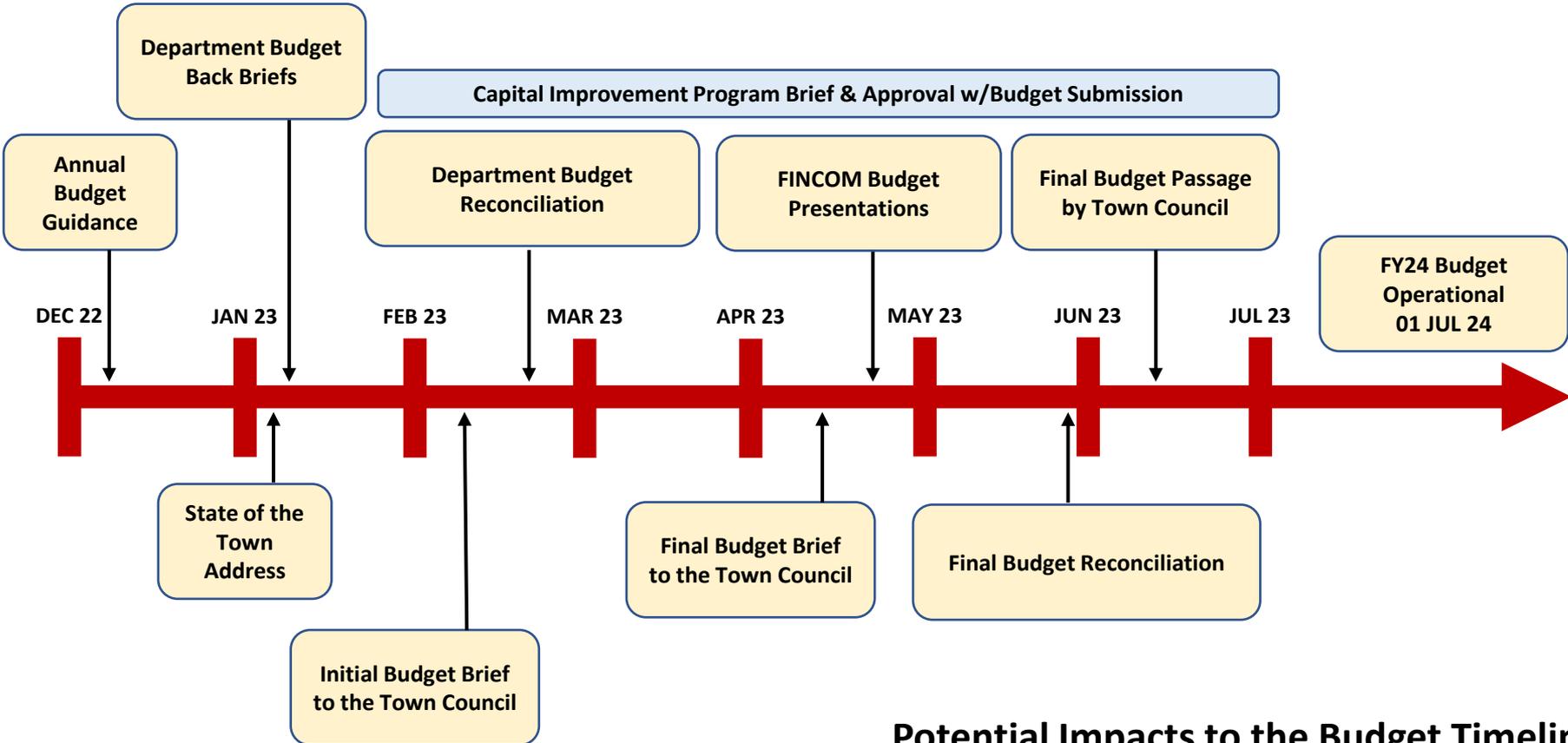
# FY24 Priorities

- Smart Growth Community Development, attracting new business and resident to North Attleborough
- Master Plan / Housing Production Plan implementation – develop and fund an implementation plan
- Zoning Bylaw review, rewrite – update our aging bylaws and streamline the planning/permitting process
  - Adopt the mixed-use zoning bylaw
  - Implement the downtown revitalization program
  - Target strategic properties in North Attleborough for development – Courtois, Webster Mill cleanup, etc.
- Conserve debt capacity and borrow judiciously – set the conditions for an upgrade in the Town’s credit rating to AAA
- Maintain our commitment to our residents for level service throughout the year

# FY24 Risks & Mitigations

- Inflation and increased costs for goods and services - recession
  - Fiscally conservative budget estimates based on historical trends
  - Zero-based department budget submissions
  - Multi-year contract review & vigorous IFB and RFP process
- Rising costs of facility maintenance and repairs
  - Prioritize and fund maintenance efforts
  - Joint facilities approach between NAPS and Town
- Forecasted health insurance cost increase
  - Direct purchase of insurance coverage
  - Maintain wellness programming promoting healthy lifestyles and habits
- Employee stabilization and retention
  - Bargaining unit contracts remain valid for the next two years
  - Explore the expansion of benefits – employer funded dental (25%)
  - Continue to invest in employee education, training, and professional development

# FY24 Budget Development Timeline



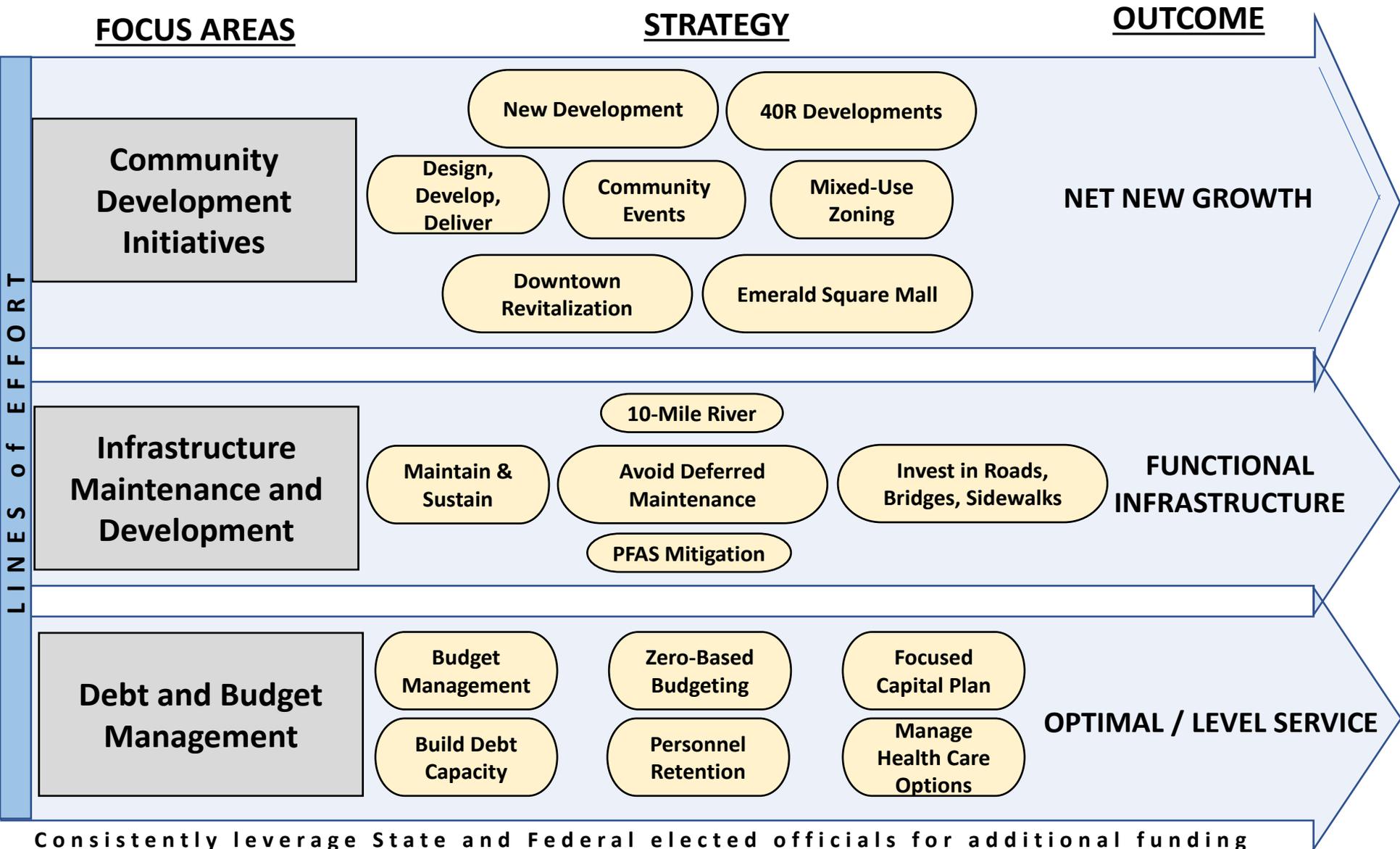
**Potential Impacts to the Budget Timeline**

- Delay or uncertainty in the Commonwealth budget process

# Long-Term Financial Forecast

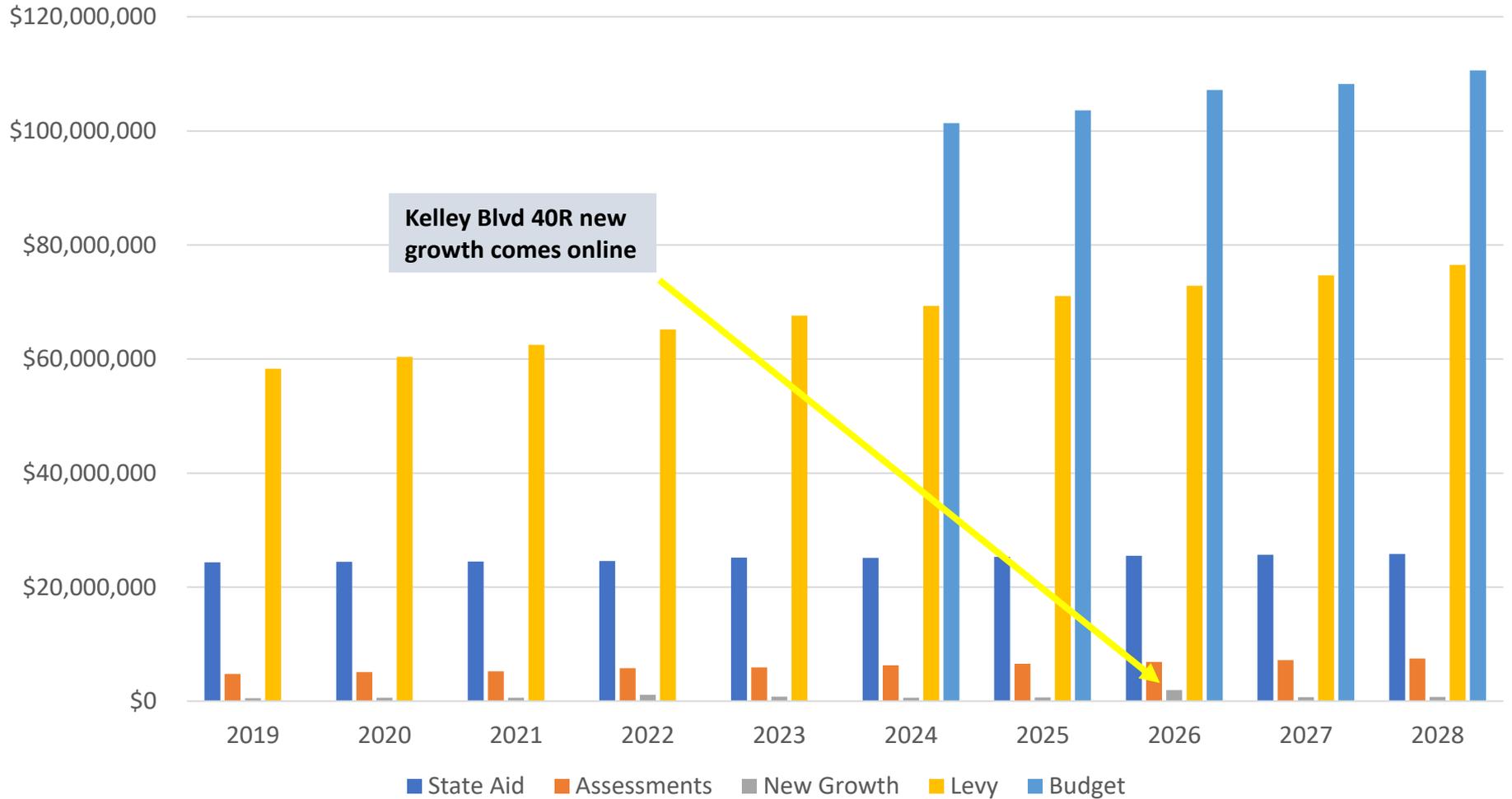
Estimates and Impacts

# 5-Year Budget Strategy



LINES of EFFORT

# 5-year Revenue Forecast



# 5-year Revenue Forecast

- The potential for a recession exists in FY24, average recession length is 10 months and can last up to 18 months
- State Aid and State Assessments remains stable over the next 5 years – increases in state assessments outpaces receipts from the state
- New Growth remains the only variable to grow revenue outside of Proposition 2½

# Debt Capacity and Service Forecast

- Always pay in cash when it makes sense to do so.
- Be judicious in our borrowing efforts and create debt capacity to buffer future costs
- ~ \$5mm in debt capacity in 2026 before major projects payments come due in 2027 (Tri-County, NAHS, and Fire Station)



# Focus on Community Development

- Look for 40R development projects that support mixed-use zoning
  - This supports affordable housing objectives and attracts new business opportunities
- Attract additional business to North Attleborough
  - Life sciences, medical device manufacturing
- Create mixed-use overlays that enhance Route 1 to be like no other area along Route 1
- Implement a housing solution at Emerald Square Mall to stabilize assessed value

# Major Development Impacts

- Tri-County MSBA Project
  - Recent vote for complete rebuild option
  - Estimated overall cost is \$300mm
  - Estimated impact on North Attleborough is **\$3.6mm** annually based on the current enrollment at Tri-County
  - Current tuition cost is \$3.6mm
  - Construction will double our current commitment to Tri-County



# Major Development Impacts

- North Attleborough High School MSBA Project
  - Feasibility estimated to cost up to \$2,000,000
  - Feasibility study complete FY26
  - Construction estimated to start sometime FY27/28
  - Process is ongoing
  - Cost estimates are dependent on work required (renovation or rebuild)
  - Concerns with MSBA cap on school construction cost per square foot (currently capped at \$360 s/f, actual cost closer to \$800 s/f) Estimated actual reimbursement is \$.27 on every \$1 of construction cost
  - \$300m build price = **\$218m** Town share / **\$81m** MSBA share
  - Cost today to the average homeowner **\$1,120** per year in property tax – based on current budget and does not account for any new growth

# Major Development Impacts

- PFAS Mitigation Efforts – Rate payer funded
  - EPA has not settled on definitive requirement for PFAS levels
  - Potential to spend another \$20mm on mitigation efforts
  - Investigating litigation options to recover funds for mitigation efforts
- New Fire Station Headquarters
  - Feasibility study underway, determining best possible location and requirements
  - Estimated costs ~ \$30mm

# Conclusion

- **Outlook sentiment – cautiously optimistic**
- The Commonwealth is holding uncommitted funds from the FY23 budget – we must apply pressure on our elected officials to commit those funds for major infrastructure initiatives
  - School building construction costs
  - Align MSBA reimbursement costs to reflect reality
  - Roads, Bridges, Sidewalks
  - Unrestricted General Government Aid
- Maintain and sustain our facilities, deferred maintenance costs are the true cancer of any budget
- **Reinforce our commitment to level service budget**