

MICHAEL D. BORG
Town Manager



TOWN OF NORTH ATTLEBOROUGH
43 South Washington Street
North Attleborough MA 02760
508-699-0100

SUBJECT: Fiscal Year 2024 Budget Message

To the Honorable Members of the North Attleborough Town Council

I am pleased to submit the Fiscal Year (FY) 2024 final budget to enable government services and provide significant support for our schools, public safety, and public works in North Attleborough. Emerging in the aftermath of the COVID-19 pandemic, the Town is in an excellent financial condition to weather the ongoing impacts of inflation, supply concerns, and rising costs for goods and services in all sectors. This budget builds on the lessons learned of the past and applies sound conservative financial practices to ensure the Town continues to provide essential services to our residents and business alike.

Before you, the budget proposal is conservative and focuses on maintaining level services across all departments and enterprise funds. Further, a significant number of projects and capital investments approved and funded have been paid in available cash on hand, minimizing the amount of borrowing by the Town. This is a practice we will continue to implement in the coming years. This year the Town's budget is forecast to be \$105,856,488, primarily drawing on Proposition 2 ½ and the valuation of Town properties providing \$69,927,240 in the tax levy. This amount represents 66.05% of the overall revenue that the Town will collect.

State aid remains stable but relatively unchanged. At this stage of the Commonwealth budget process, state aid currently provides \$25,376,614 representing 24% of our budget based on the Governor's budget proposal released on March 1, 2023. The overall direction of state aid remains neutral. The 2% increase in Unrestricted General Government Aid proposed in the Governor's Budget proposal fails to check inflation and the rising costs of goods and services the Town procures. Under education receivables, Chapter 70 contributions remain flat, with an overall increase of 0.57%, even less than last year's increase. As proposed by the Governor, this minimal increase fails to realistically address the spiraling costs of education underpinned by rising inflation and material costs. The net impact is that the Town must bear the burden of any increase in operational expenses.

Local receipts are forecast to increase slightly across the community. Of note, hotel receipts, meals, and lodging receipts are on the rise in the area. Cannabis, the newcomer to the local receipts category, is making an early impression with one vendor providing nearly \$500,000 in receipts in FY23 so far. Enterprise indirect payments to the Town are rising this year, driven by inflation and higher operating costs that each of our enterprise funds must absorb. Payment in lieu of taxes remain stable. Through NAED the Town is leveraging nearly \$14 million in an Opportunity Fund investment for the benefit of the Town. Interest on investments will exceed \$400,000 in FY23.

The American Rescue Plan Act (ARPA) continues to provide additional funding resources for the Town. Of the original allocation of \$8.2 million, the Town still holds \$6,199,758. The Town has three years to expend these funds. ARPA funds allow the Town to leverage for other operational and capital projects that would not have otherwise been possible.

Community development remains a priority as a driver of new growth opportunities. This effort directly impacts current and future operating budgets within the Town. Housing prices remain elevated and interest rates, driven by the Federal Reserve, do not look like they will cool down anytime soon. The Town is wrapping up the Measure and List survey of all properties in the Town. The results will impact the FY25 budget. Further, this year we will see the Master Plan delivered along with established design standards, a strategic land survey, and a mixed-use zoning bylaw for select areas in the Town.

The approval of the 40R development on Kelley Boulevard is complete with a Zoning Bylaw in place. Design of the road construction project to relieve traffic congestion along Kelley Boulevard is underway, fueled by the MassWorks \$3.9 million grant. The passage of the 40R Zoning Bylaw provides some relief from 40B development in the short run. The Town must partner with the right developers to increase this percentage providing smart, beneficial growth for the Town.

Emerald Square Mall is under new ownership. The new owner, Kohan Properties, has made mitigation payments to the Town but is behind on property tax as of this writing. The Town continues to see development opportunities in and around the mall area. We have begun high-level discussions with several nationally known companies who see the value in the mall area because of its geostrategic position along I-295 and I-95. After years of declining property values at the mall location, the Town has settled all existing abatements with Emerald Square Mall and set a value for the property at \$60,000,000.

Inflation is the driving force behind the higher costs of goods and services. Logistics and shipping delays continue to delay many of our projects, including our PFAS mitigation project at the Adamsdale well. This project is complete less the one part backlogged and on order with the shipping status updated monthly with delay after delay.

With respect to Health Care costs, the Town is very fortunate to have an extremely positive claims-to-premium ratio. As a result, the Town is looking to move to a direct purchase, self-insured model and purchase our health care policies directly from Blue Cross Blue Shield and save the Town nearly \$1 million annually in brokerage fees.

In conclusion, the Town remains in a strong, stable financial position. The Town's credit rating of AA+ with a stable outlook establishes a clear benchmark of the Town's financial worthiness and resilience. The Town is now in a position to preserve some of these gains by paying for as many projects as we can in cash and limiting borrowing to \$4 million or less a year when possible. This self-imposed cap on borrowing allows the Town to fund the Capital Improvement Stabilization Fund as a line item in the budget. The Town is now beginning to realize the opportunities created by the influx of Free Cash in FY23.

We are borrowing less and building additional debt capacity for the Town to leverage in the coming years.

Very respectfully submitted,



10 April 2023

Michael D. Borg
Town Manager
North Attleborough, MA