



Fiscal Year (FY) 2025 Annual Budget Policy Review & Long Range Financial Forecast

08 January 2024

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Outline

- Charter Reference
- Fiscal Year 2024 So Far...
 - Snapshot, Budget Strategy, Significant Events
 - Development Highlights, Drivers, Budget Execution, Account Balances
 - FY24 Closeout & Summary
- Fiscal Year 2025
 - Forecast, Drivers, Levy & New Growth Estimates, Capital Projects, Priorities, Risks & Mitigations
 - FY25 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 2024 So Far...

- **Town Finances**

- Departments are on track with expenditures and ongoing capital projects
- Bargaining unit negotiations are in year 2 of 3, and negotiations are set to begin late FY25
- ARPA funding expenditures continue to provide financial relief

- **Community Development**

- Smart Growth Focused, Mixed-Use Zoning
- Affordable Housing: 40R and 40B Developments
- Emerald Square Mall
- Downtown Redevelopment
- Sustainable Redevelopment

- **Public Works**

- Reinforcing our commitment to repairing, dredging, and improving the Ten Mile River
- PFAS Mitigation Efforts

- **Capital Programs**

- Funding projects with cash on hand to conserve borrowing power for upcoming major projects
- Repurposing funds to pay for projects and unforeseen expenses
- Utilizing ARPA funding
- MSBA Projects: Tri-County and NAHS

FY24 Budget Strategy Execution

- Departments develop and employ a Zero-Based Budgeting strategy for the FY
- Leverage ARPA funding for one-time expenses, major capital initiatives
 - \$3mm directly from the Federal Government
 - \$5.2mm from Bristol County
 - 451 Elm Street Procurement
 - Allen Ave Property Initiative
- Free Cash \$5.55mm - in Free Cash Strategy discussions with Town Council
- Repurposing existing funds allows the use of on-hand cash in place of borrowing for unexpected expenses or projects
- Fund Stabilization accounts to the greatest extent possible

FY24 Significant Events

- As of this writing, we do not have the Governor's budget
 - Continuing to watch the development of the Commonwealth's budget
 - Concerns over year-over-year receipts
- Maintained the Town's credit at AA+, next credit assessment is FEB-MAR 24
- Inflation continues to impact the cost of doing business, rate relief may be on the way
- PFAS mitigation is ongoing
 - Adamsdale Well is complete and online
 - McKeon Water Treatment Plant is under construction
 - Continue to lobby for the support of our elected officials (Federal & State)
 - We are pursuing litigation as a means to help the costs of the Town's mitigation efforts
- Ten Mile River Watershed
 - Federal earmark funding is working the design of a portion of this project
 - Drafted strategic joint framework for a regional approach between Attleboro, North Attleborough, and Plainville
- Downtown Improvements Conceptual Agreement
 - Plan in hand
 - Municipal Parking Lot improvement plan
 - Sidewalk repairs and improvements
- 152 / 106 (Kelley Blvd) Road improvements are underway

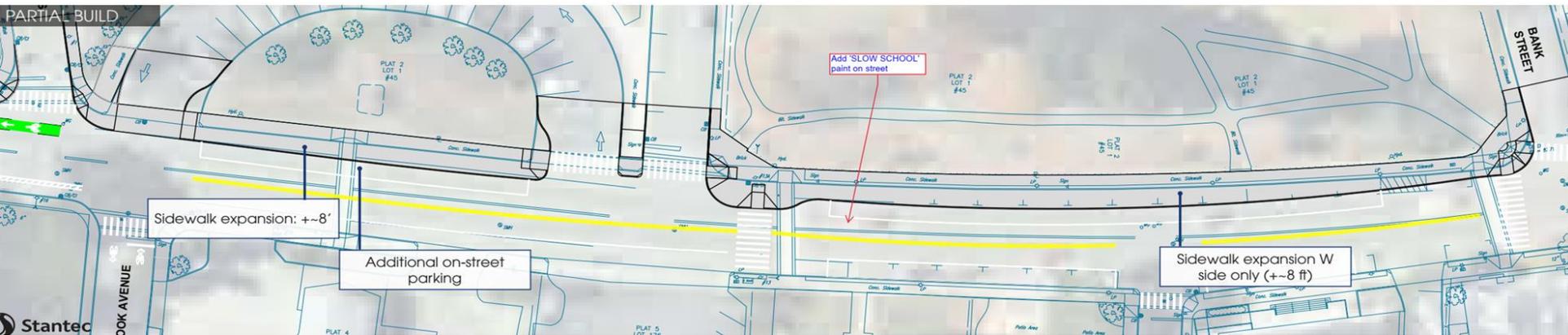
Draper Ave 40B Project

- Proposed 40 unit “40B” development
- Currently in the ZBA for approval
- 80% AMI as determined by HUD rates for this area
- Estimated tax revenue: \$85,000 annually



Studio: 4	(10%)
1 Bedroom: 20	(50%)
2 Bedroom: 12	(30%)
3 Bedroom: 4	(10%)

Downtown Revitalization Plan



- Plan is complete after several rounds of input and discussion with stakeholders
 - sidewalk improvements and restoration, additional parking, pedestrian safety, wayfinding, traffic calming, signage, new lamp posts
- Downtown North Attleborough is becoming a draw and local attraction: 21 East Apartments, Angle Tree Brewery, Block Party, Farmer’s Market, Leftover Turkey Trot 5K. More events added each year
- Completed improvements include:
 - sidewalk improvements on North Washington Street
 - new lamp posts on order – awaiting delivery
 - Church Street parking lot design underway
- Looking for additional funding to support this project

FY24 Budget Drivers

Indicators, Observations, and Trends

FY24 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>FY23</u>	<u>FY24</u>	<u>Notes / Remarks</u>
Records Created	2621	1391	In line with year-over-year performance
Revenue Generated	\$453,290	\$234,163	In line with year-over-year performance
Inspections	4274	2421	In line with year-over-year performance
Permits Issued	2425	1352	In line with year-over-year performance

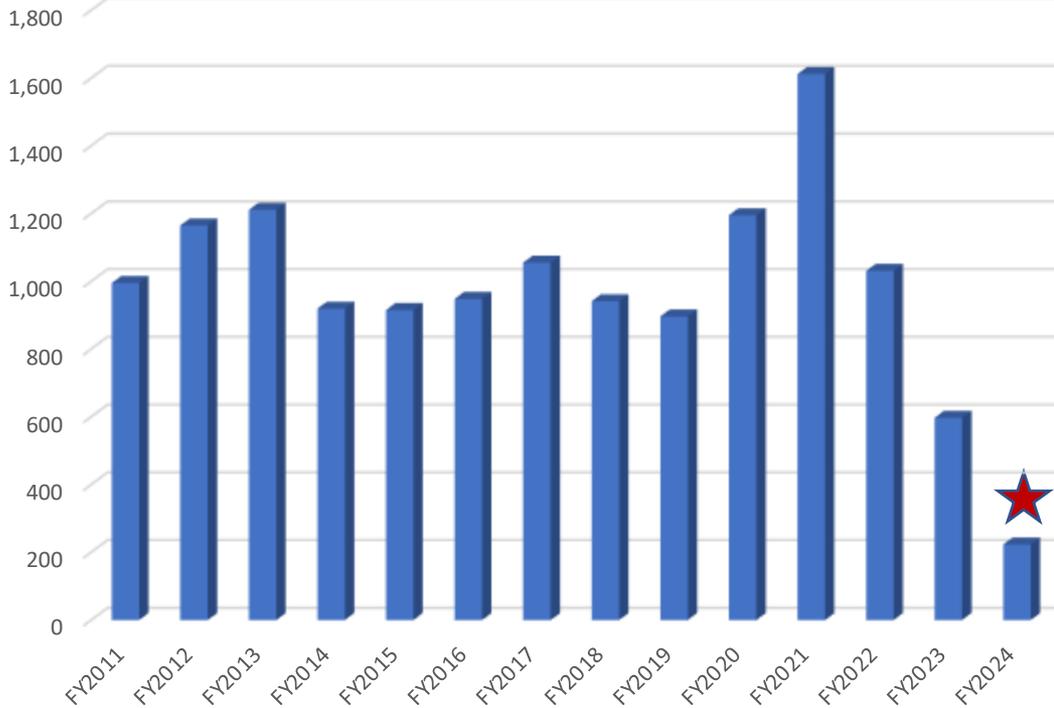
Trends and Observations:

1. (Trend) Historically high interest rates having an impact. Potential loosening of rate hikes in the near future
2. (Observation) Property owners less likely to take on major upgrade / work at this time while prices remain high
3. (Observation) Pulled permits in line with decrease we observed in FY22 to FY23

North Attleborough Housing Market Trends & Indications



MUNICIPAL LIEN CERTIFICATES



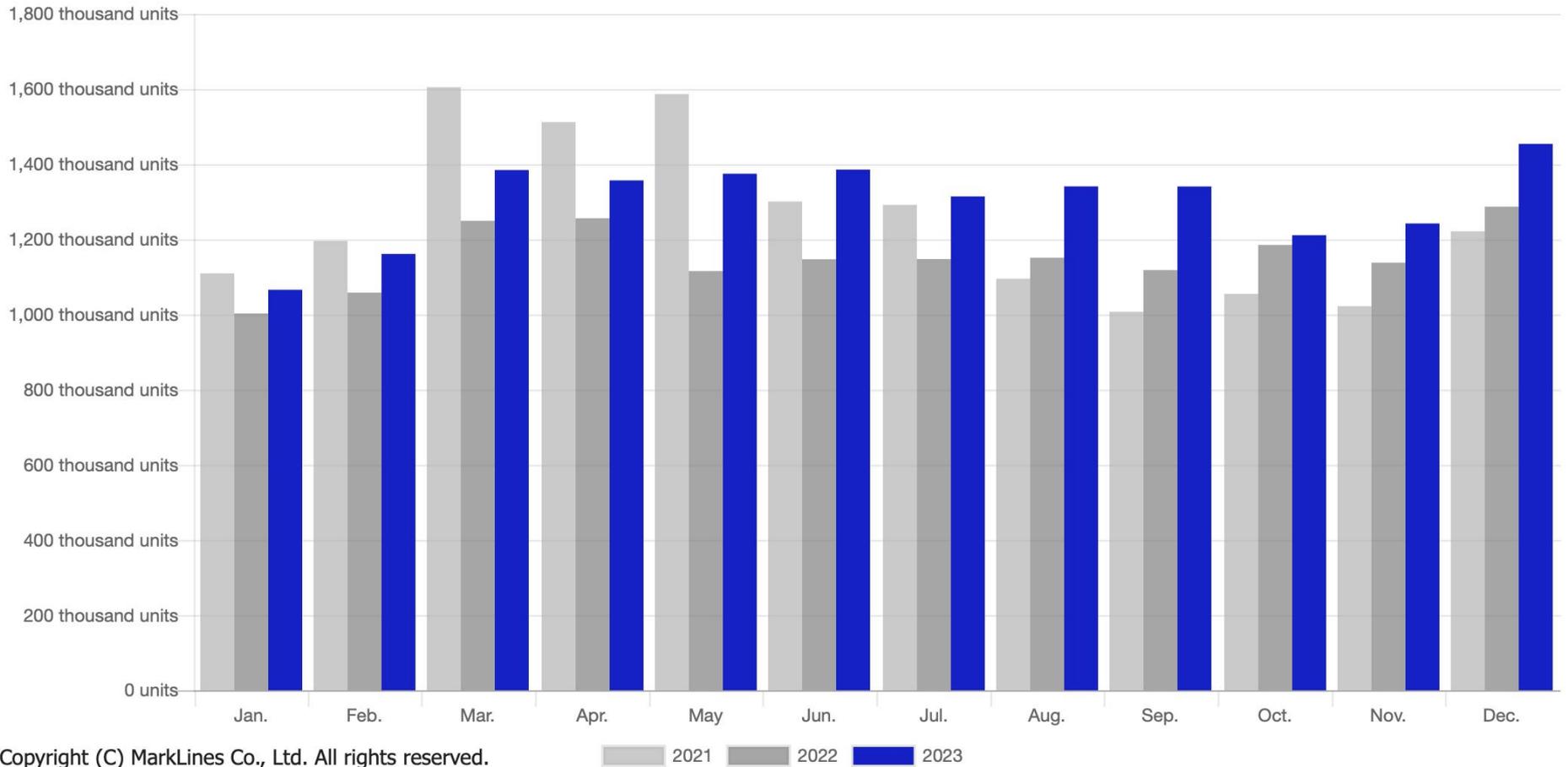
Current Assessment	\$569,000
Assessment Increase Since FY21 – FY24	 37%
CY23 – FY25 MLS Home Sales	 186
AVG MLS Sale Price	\$636,063

Observations:

1. 25% decrease in the number of sales from the previous year.
2. Interest rates remain high
3. Limited housing stock available, prices holding firm
4. Houses still selling above the asking price
5. The average sale price increased by approximately \$70,000

Motor Vehicle Sales

USA - Automotive Sales volume, 2023



U.S. car sales up 13.0% in December, up 12.3% for full-year 2023

Truck and SUV sales increased 15.6% from last December to 1,179,950 units, while passenger car sales increased 3.0% to 274,296 units. Total 2023 full-year sales of 15,608,035 units were up 12.3% from 2022 year-end totals.

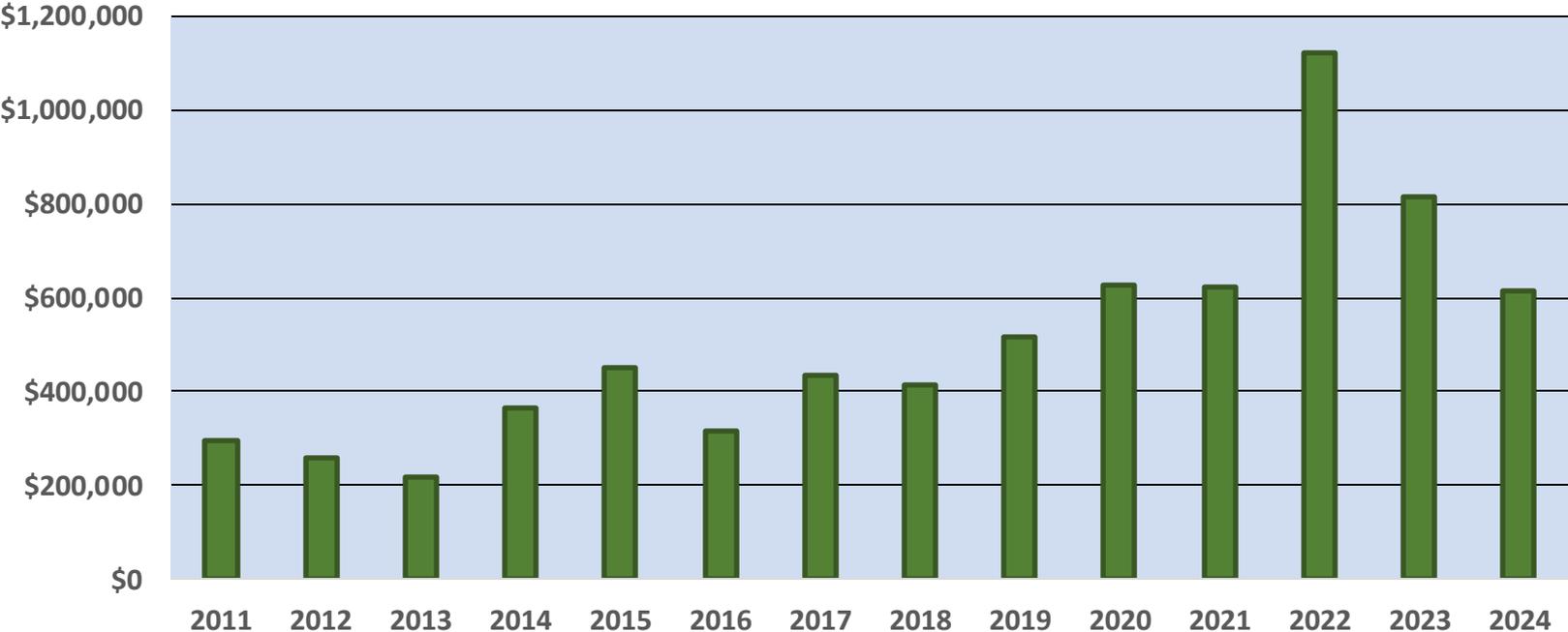
FY24 Financial Snapshot

Levy Limit Calculation

<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
\$65,109,045	\$67,636,332	\$69,943,064	\$71,691,641*

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

New Growth



FY24 Revenue Recap

<u>FY24 Budget</u>	<u>FY24 Actual</u>	<u>% of Budget</u>
\$105,991,903	\$47,980,523	45%

Source	FY24 Budget	FY24 Actual to Date	%	Remarks
Tax Revenue	\$69,800,759	\$33,324,904	48%	5 months of data
State Aid	\$25,392,354	\$10,084,559	39%	9C Cuts ???
Local Receipts	\$7,678,575	\$2,534,586	33%	Motor Vehicle Excise
Ambulance Reserve	\$2,006,474	\$2,006,474	100%	On Track
Enterprise Indirects	\$743,000	\$0	0%	Scheduled, not taken

*Estimate based on collections as of 01 DEC 23

NOTES:

- 1. The majority of the Motor Vehicle Excise Tax is collected in March of each year.**
- 2. Awaiting the Governor's Budget, watching for 9C cuts**
- 3. Town Accountant will move Enterprise Indirects within the next 90 days. No issues, this funding is in place.**

FY24 Local Receipts Recap

<u>FY24 Budget</u>	<u>FY24 Actual</u>	<u>% of Budget</u>
\$7,678,575	\$2,534,587	33%

Source	FY24 Budget	FY24 Actual to Date	%	Remarks
Motor Vehicle	\$4,200,000	\$898,521	21%	Due Mar 24
Room	\$350,000	\$160,925	46%	On Track
Licenses & Permits	\$483,050	\$229,821	48%	On Track
Investment Income	\$204,000	\$436,093	214%	Higher than expected
Cannabis	\$500,000	\$69,674	14%	Lower than expected

*Estimate based on collections as of 01 DEC 23

NOTES:

- 1. The majority of the Motor Vehicle Excise Tax is collected in March of each year.**
- 2. Cannabis collections are lagging. Only 1 retail outlet is operational in North Attleborough at this time.**
- 3. Room Tax maintains expectations even with the loss of one facility supporting the Commonwealth's Emergency Shelter Law.**

FY24 Enterprise Funds

	Revenue Estimate	Revenue Actual	%	Expense Estimate	Expense Actual	%
Water	\$5,211,772	\$2,321,049	45%	\$5,211,772	\$1,658,449	39%
Sewer	\$6,269,533	\$2,623,099	42%	\$6,269,533	\$2,580,734	41%
Solid Waste	\$3,829,137	\$2,862,498	75%	\$3,829,137	\$1,276,278	33%

Notes:

- All items are rate payer funded

FY24 Department Budget Execution

<u>FY24 Appropriation</u>	<u>YTD Expended</u>	<u>% Executed</u>
\$102,222,916	\$45,014,355	45%

Department Execution YTD of Budget Assigned

<u>Department</u>	<u>% Expenses</u>	<u>Remarks / Observations</u>
Town Manager	34.6%	In line with expectations
Police	33.4%	In line with expectations
Fire	39.3%	In line with expectations, closely tracking OT
DPW Highway	42.8%	In line with expectations
Parks	37.5%	In line with expectations
Health Insurance	48%	In line with expectations
Snow & Ice	72.3%	In line with expectations

*Estimate based on expenditures as of 01 DEC 23 in MUNIS. The department expense glide path tracks 8.3% of the assigned budget per month with exceptions for one-time expenses and encumbered amounts. 01 JAN 24 target is 50% generally.

Stabilization & Free Cash Balances

Stabilization Fund	\$7,403,572
Capital Improvement Stabilization	\$2,530,384
Opportunity Fund	\$426,005
FY24 Free Cash	\$5,553,912
AVAILABLE TOTAL:	\$15,913,873

NOTES:

1. North Attleborough is well positioned with current Stabilization and Free Cash balances.
2. The Opportunity Fund was established in 2022 with the support of NAED assets (\$14,000,000).
3. The current Free Cash Strategy Proposal would transfer \$3mm from FY24 Free Cash into the Capital Improvement Stabilization Account.
4. 12 Month Rates of Return: Stabilization Fund-4.79%, CIP-4.35%, Opportunity-4.38%.

FY24 Closeout (6-month Outlook)

- Potential for 9C cuts from the Commonwealth exists as lawmakers consider the impacts of receipt shortfalls on the current budget
- Overall Budget Outcome – No anticipated issues barring any significant revenue shortfalls
- Inflation continues to hamper operational costs and capital projects underway
 - Animal Shelter and Richards Memorial Library Projects
- Health Insurance – North Attleborough Plainville Health Group reports steady progress, world-class service, and claims in line with expectations. Current NAPHG surplus ~ \$1mm
- Local housing market driven by current interest rates. The current market has limited inventory. Areas we are watching:
 - Number of MLS sales, Municipal Lien Certificates
 - Interest Rates
 - Number of Days on market
 - Housing inventory

FY24 Budget Summary

BUDGET SENTIMENT: OPTIMISTIC

- Monitoring the state legislature for 9C cuts
- Physical occupation and further development of 451 Elm Street. Provides a new revenue stream for the Town. ARPA funding for the following building code requirements and developments:
 - Sub Surface Ventilation System – DEP Requirements
 - Sprinkler system
 - ADA Accessibility
- No Tri-County or NAHS impacts on the remainder of the current budget
- No budget impacts from the Emergency Sheltering Law
- Continue to provide level-service throughout the community

FY25 Budget Forecast

Computations, Drivers, Estimates and Capital Projects

FY25 Budget Forecast

- Initial Budget Guidance
 - A Zero-Based Budgeting strategy remains in place for department operational expenses
 - We will continue to fund level-service operations and explore areas in which we can expand services at current costs
 - Maintain department expenses as close to current levels as possible
 - Retain our current workforce and expand benefits where feasible, consolidation versus expansion
- Leverage available Free Cash in lieu of borrowing when possible
- Stay the course with ARPA funds for approved capital expenses
- Closely monitor health insurance costs, claims ratio, and overall costs. Maintain our level of commitment to our employees and retirees. Focus on wellness
- Joint Facilities Approach - Avoid deferred maintenance and fully fund budget repair and maintenance line items

FY25 Budget Drivers

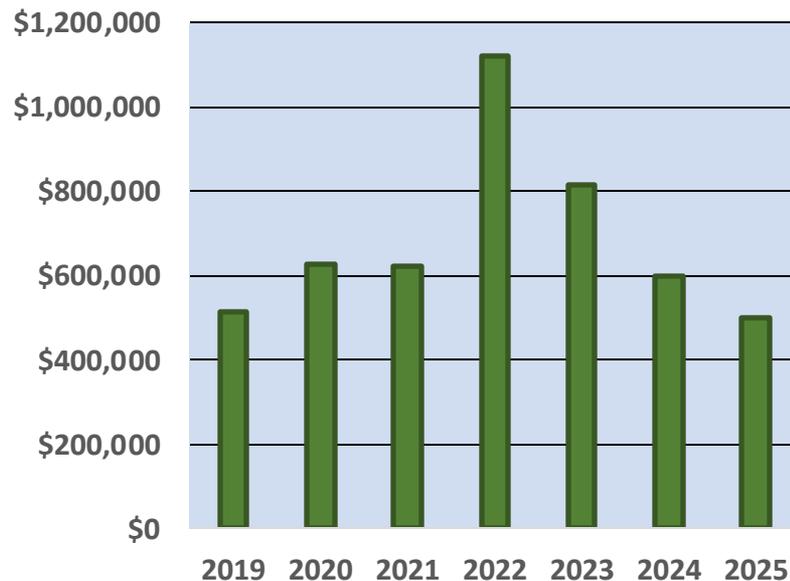
- Inflation will directly impact budget execution in FY25
 - New growth estimate impacted by inflation and interest rate hikes
- Health insurance costs increase in FY25 (6 to 8%), potentially off-set by NAPHG surplus
- Re-evaluating current capital project timelines. Continuing to see increased construction costs for our projects. We will value engineer projects as required
- Revamp current Zoning bylaws and fund the Master Plan implementation costs. Focus on smart growth, mixed-use zoning, holistic development (the right mix of housing and commercial/industrial)
- Tri-County MSBA project will begin to impact the FY25 operational budget
- No direct impacts expected from the NAHS project at this time

FY25 Levy & New Growth Estimate

Levy Estimate			
<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
\$65,109,045	\$67,636,332	\$69,927,240	\$71,691,641

*Estimated based on Prop 2 ½ and New Growth Estimate for FY25. Cherry Sheet Estimates are unavailable at the time of this writing, administration has yet to publish any budget guidance.

FY25 New Growth Forecast



New Growth Notes

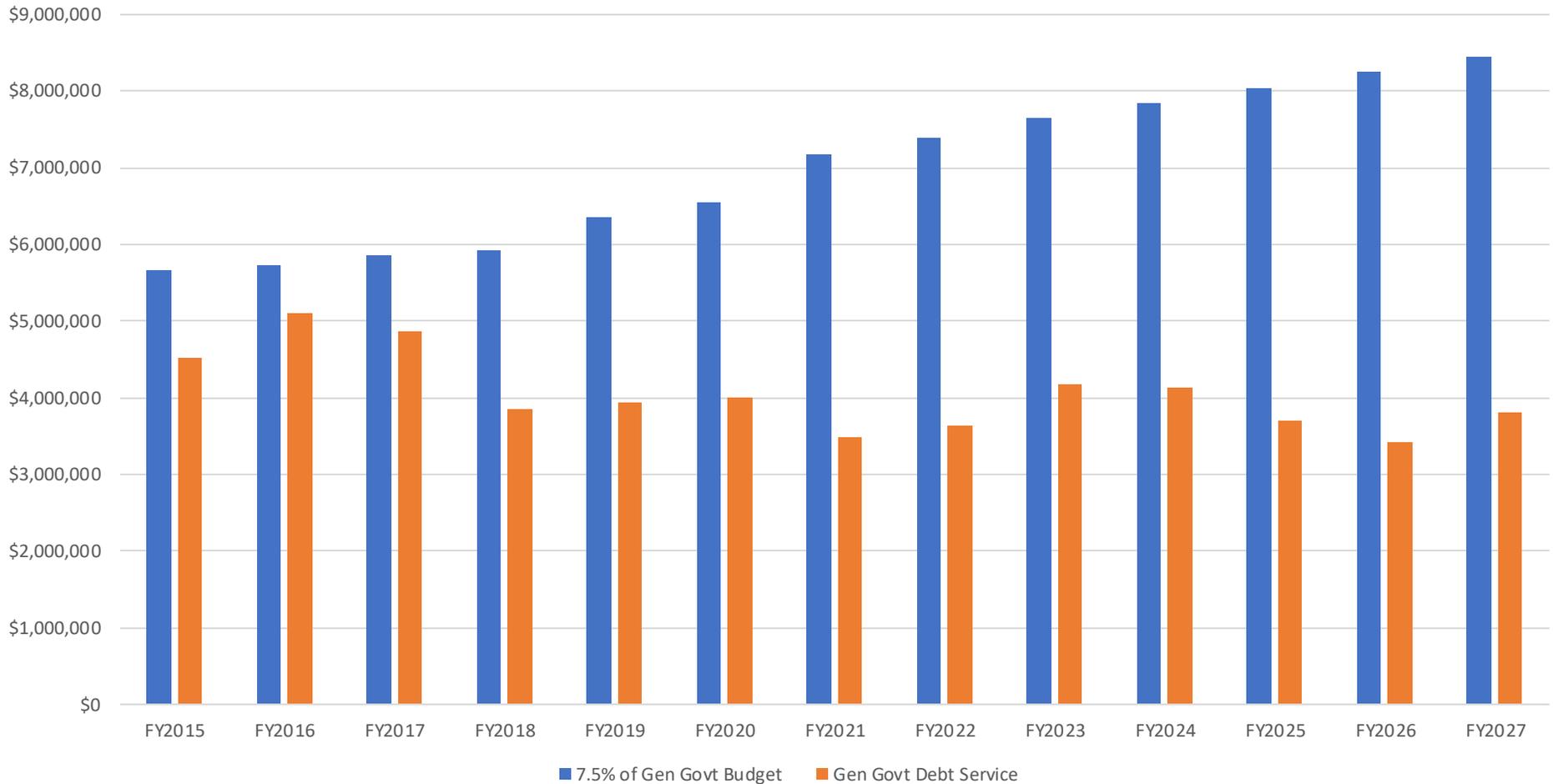
- **New Growth Estimate: \$500,000**
- Draper Ave 40B project potentially to start in FY25
- Kelley Blvd 40R likely to impact this budget cycle
- Housing tied to Federal Reserve interest rates
- Emerald Square Mall value holding, development in this area is beneficial

FY25 Capital Project Guidance

- Reevaluate current project list and fund projects from available Free Cash on hand - **UNDERWAY**
- Focus on infrastructure and major facility requirements
- Execute current projects and account for cost overruns
- Continue to repurpose funds available for emerging, un-forecasted projects
- Value engineer where it makes sense to do so, implement long-term solutions to avoid recurring short-term intermediate solutions
- Only borrow when absolutely necessary

FY25 Debt Service & Capacity

North Attleborough General Government Debt Service



FY25 Priorities

- Smart Growth Community Development, attracting new business and residents to North Attleborough
- Master Plan / Housing Production Plan implementation – develop and fund an implementation plan
- Zoning Bylaw review and rewrite – update our aging bylaws and streamline the planning/permitting process
 - Adopt Mixed-Use Zoning Bylaws in FY25
 - Find funding for the next phase of the downtown revitalization program
 - Target strategic properties in North Attleborough for development – Webster Mill cleanup and development that presents development opportunities
- 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
- Ten Mile River Regional Strategy - Commit to working with Plainville and Attleboro
- Commit to becoming an Emergency Management Accredited (EMAP) community

FY25 Risks & Mitigations

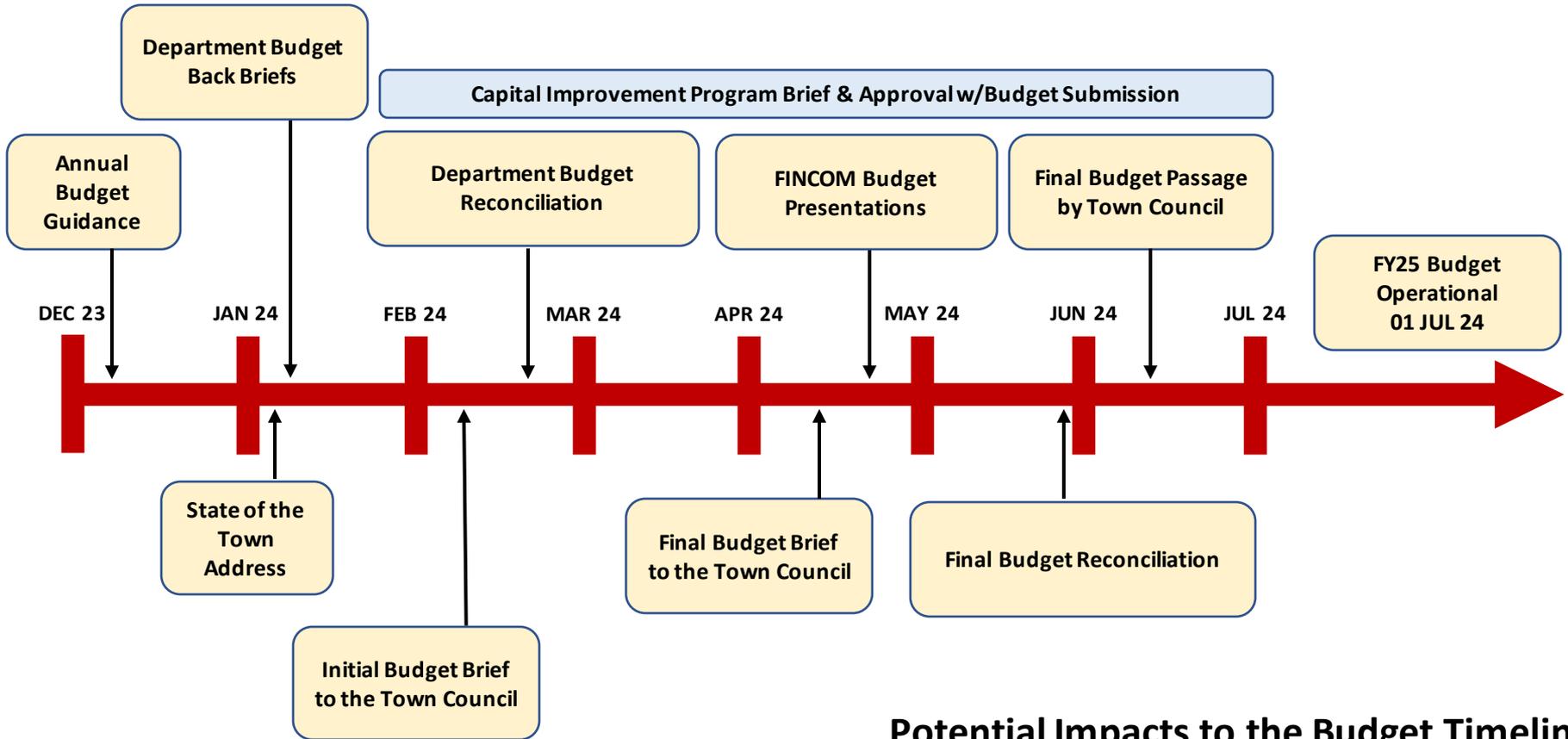
- Inflation and increased costs for goods and services – recession?
 - Fiscally conservative budget estimates based on historical trends
 - Zero-Based Budget department submissions
 - Implementing a blanket contract requirement across all departments in FY25
- Rising costs of facility maintenance and repairs
 - Prioritize and fund maintenance efforts
 - Joint facilities approach between NAPS and Town
- Forecasted health insurance cost increase
 - Continue with direct purchase of insurance coverage to offset price increases
 - Promote wellness programming for healthy lifestyles and habits
 - Consider subsidizing a high deductible plan as an employee option
 - Open discussion with the retired teachers about moving from the GIC and maintaining their same level of coverage
- Employee stabilization and retention
 - Bargaining unit contracts remain valid for the next year
 - Explore the expansion of benefits – employer-funded dental (50%)
 - Continue to invest in employee education, training, and professional development
- Natural and Man-Made Disasters
 - EMAP Accreditation

FY25 Budget Summary

BUDGET SENTIMENT: GUARDED

- Monitoring the state legislature for 9C cuts
- Physical occupation and further development of 451 Elm Street. Provides a new revenue stream for the Town. ARPA funding for the following building code requirements and developments:
 - Sub Surface Ventilation System – DEP Requirement
 - Sprinkler system
 - ADA Accessibility
- Expect to see Tri-County impacts on the FY25 as construction ramps up in Franklin
- No budget impacts from the Emergency Sheltering Law
- Continue to provide level-service throughout the community

FY25 Budget Development Timeline



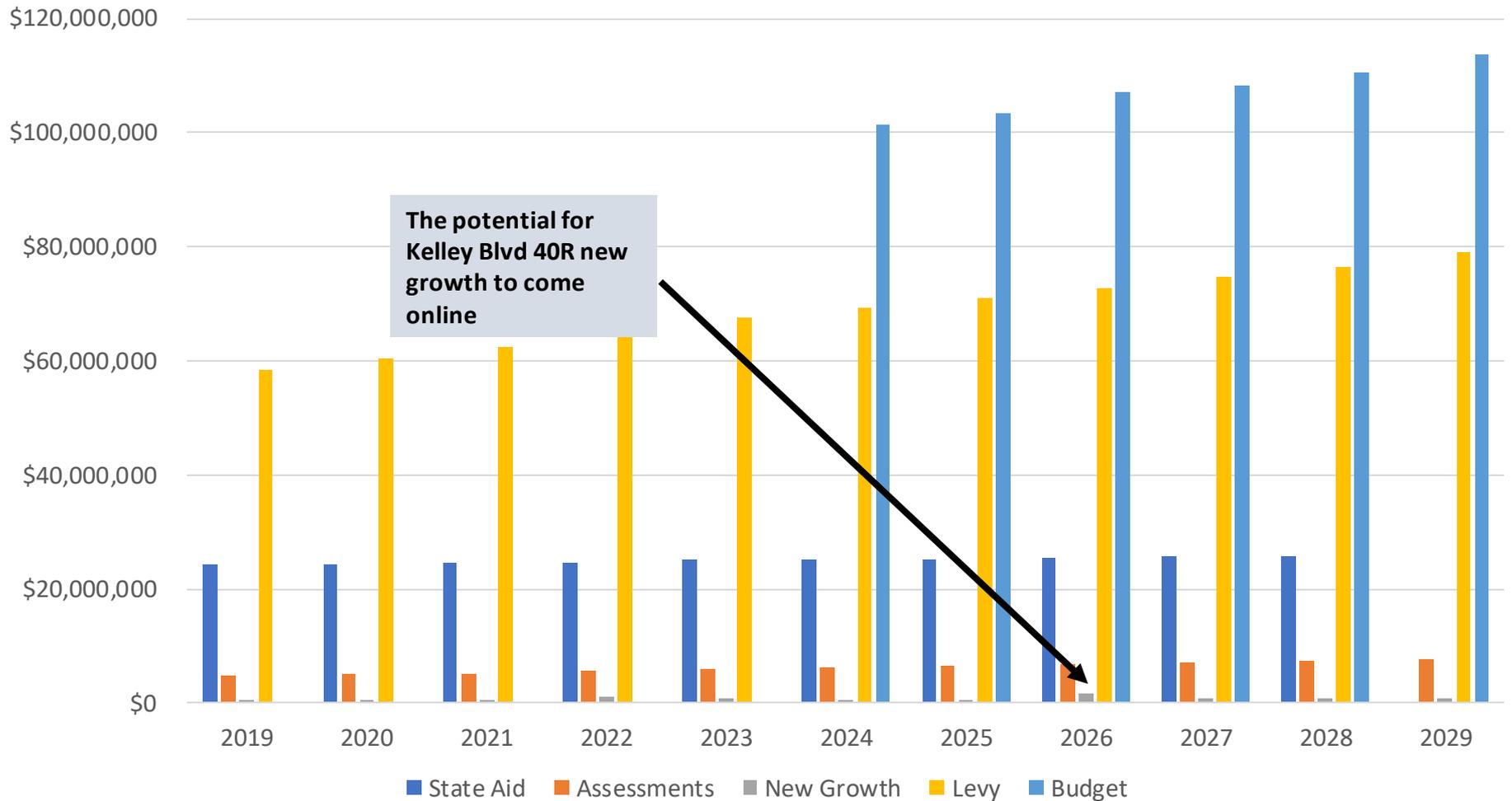
Potential Impacts to the Budget Timeline

- Shortfalls in the Commonwealth budget compared to forecasted expectations year over year

Long-Term Financial Forecast

Estimates and Impacts

5-year Revenue Forecast



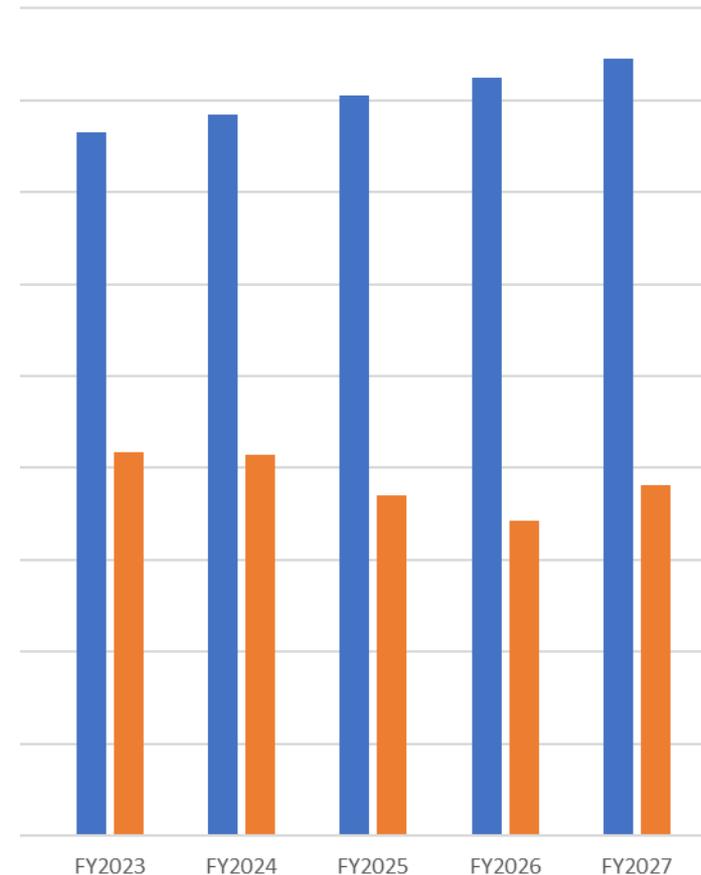
5-year Revenue Forecast

- Guarded about the potential of a recession in FY25.
- If the Federal Reserve has in fact cooled the economy through interest rates, we should begin to see a return of economic activity as interest rates ease from current levels.
- Watch the Commonwealth closely for future 9C cuts and how these may impact North Attleborough.
- As long as State Aid and State Assessments remain stable over the next 5 years, we will be able to maintain the current level of service that we provide and even expand services in some areas.
- New Growth remains the only variable to grow revenue outside of Proposition 2½ - this fact remains unchanged

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
- Conserving debt capacity in order to assume as much of the burden of the NAHS building costs. The more we are able to conserve now, the more we are able to relieve the taxpayer in the future of potential debt exclusion costs.
- Departments play the greatest role in creating debt capacity for the Town in their budget requests and execution

Debt Service



Focus on Community Development

- Look for development projects that support Mixed-Use Zoning
 - This supports affordable housing objectives and attracts new business opportunities
- Attract additional business to North Attleborough
- Create mixed-use overlays that enhance Route 1
- Expand development initiatives in and around the Emerald Square Mall area. Additional investments in this area will provide a greater return on investment rather than relying on market rate housing
- Develop and implement a holistic housing approach addressing all needs and incomes

Major Development Impacts

Tri-County MSBA Project

- Recent vote overwhelmingly approved the project
- Estimated overall cost is **\$278mm**
- Estimated impact on North Attleborough is **\$3mm** annually based on the current enrollment at Tri-County
 - Construction phases determine actual costs and overall assessment for the year

- Current tuition cost is \$3.6mm
- Potential annual assessment

\$6.6 - \$7mm
Annually



- We currently can absorb the costs of Tri-County without borrowing or putting a debt exclusion vote before the voters.

Major Development Impacts

North Attleborough High School MSBA Project

- Feasibility Study investment: **\$2,000,000**
- Currently in the Designer Selection Phase
- Construction estimated to start sometime FY27/28
- Cost estimates are dependent on work required (renovation or rebuild)
- We have seen some improvements in MSBA cost adjustments for construction but would like to see capped construction costs move closer to the actual construction costs.
- **This project will require a debt exclusion vote by the residents of North Attleborough**

Major Development Impacts

- PFAS Mitigation Efforts – Rate payer funded
 - Work with DEP/EPA and finalize the required standard for PFAS
 - Continue to fund all required future mitigation efforts while seeking funding relief and support from both the Federal Government and the Commonwealth for the rate payer
 - Investigating litigation options to recover funds for mitigation efforts
- New Fire Station Headquarters
 - **PAUSE THIS PROJECT** until the NAHS debt exclusion vote
 - Feasibility study has a shelf life of approximately 5 years. Prices will change

Conclusion

OUTLOOK SENTIMENT – GUARDED

- Major projects on the horizon: Tri-County and NAHS
 - Need more from the Commonwealth in terms of construction support
- Continue to invest in Roads, Bridges, and Sidewalks and revitalized downtown
- Foster economic growth and development through a holistic approach to community development
- Maintain our facilities while reducing deferred maintenance costs
- Improve community preparedness and resilience through emergency management accreditation
- Maintain our reputation as the best municipality in the Commonwealth to work for!