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To: Town Council

From: Paul Bockelman  
Town Manager

Date: May 1, 2019

Subject: Town Manager Budget Message: Proposed FY20 Town Budget

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In accordance with the Section 5.4 of the Amherst Home Rule Charter, it is my privilege to submit the Town's first budget under our new form of government. This budget includes all aspects of Town operations including Municipal, Schools, Library, and Capital for the fiscal year July 1, 2019 – June 30, 2020 (FY20). The 10-year Capital Plan is also included.

The budget is balanced using existing revenue streams and does not require the use of reserves or an override.

### **Executive Summary**

The Operating Budget and Capital Budget for the Town of Amherst will provide the funds necessary to deliver services as outlined for the year July 1, 2019 – June 30, 2020. This total budget of \$83,446,786 represents an increase of \$2,585,678 or 3.2% over the FY19 adjusted budget. The capital plan alone calls for an investment of \$5,014,825 for FY20.

The Town of Amherst budget includes five components:

- a. Municipal budget (includes the Town's four enterprise funds);
- b. Elementary School budget;
- c. Library budget;
- d. Amherst-Pelham Regional School District budget;
- e. The Capital Improvement program.

Other important budget documents include the:

- a. Community Preservation Act (CPA) budget; and,
- b. Community Development Block Grant (CDBG) budget.

These documents have been submitted to the Town Council on this date and simultaneously filed with the Town Clerk so they can be published on the Town bulletin board. All documents may be found here: [www.amherstma.gov/budget](http://www.amherstma.gov/budget).

## **Budget Process**

This is the first budget to be adopted under the Amherst Home Rule Charter (Charter) that was approved by the voters on March 27<sup>th</sup>, 2018. Under the Charter, the Town Council is the legislative body that approves the budget. Prior to a vote, the Town Council must complete several steps.

Section 5.3 of the Charter requires that a Public Forum be held prior to March 15<sup>th</sup>. This was accomplished when the President of the Town Council, with the cooperation of the Town Manager, held the Public Forum on March 7, 2019 at the Amherst Regional Middle School Auditorium.

Once the Town Manager submits the budget, the Town Council shall refer the budget to the Finance Committee. The Finance Committee is required to hold a public hearing on the proposed budget. This public hearing is scheduled for Tuesday, May 21, 2019 at 6:30 p.m. in the Town Room in Town Hall. Over the course of the next 30 days, the Finance Committee will thoroughly review the budget and make a presentation and recommendation to the full Town Council. (Note that the Town Council voted to separately consider the Amherst-Pelham Regional School District budget. The Town Council held a public hearing on the Regional School District budget on April 4, 2019 and voted to approve the District budget on April 22, 2019.)

The Town Council shall adopt the budget, with or without amendments, by June 30<sup>th</sup>, 2019.

Each of the component budgets included in this comprehensive Town budget has gone through a rigorous, thorough review by staff and committees including the:

- Amherst School Committee;
- Board of Library Trustees;
- Amherst-Pelham Regional School Committee;
- Joint Capital Planning Committee;
- Community Preservation Act Committee; and
- Community Development Block Grant Advisory Committee.

The referenced set of budget documents provides a complete financial plan for all Town funds and Town activities for FY20. I have also included supporting documents and historical budgets for your review. The budget documents explain the proposed budgets for all Town agencies in fiscal terms, priorities, and programs. They outline proposed financial policies for FY20, describe important features of the budgets, indicate major variations from FY19, provide reasons for these changes, and provides a summary of the Town's debt position.

## **Budget Priorities**

The FY20 budget was developed utilizing guidance and recommendations from various sources including the Select Board budget policy guidelines (10/29/18) and Finance Committee budget guidelines (11/6/18). In addition, the Amherst School Committee, Amherst-Pelham Regional School Committee, and Board of Library Trustees reviewed and approved the budgets submitted by those entities.

Budgets are about priorities and choices. Priorities reflect the Town's values, the level of services we want as a community, and how we treat our employees. Choices are about how much we are willing, and have the capacity, to pay for the services we want and what we will and will not choose to fund.

We are fortunate that the Town of Amherst continues to take steps to maintain a strong, sustainable financial position. The tax base, along with important new growth in the form of new construction projects, provides the resources the Town needs.

### **FY20: Meeting the Challenge**

The FY20 budget is built on a number of assumptions, the most important of which is that residents want the same high level of services that we currently provide. This includes strong schools, comprehensive public safety, full-service public works, extensive municipal services, and a robust library system. In short, this budget sustains core and valued Town services within the revenues available.

The Town is dedicated to prudent fiscal management to maintain the solid financial foundation established over decades of strong municipal leadership. The financial strength of the Town is a testament to the long history of wise stewardship of the Town's financial affairs by the Select Board, School Committees, Board of Library Trustees, prior Finance Committees, and Town Meeting.

We continue to fund long-term retiree health insurance costs, according to a plan set forth in 2012. Over the past five years, the Other Post-Employment Benefits (OPEB) Trust Fund has been funded consistently, and the fund balance was \$4.96 million as of June 30, 2018. A \$500,000 investment in OPEB is again recommended for FY20. The Water, Sewer, and Transportation Funds will cover their Annual Required Contributions for OPEB, an amount that fully funds the prorated 15% share of the Town's long-term liability.

### **FY20: Revenues**

This budget projects solid revenue growth for FY20 with property tax revenues increasing by 4% and local receipts increasing by 4.0%. I have been very conservative in projecting increases in State Aid.

New revenue growth will be generated by local sources, specifically property taxes and local fees and receipts. This increase speaks to the significant impact that new construction has on the operations of the Town. Growth in the value of property in Town is projected to add \$2 million to revenues. New growth, in particular, is estimated to add \$800,000 to the levy. This budget utilizes this increase in revenues to allow us to budget a modest increase in the operating budgets for the Town, Schools and Library.

Local receipts are projected to increase by 5.5% with motor vehicle excise revenue, the largest component, estimated to increase by 5.3%. We remain conservative on these estimates due to the uncertain nature of the economy.

The Town of Hadley terminated its emergency medical services contract with the Town, choosing to use a private ambulance service. This has reduced the revenue into the ambulance fund by approximately \$600,000. Although ambulance receipts and calls are down, I have maintained current staffing levels in the Fire Department.

State Aid is conservatively projected to increase only 1.8%, based on the vote of the House of Representatives taken recently.

No reserves are utilized to support the budget nor is an override proposed.

**FY20: Expenditures**

My recommended FY20 Town of Amherst Town Budget includes the following:

<b>Budget</b>	<b>Approved FY19</b>	<b>Proposed FY20</b>	<b>Change (\$)</b>	<b>Change (%)</b>
Municipal	\$23,904,470	\$24,584,061	\$679,592	2.8%
Amherst Schools	\$23,242,365	\$23,838,855	\$596,490	2.6%
Regional Schools	\$16,045,304	\$16,444,279	\$398,975	2.5%
Libraries (tax support)	\$1,993,466	\$2,043,302	\$49,837	2.5%
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<b>Subtotal</b>	\$65,185,605	\$66,910,497	\$1,724,892	2.6%
<b>Budget</b>	<b>Approved FY19</b>	<b>Proposed FY20</b>	<b>Change (\$)</b>	<b>Change (%)</b>
Capital	\$5,072,633	\$5,436,290	\$363,657	7.2%
Retirement, OPEB, etc.	\$6,201,399	\$6,404,775	\$203,376	3.3%
Assessments, Other	\$4,401,472	\$4,695,224	\$293,752	6.7%
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<b>TOTAL</b>	\$80,861,109	\$83,446,786	\$2,585,678	3.2%

**Conclusion**

This budget represents my recommendation to the Town for funds needed to deliver superior government services, efficiently and effectively, to the Town’s residents, businesses, institutions, and visitors. It incorporates the priorities identified by the Town’s elected officials as we move forward.

## **Acknowledgements**

The development of the Town's budget plan is a team effort that starts at the very core of our operations – funding basic services delivered by dedicated employees. It is the needs and insights provided at the ground level that informs the decisions made in these budget planning documents.

The budget process starts in November with early financial projections and presentations to the four boards and the public.

The Schools, under the leadership of Superintendent Michael Morris and Finance Director Sean Mangano, produce a comprehensive budget for both the elementary schools and regional school district. Library Director Sharon Sharry manages a complex budget of which the Town is just one part with the Jones Library Trust providing other resources. I am fortunate to work with such committed and great partners.

The Community Preservation Act Committee reviews every request for funds and makes the difficult recommendations to the Town Council.

The Joint Capital Planning Committee addressed the many capital needs we face as a community and made the hard choices needed to prioritize roads and sidewalks in the coming year.

The municipal budget starts and ends with the Town's department heads. It's a talented group who are able to project the needs of their departments and manage their budgets with great accuracy.

My principal support staff in the production of this budget and, really, the people who sweat the details are Assistant Comptroller Holly Bowser, Financial Analyst Maria Racca, Interim Finance Director Sonia Aldrich, and Assistant Town Manager David Ziomek. More than ever, this document is the collective effort by this experienced and talented team.

Lastly, I want to thank every Town employee, Town Councilor, committee volunteer, resident, our partners in the business community, and our three world-class higher education institutions who contribute each day to make Amherst such a wonderful place to make a home.