



Southborough Advisory Committee Report to 2019 Annual Town Meeting March 23, 2019

In fulfillment of the Massachusetts statutory requirement, the Advisory Committee submits a report at the Annual Town Meeting. This document summarizes the Committee's review and analysis of town budgets and operations done as part of the annual budgeting process. Please note that some information contained herein may change between the date of printing and Town Meeting.

Outline

- Role of the Advisory Committee
- Advisory Committee Membership
- Town Financial Issues
- Advisory Comments

Role of the Advisory Committee

The Advisory Committee is established by State law and Town bylaw. The Committee functions as a sub-committee of Town Meeting. The nine members are appointed by the Town Moderator, and each member is appointed for a 3-year term. Advisory is a legislative committee and has no executive authority. Advisory members may not serve on any other town committee (provided that an Advisory Committee member may serve on one other ad hoc committee appointed by a Town Board or official, or one other committee appointed by the Town Moderator, if approved by a vote of the Advisory Committee) or hold any elected office. The committee has four principal functions:

- **Develop/Present a Balanced Budget to the Town** – Advisory is the sole body in the Town with this statutory responsibility.
- **Warrant Article Review** – Advisory is responsible for reviewing both money and non-money warrant articles and making an approval or disapproval recommendation to Town Meeting.
- **Oversight** – Advisory has a specific set of powers with respect to its ability to review all aspects of the Town operations.
- **Custodian of the Reserve Fund** – The Reserve Fund is the Town's pool of money that is available for extraordinary and/or unexpected expenses. The Reserve Fund was funded with \$200,000 for FY 2019. Through the date of the 2019 Annual Town Meeting, \$18,900 has been approved by the Advisory Committee as a FY 19 Reserve Fund transfer. The \$18,900 was to allow the Facilities Director to complete a study of the water issue at the library.

Advisory Committee Membership

Since the Advisory Committee's last report to the Annual Town Meeting, the Committee has welcomed three new members: Chelsea Malinowski, John Rooney, and Claire Reynolds. There are currently three open seats. The Committee expresses its sincere thanks to Sam Stivers, Doriann Jasinski, Adrian Peters, Frank Mainville, Ravi Mynampaty, and Mina O'Hearn for their past service. For the 2018-2019 term, the Committee elected Kathy Cook as Chair, Chelsea Malinowski as Vice-Chair and Brad Morse as Secretary.

Overall Perspective

This year's budget process has been noteworthy in two ways. First, it resulted in a budget that has been agreed upon by almost all participants. And second, the process itself had to be greatly accelerated because of the passage, at the 2018 town meeting, of an article moving future town meetings to a Saturday in March. The Advisory Committee commends Mr. Purple, Mr. Ballantine, and Ms. Kriger for their efforts in working with the various budget units to hold the proposed FY20 increase in total spending to less than 3% from FY 2019 spending. We are also appreciative of the efforts and cooperation of all departments, boards and committees in providing the information needed to review and evaluate all changes and initiatives included in these budgets. The Advisory Committee is particularly appreciative of the efforts and success of the Schools' administration and the School Committees to hold the overall Schools budget increase in line with the municipal budget increase.

It is good news that the FY20 budget increase appears to be generally in line with current general inflation, increases in average U.S. wages year over year, and increases in Social Security payments from annual cost of living adjustments. This is especially significant given the impact of the new debt from the completion of the new public safety building.

The total budget for Southborough is driven in large part by the budget for the K-12 school system. The Advisory Committee is encouraged that there continues to be a very constructive working relationship between the finance teams for the Town and the Schools, which should support an effective process for addressing longer-term fiscal issues. In particular, Advisory would like to thank the current school Superintendent, Dr. Christine Johnson, for her service to the Town and to wish her a long and well-deserved retirement. Ms. Johnson has been a true partner with the Town in all respects.

There are a number of areas worthy of ongoing attention. These include (i) the Town's unfunded pension and healthcare liabilities (in the tens of millions of dollars); (ii) the need for infrastructure investment (also in the tens of millions of dollars); and (iii) the impact of State or Federal unfunded mandates. These issues and others all deserve careful attention and planning, and Advisory will continue to address them.

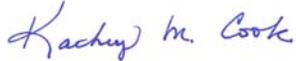
Advisory Comments

Under the direction of Town Administrator, Mark Purple, and the Town's Finance Director, Brian Ballantine, an improved budgeting review process initially implemented for FY14 has been continued and improved through this FY20 budget process. The Town Finance team is tasked to prepare the initial budget proposal for review by both the Board of Selectman and the Advisory Committee. The Advisory Committee has been pleased to see that this new budgeting process continues to operate much more smoothly and efficiently than that of prior years. The Advisory Committee also commends Mr. Purple, Mr. Ballantine, and their finance team for once again preparing and distributing an enhanced summary document explaining the FY20 budget. This communication effort should be appreciated by the voters and should be effective in reducing some of the budget-related miscommunications at past Town Meetings.

In September, 2015, Advisory established a Debt Capacity and Uses Subcommittee, consisting of John Butler, Kathy Cook and Nicki Mauro. The subcommittee's charge was to address questions related to the funding of the Public Safety Building project. Advisory and others were interested in having a better understanding of whether or not the Town could "afford" this project. Now that the new building is almost complete, Advisory can confirm that its work from 2015 is still valid and that the full cost of the new building (including the purchase of the golf course) is in line with our 2015 projections. Our 2015 study assumed that the new building would cost \$20MM. The final cost is expected to be about \$19.2MM. We did not anticipate the purchase of the golf course. However, we did use an assumption of \$40MM spent on three new buildings over thirty years. We therefore continue to believe that the town can "afford" the new project without an inordinate increase in real estate tax levies.

The full impact of the new debt incurred to finance the Public Safety Building project will occur in FY 2022. If nothing is done in FY21 and the two succeeding years, year over year real estate taxes are projected to rise at a rate that is higher than desirable. Advisory intends to spend significant time after annual town meeting and over the next few months analyzing viable ways to raise revenue on both a recurring and non-recurring basis as well as to reduce expenses. Advisory will present a list of topics it intends to review at Town Meeting. We invite those with an interest in any topic to attend the upcoming Advisory meetings and express their viewpoints. We will also have to structure our future capital improvement plan carefully to ensure appropriate levels of future real estate tax increases. After FY 2023 the pressure on the town budget from the Public Safety Building project should begin to abate due to the retirement of the debt on all K-8 schools and the completion of the payment of the settlement with Northborough over the allocation of the state reimbursement for Algonquin. Advisory will continue to work to ensure that our residents receive the services that they want and need at an affordable and sustainable cost.

Kathryn M. Cook



Chair – 2018 - 2019 Advisory Committee

Kathryn M Cook, Chair
Chelsea Malinowski, Vice Chair
Brad Morse, Secretary
Judith K. Budz
John Rooney
Claire Reynolds