



Town of
Acton *Massachusetts*

Finance Committee FY25 Point of View

FINAL

March 2024

Overview

Spending: predicted to outpace revenue for FY25*

Reserves: no turnbacks projected from FY24

Capital Projects: expensive 5 year forecast

Residents: multiple factors impacting our wallets

Operational Override: process and analysis

Spending: Revenue

- Tax levy: largest revenue source, constrained by Prop 2 ½

Proposition 2 ½ allows the town to tax no more than 2 ½% over the previous year's property tax rate.*

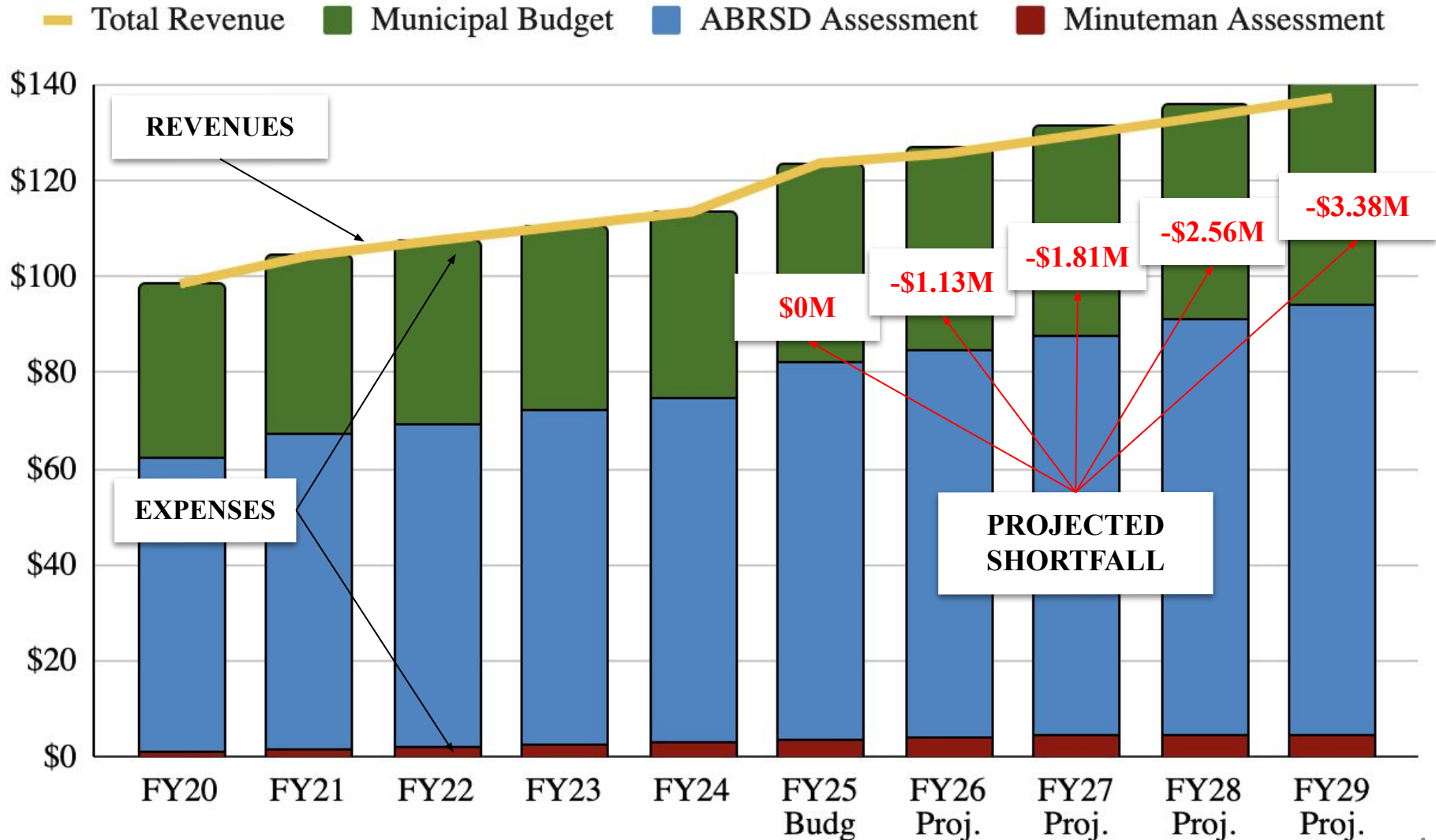
- Other revenue sources: State Aid, Debt Exclusion, Local Receipts, etc.

Projected budgets based on current service levels exceed projected revenues in FY25, FY26, and FY27.

* Proposition 2 ½ allows a community to increase its levy limit annually by 2 ½% plus an amount based on the increased value of new development and other growth in the tax base that is not the result of revaluation.

Spending: Projections Budget A

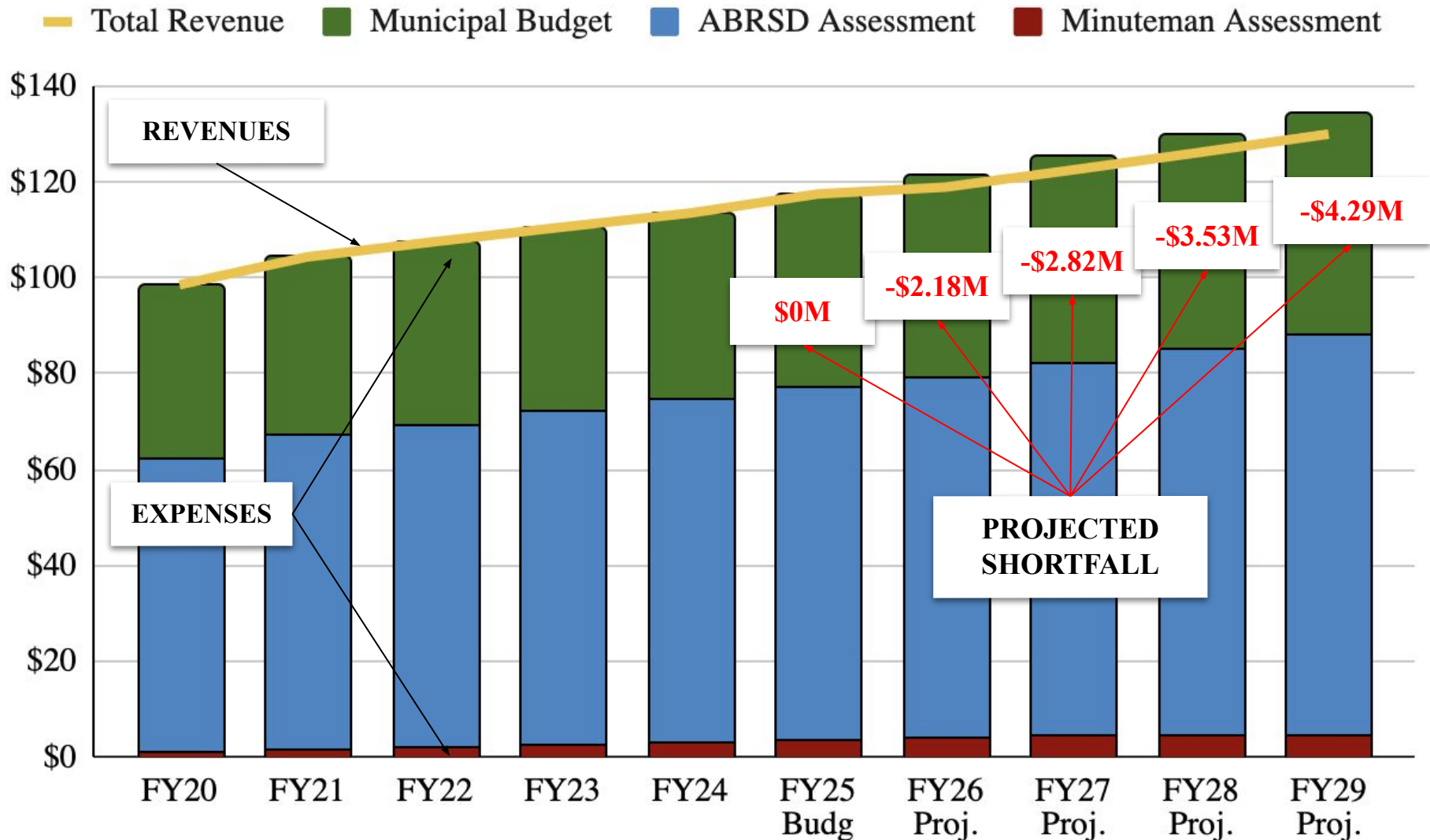
Revenues vs Expenses per current ALG model*



*Based on 03/04/2024 ALG projections

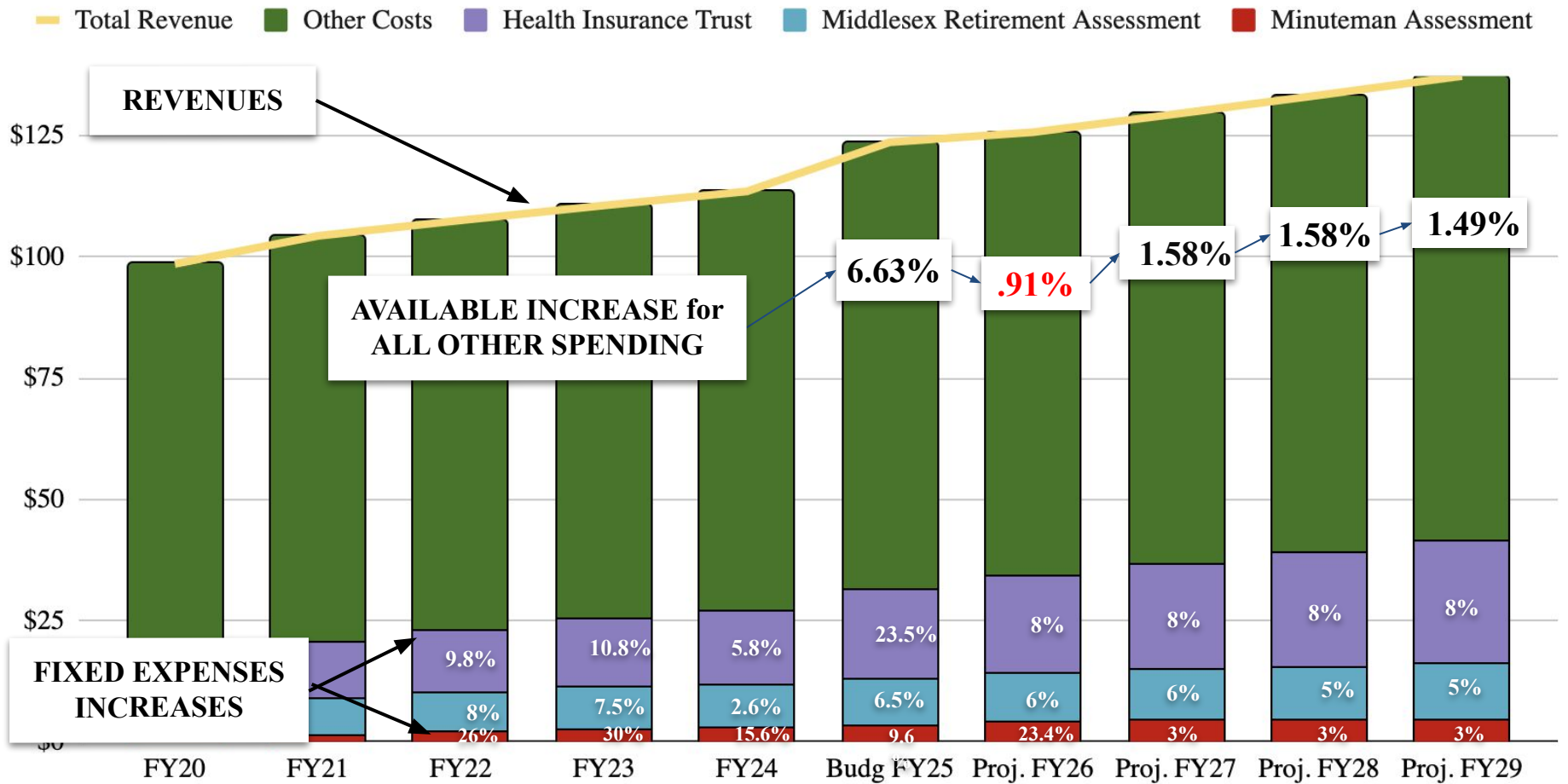
Spending: Projections Budget B

Revenues vs Expenses per current ALG model*

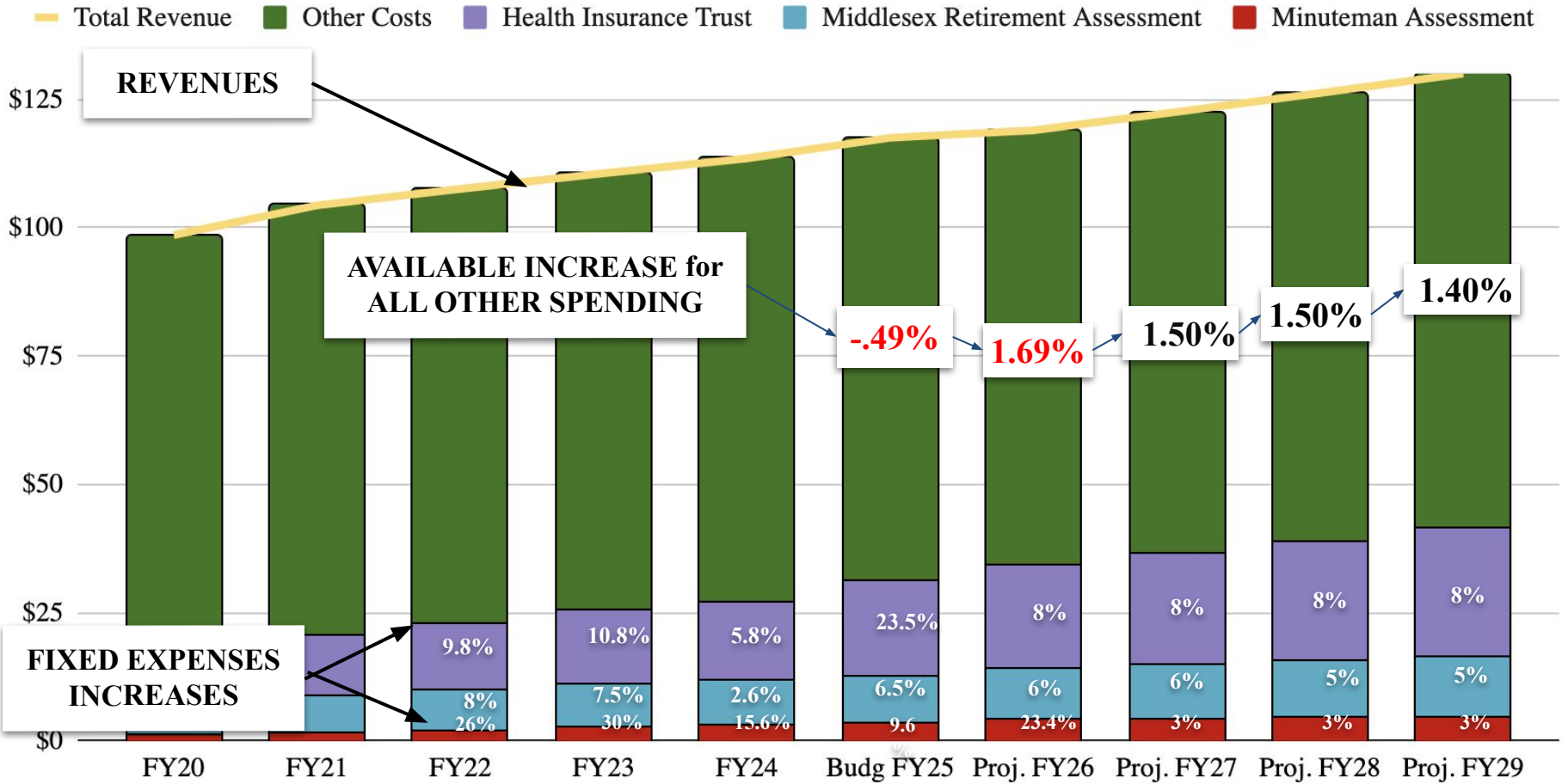


*Based on 03/04/2024 ALG projections

Spending: Available Increase Budget A



Spending: Available Increase Budget B



Reserves: Policy

- Free Cash
 - Floor at 3% of Total Acton Spending^{*/**}
 - Ceiling at 5% of Total Acton Spending
- E&D
 - Floor at 3% of ABRSD Budget^{**}
 - Ceiling at 5% (set by state law)
- Stabilization Fund for CIP projects
- Other Reserves (Enterprise, Stabilization, etc) maintain minimum required to meet current needs

* Total Acton Spending = Municipal Budget + ABRSD Assessment + Minuteman Assessment

** FinCom does not advise spending below floor with assumption that future turnbacks will bring Reserves back into compliance with this recommended policy

Reserves: Recommendation

- Town Free Cash
 - Free Cash of \$5,909,730
 - Free Cash should be spent to the 3% floor for FY25
- ABRSD E&D
 - E&D of \$1,752,814
 - Budget A & B
 - Use no E&D as current levels are below 3% floor

Capital Projects*

These projects are not all approved

This is a mix of potential projects that may be funded through a combination of operating budget, debt exclusion, and grants

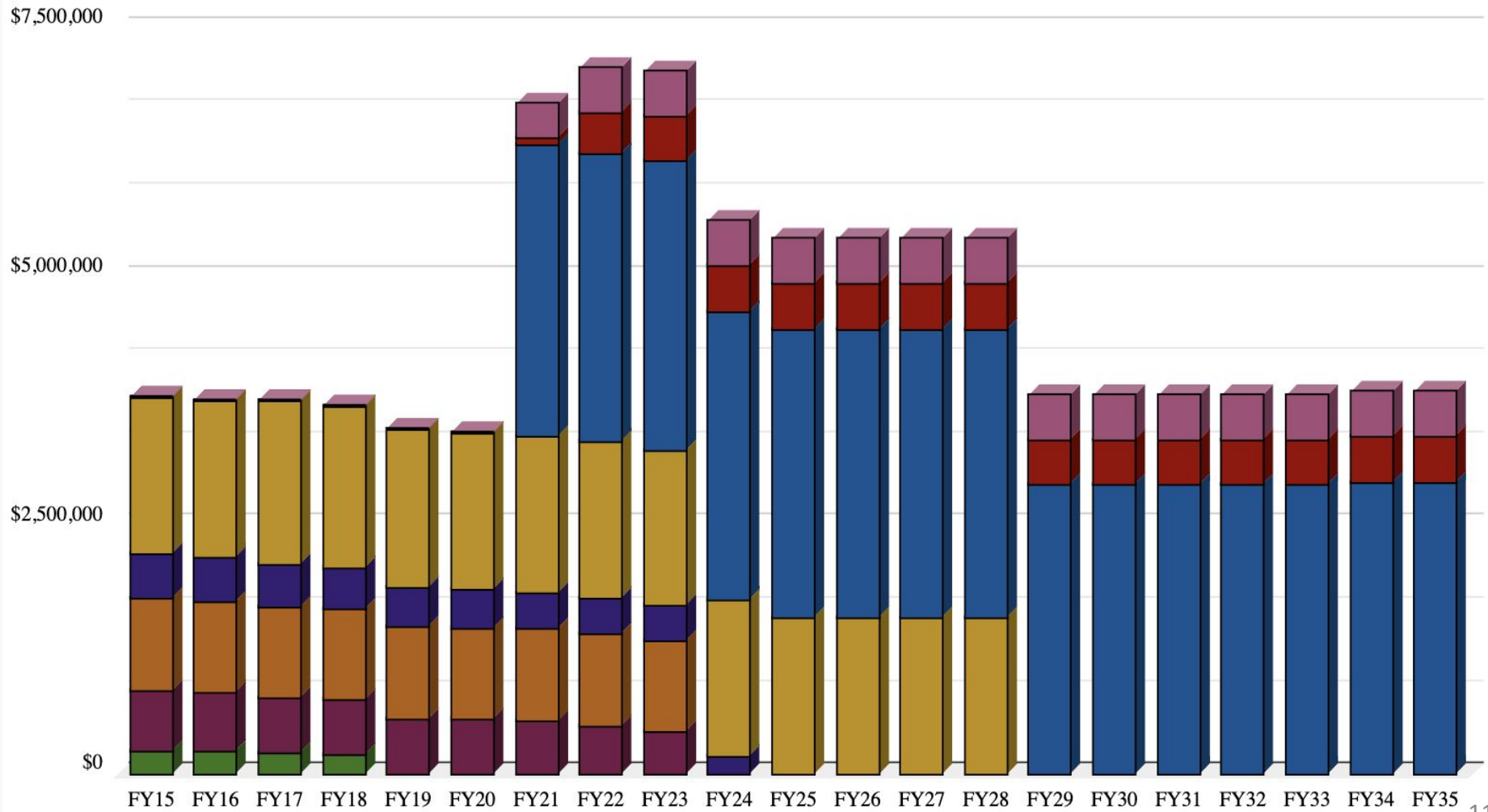
Town

Project Title - Municipal	FY25	FY26	FY27	FY28	FY29	FY30
DPW Facility Improvements - Fueling Station Relocation	\$2,600,000		\$15,000,000	\$15,000,000	\$5,000,000	
Sidewalk Program - New Construction & Maintenance	\$2,300,000	\$2,500,000	\$5,700,000	\$5,600,000	\$3,700,000	\$4,400,000
Replacement of the 2009 aerial ladder truck	\$2,100,000	\$1,850,000				
Electrification, HVAC, and Standby Power - Town Hall,	\$2,000,000					
Complete Streets - Hayward/Main Intersection	\$1,825,000					
Bridge/Culvert Design and Construction	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Complete Streets- Great Rd (Davis to Harris)	\$800,000					
South Acton Main Street (Route 27) Corridor Traffic Study	\$800,000					
Design, Repair, Maintain - Dam Management Program	\$750,000					
Town Hall/Library Parking Lot	\$650,000					
19-21 Maple Street Parking and Circulation Improvements	\$600,000	\$1,100,000				
Electrification of Public Safety Facility		\$3,600,000				
Bridge Design/Construction		\$1,700,000		\$1,100,000		\$2,000,000
Electrification of Memorial Library				\$2,111,331		
Replace Shuttle Bus with EV E-CAT			\$450,000			
Replacement program for the fire engines				\$1,340,095		\$1,477,455
Total	\$15,225,000	\$11,550,000	\$21,950,000	\$25,951,426	\$9,500,000	\$8,677,455

* Per FY25 - FY34 Capital Improvement Plan doc

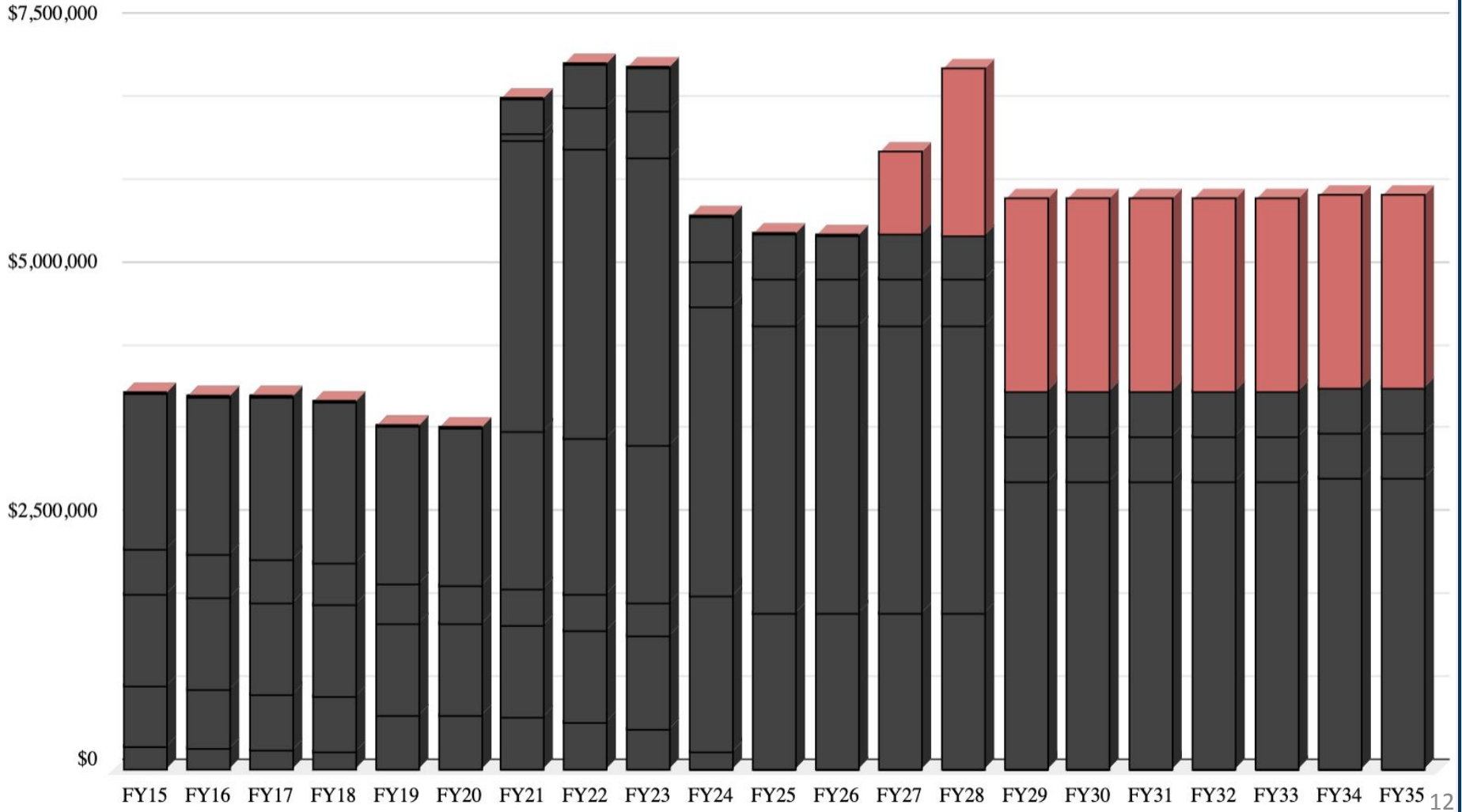
Capital Projects: Current Excluded Debt Service

- Minuteman
- North Acton Fire Station
- Boardwalk Campus
- Jr High/Sr High Updates
- Public Safety Facility
- Parker Damon
- Acton Public Schools
- Nara Park/Library



Capital Projects: Projected DPW Debt Service

■ DPW
 ■ Minuteman
 ■ North Acton Fire Station
 ■ Boardwalk Campus
 ■ Jr High/Sr High Updates
 ■ Public Safety Facility
■ Parker Damon
 ■ Acton Public Schools
 ■ Nara Park/Library



Capital Projects: Recommendations

- Limit taking on new excluded debt
 - We do not recommend a sidewalk debt exclusion project
- The DPW project should be approached with extreme fiscal accountability
 - Needs based designs
 - Resident support
 - Building longevity

We do not recommend asking residents to approve any excluded debt projects in the same year as an Operating Budget Override

Residents: Tax Bill

Average Single Family Tax Bill have increased by \$490 per year, on average, for the past 5 years*. (See appendix for how we compare to neighboring communities)



* This number includes Prop 2 1/2, Excluded Debt, and the CPC surcharge. https://dls.gateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=AverageSingleTaxBill.SingleFamTaxBill_wRange

Residents: Big Picture

- Other resident costs must be acknowledged
 - Healthcare costs have been increasing between 5%-10% over the past 5 years¹
 - National average around 5.6%, Acton's Health Insurance Trust between 5 and 10%
 - Wage growth is not keeping up with inflation in many industries²
 - Wage growth is not keeping up with the increase in taxation³
 - Acton has the 19th highest tax rate in the state, out of 351 communities
 - Average cost of a 1 bedroom rental has gone up 10.4% since last year⁴
 - Rising home values resulted in large increases in insurance costs⁵
 - Average homeowners insurance has gone up 15% in the past year
 - Water treatment plant upgrade for PFAS mitigation
 - Sewer treatment facility repairs are on the horizon

1. <https://www.mercer.com/en-us/insights/us-health-news/health-benefit-cost-expected-to-rise-54-in-2024-mercero-survey/>

2. <https://www.bankrate.com/banking/federal-reserve/wage-to-inflation-index/#:~:text=Bankrate's%20analysis%20found%20that%20wages,inflation's%2015.8%20percent%20burst%2C%20respectively.>

3. <https://www.mass.gov/orgs/division-of-local-services>

4. <https://www.boston.com/real-estate/renting/2023/03/10/in-depth-look-mass-rental-market-march/>

5. <https://www.cbsnews.com/boston/news/home-insurance-costs-rising-boston-massachusetts-first-street-foundation/>



Override: FY25 By the Numbers

A level services budget is not possible within current revenue.

Projected Revenue Increase	\$2,913.635
Projected Fixed Costs Increase	- <u>\$4,705,083</u>
Projected Available Spending Increase*	-\$1,791,447

Override: Preventative Measures

- Cuts to 40 school district admin, leadership, elementary, jr high, and high school positions within last 2 years
 - district was required to add some specialized staff in order to provide required services for high-needs student population that joined school district after budgets were set.
- Delays in backfilling open municipal positions
- Delays in ongoing maintenance and capital improvements
- Reduction in general expenditures

Override: Recommendations

- We support an Operational Override of \$6.6M in conjunction with other cost saving measures
- We recommend spending \$5.4M of the \$6.6M authorized in FY25
 - We suggest using every possible way to save money, including cutting or reducing services and/or finding new sources of revenue, selling land, keeping budgets low while still making a positive impact on the community through town and school services.
- We recommend creation of a task force to identify ongoing cost saving initiatives comprised of members from the
 - Select Board, Finance Committee, Acton School Committee, Minuteman School Representative, and Town Leadership

Conclusion

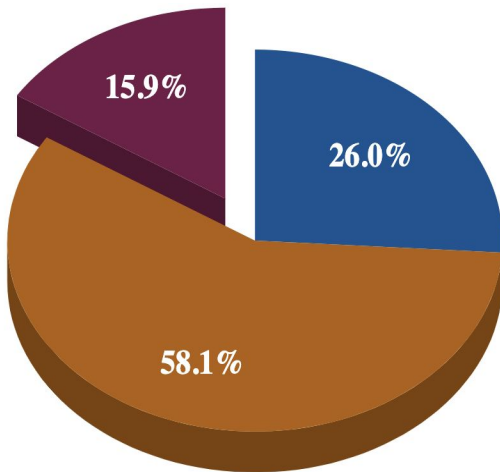
- An operational override is required to support vital town and school services
- Inflation, healthcare, insurance, rent, and other costs will remain high for the foreseeable future
- All current and future spending should be analyzed for necessity and sustainability
- A task force of key stakeholders should be convened ASAP

*Thank you for your time.
Any questions?*

Appendix: Demographics

Age

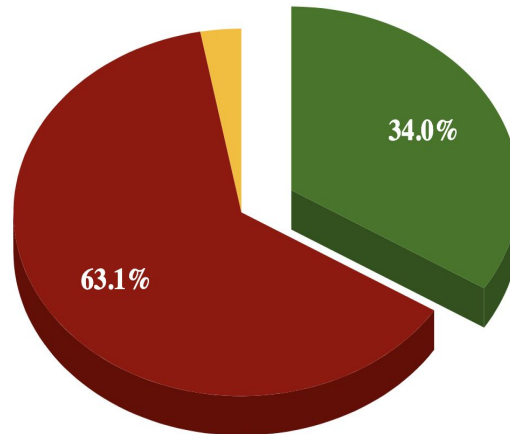
Senior population is 15.9% and growing



- Under 18
- 18 to 64
- 65 and Over

Budget

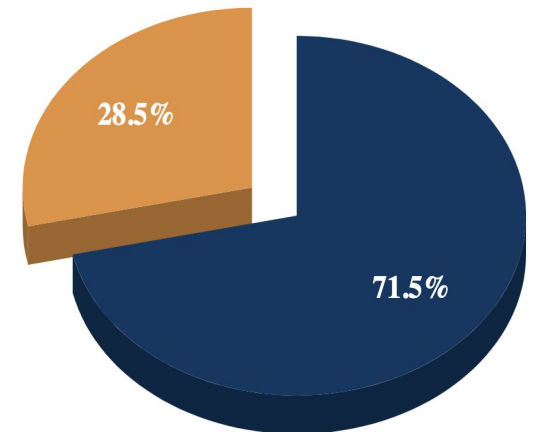
63.1% of our budget pays for the schools



- Municipal Budget
- ABRSD Assessment
- Minuteman Assessment

Children

71% do not have school-aged kids



- Households with School Aged Children
- Households w/o School Aged Children

Appendix: Community Comparison

Acton

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$512,103	\$8,767	\$152,923	5.73%
2011	\$500,492	\$9,049	\$158,874	5.70%
2012	\$499,163	\$9,259	\$168,554	5.49%
2013	\$505,237	\$9,650	\$171,021	5.64%
2014	\$505,494	\$9,832	\$178,362	5.51%
2015	\$531,639	\$10,128	\$182,391	5.55%
2016	\$539,896	\$10,382	\$189,292	5.48%
2017	\$561,186	\$10,696	\$185,110	5.78%
2018	\$566,279	\$10,974	\$197,787	5.55%
2019	\$584,315	\$11,318	\$203,026	5.57%
2020	\$612,787	\$11,790	\$197,755	5.96%
2021	\$617,888	\$12,500	\$207,586	6.02%
2022	\$665,787	\$12,950	Not yet available	
2023	\$776,650	\$13,635	Not yet available	

Boxborough

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$506,349	\$8,370	\$149,453	5.90%
2011	\$507,184	\$8,815	\$163,768	5.54%
2012	\$508,136	\$9,080	\$184,213	4.90%
2013	\$509,984	\$9,022	\$191,050	4.68%
2014	\$505,250	\$8,938	\$191,951	4.61%
2015	\$531,407	\$8,848	\$181,097	4.96%
2016	\$548,990	\$8,981	\$174,795	5.41%
2017	\$563,021	\$9,464	\$169,449	5.59%
2018	\$576,554	\$9,479	\$169,100	5.61%
2019	\$608,662	\$9,994	\$180,300	5.54%
2020	\$608,780	\$10,179	\$206,029	4.94%
2021	\$617,781	\$10,607	\$221,780	4.78%
2022	\$655,560	\$11,420	Not yet available	
2023	\$764,691	\$11,868	Not yet available	

Concord

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$835,697	\$10,939	\$232,738	4.70%
2011	\$839,569	\$11,074	\$235,963	4.69%
2012	\$851,550	\$11,564	\$233,761	4.95%
2013	\$838,804	\$11,802	\$231,888	5.09%
2014	\$847,682	\$12,249	\$227,070	5.39%
2015	\$902,043	\$12,890	\$217,735	5.92%
2016	\$969,131	\$13,490	\$224,023	6.02%
2017	\$987,567	\$13,895	\$225,584	6.16%
2018	\$1,014,269	\$14,494	\$233,481	6.21%
2019	Not published		\$245,757	N/A
2020	Not published		\$274,267	N/A
2021	Not published		\$288,762	N/A
2022	\$1,125,397	\$16,611	Not yet available	
2023	\$1,348,866	\$17,481	Not yet available	

Littleton

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$370,111	\$5,415	\$135,436	4.00%
2011	\$368,977	\$5,656	\$136,479	4.14%
2012	\$370,625	\$5,960	\$138,085	4.32%
2013	\$366,412	\$6,222	\$147,616	4.21%
2014	\$367,397	\$6,396	\$150,243	4.26%
2015	\$371,489	\$6,724	\$148,663	4.52%
2016	\$395,635	\$6,999	\$150,736	4.64%
2017	\$401,565	\$7,288	\$159,148	4.58%
2018	\$418,652	\$7,594	\$165,523	4.59%
2019	\$435,302	\$7,940	\$170,793	4.65%
2020	\$465,384	\$8,270	\$168,975	4.89%
2021	\$486,858	\$8,617	\$188,943	4.56%
2022	\$518,250	\$9,178	Not yet available	
2023	\$594,069	\$9,654	Not yet available	

Appendix: Community Comparison cont.

Maynard

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$320,390	\$5,171	\$95,693	5.40%
2011	\$315,237	\$5,517	\$102,121	5.40%
2012	\$311,702	\$5,751	\$110,124	5.22%
2013	\$304,057	\$6,096	\$114,914	5.30%
2014	\$287,770	\$6,414	\$120,987	5.30%
2015	\$299,411	\$6,680	\$133,800	4.99%
2016	\$327,517	\$6,960	\$137,983	5.04%
2017	\$327,542	\$7,209	\$138,834	5.19%
2018	\$328,637	\$7,440	\$143,501	5.18%
2019	\$368,438	\$7,752	\$152,786	5.07%
2020	\$393,611	\$8,124	\$166,931	4.87%
2021	\$407,807	\$8,217	\$170,982	4.81%
2022	\$414,137	\$8,498	Not yet available	
2023	\$465,144	\$8,824	Not yet available	

Stow

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$445,062	\$7,379	\$132,743	5.56%
2011	\$428,744	\$7,310	\$141,534	5.16%
2012	\$429,156	\$7,682	\$146,437	5.25%
2013	\$423,931	\$7,788	\$147,678	5.27%
2014	\$424,668	\$8,141	\$158,803	5.13%
2015	\$428,160	\$8,555	\$156,533	5.47%
2016	\$442,300	\$8,837	\$171,438	5.15%
2017	\$449,301	\$9,251	\$179,392	5.16%
2018	\$460,309	\$9,657	\$185,852	5.20%
2019	\$483,506	\$9,733	\$186,067	5.23%
2020	\$495,763	\$10,218	\$181,874	5.62%
2021	\$531,451	\$10,618	\$184,931	5.74%
2022	\$556,907	\$10,893	Not yet available	
2023	\$640,760	\$11,627	Not yet available	

Sudbury

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$650,508	\$10,460	\$199,576	5.24%
2011	\$627,988	\$10,695	\$212,710	5.03%
2012	\$621,410	\$10,937	\$224,526	4.87%
2013	\$622,862	\$11,205	\$241,929	4.63%
2014	\$640,277	\$11,544	\$243,572	4.74%
2015	\$658,974	\$11,598	\$245,327	4.73%
2016	\$678,738	\$12,082	\$243,173	4.97%
2017	\$705,763	\$12,520	\$247,631	5.06%
2018	Not published		\$244,999	N/A
2019	Not published		\$258,441	N/A
2020	Not published		\$256,849	N/A
2021	Not published		\$283,277	N/A
2022	\$797,506	\$14,395	Not yet available	
2023	\$953,439	\$15,036	Not yet available	

Westford

Year	Avg Single Family Value	Average Single Family Tax Bill	Average Family Income	Tax Bill as % of Income
2010	\$450,723	\$6,594	\$152,232	4.33%
2011	\$441,145	\$6,719	\$151,304	4.44%
2012	\$443,811	\$6,901	\$156,185	4.42%
2013	\$440,011	\$7,097	\$154,398	4.60%
2014	\$440,496	\$7,312	\$156,019	4.69%
2015	\$464,442	\$7,543	\$157,742	4.78%
2016	\$478,366	\$7,797	\$163,048	4.78%
2017	\$490,793	\$8,054	\$166,402	4.84%
2018	\$520,393	\$8,420	\$174,274	4.83%
2019	\$532,640	\$8,821	\$177,278	4.98%
2020	\$565,694	\$9,238	\$181,230	5.10%
2021	\$565,732	\$9,414	\$196,049	4.80%
2022	\$600,396	\$9,678	Not yet available	
2023	\$685,643	\$10,120	Not yet available	