

FISCAL YEAR 2021

# *Town of Amherst*

MASSACHUSETTS



## PROPOSED MUNICIPAL BUDGET

[WWW.AMHERSTMA.GOV/BUDGET](http://WWW.AMHERSTMA.GOV/BUDGET)



# **Town of Amherst FY21 Budget**

- **Municipal Budget (Includes four enterprise funds)**
- **Elementary School Budget**
- **Library Budget**
- **Regional School Budget**
- **Capital Improvement Program**

# Budget Highlights

**Proposed FY21 Budget: \$81,333,439**

- A reduction of 2.8% or \$2,339,485 in real dollars from FY20**
- Level funds operating budgets**
- Cuts spending on capital and OPEB**
- Municipal Budget:**
  - **Eliminates 3.0 FTE benefitted municipal positions and several part-time positions**
  - **Commits \$80,000 to explore, plan, and implement strategies to confront systemic racism**

# Agenda

Introduction

COVID-19 Impact on Budget

Town Council Budget Guidelines

Projected Revenues

Projected Expenses

Budget Reductions

New Investments

Long Range Planning

Questions

# Introduction: Prudent Planning & Strategic Thinking

## Solid Financial Position

Reserves at \$15,792,466 or 18.90% of the budget  
Anticipate FY20 surplus due to COVID-19 related savings

## Maintains Core Services

Level funded operating budgets  
Factors in significant economic downturn

## Forward Thinking

Long range planning  
Preparing for capital projects

# Introduction: Prudent Planning & Strategic Thinking

Rebalanced use of existing revenue streams



Strategic use of reserves if State Aid is reduced



No request for operating budget override



Utilizing external funding sources to address COVID-19 impacts



Targeted budget reductions

# COVID-19: Impact on Budget

COVID-19 had and continues to have a negative impact on both the revenues and expenditures in Town

The budget is based on depressed revenues through at least December 2020 and the entire year for some sources

This budget incorporates significant impacts on local receipts from the COVID-19 Pandemic

There is very little information on State Aid. This budget assumes no increase in State Aid and proposes to use reserves in the event State Aid is reduced

# COVID-19: Impact on Budget

The CARES ACT has \$3.4 million allocated to the Town of Amherst to reimburse eligible expenditures

CARES ACT funds may become available to replace lost revenues reducing the potential usage of reserves

Decisions made by the colleges and university will be significant variables that impact revenues & expenditures

We must use this time to become more efficient so that we can restore our reserves when the economy rebounds and be ready to address challenges around our facilities

# Town Council

# Budget Guidelines

**DECEMBER 16, 2019 - REVISED MAY 18, 2020**

*“The services that are provided are important for residents and businesses and a budget must allow for their continuation...” 12/16/19*

*“We need to be creative and remain flexible as the future unfolds. .... But this year, the goal is to maintain our current initiatives to the greatest possible extent, adjusting as needed for the reasons that have been stated.” 5/18/20*

# **Town Council Budget Guidelines**

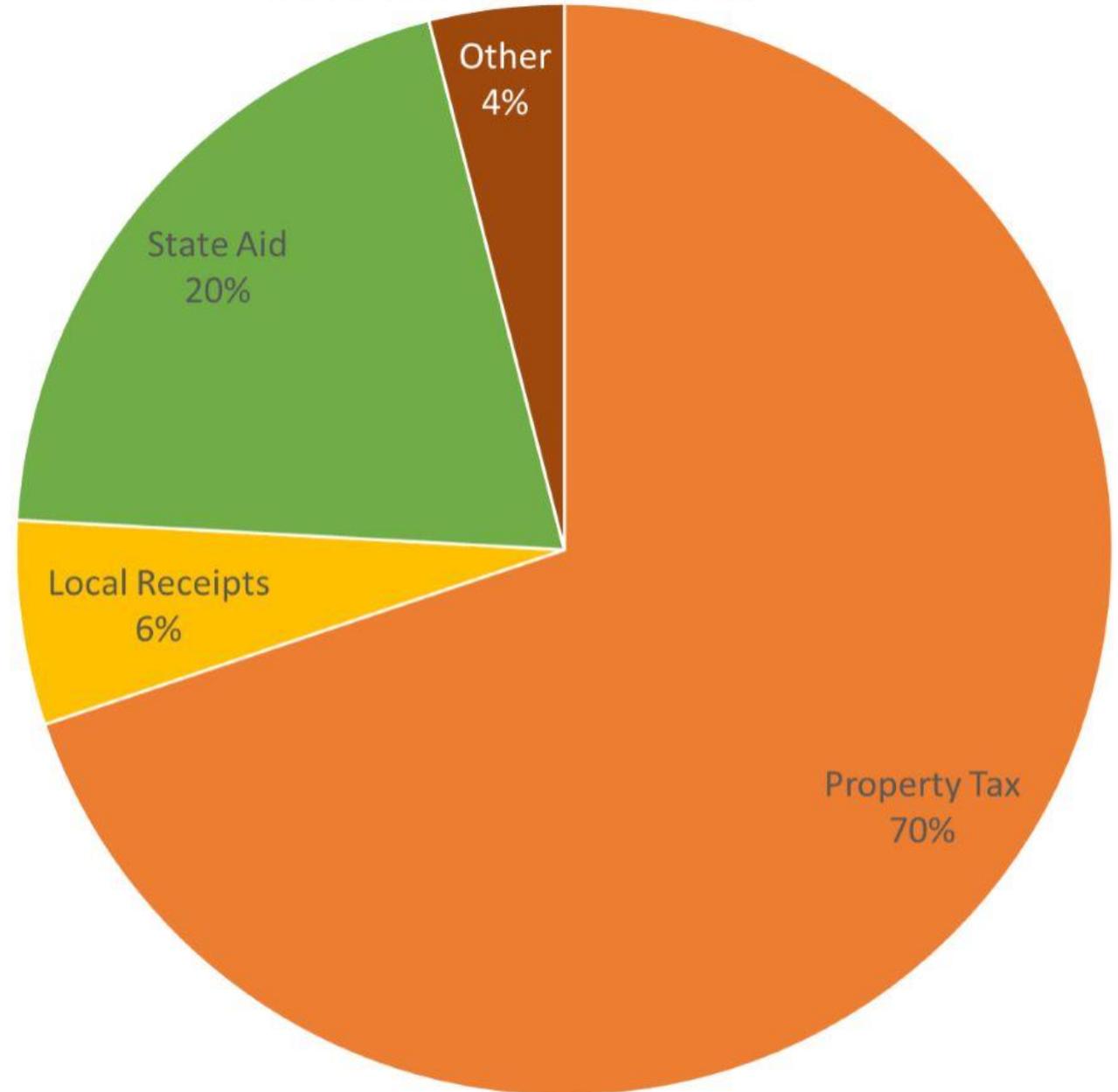
**DECEMBER 16, 2019 – REVISED MAY 18, 2020**

- Fund operating budgets at FY20 levels;
- Fund all legally required obligations including debt service and assessments;
- Reduce cash capital; and
- Reduce the Town's contribution to the OPEB Trust Fund by 50%.

# Revenue Summary

- Property Tax: Stable
- State Aid: Unknown
- Local Receipts: Declining

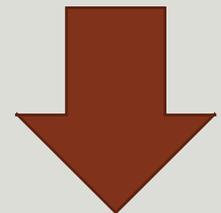
FY 21 Revenue Sources



# Projected Revenue: General Fund

- Property Taxes: Increase of 3.4% - (New Growth + 2.5%)
- Local Receipts: Decrease of 37.3%
  - Reductions in excise taxes, meals tax, rental revenue, departmental receipts, licenses & permits, fines, investment income, and other miscellaneous revenues
- State Aid: Flat (high level of uncertainty)

**Total General Fund: 2.8% decrease or (\$2,339,485)**



# Projected Revenue: General Fund

## Local Receipts

- ↓ 26% reduction for motor vehicle excise revenues
- ↓ 75% reduction for hotel/motel and meals excise taxes
- ↓ 67% reduction in rentals of the Bangs Center and other locations
- ↓ 73% reduction in departmental revenues
  - ↓ Includes LSSE programs (Cherry Hill and recreation camps)
- ↓ 37% reduction in licenses and permits

## Other Financing Sources

- ↓ The Ambulance Fund, already decreased due to the loss of the contract with the Town of Hadley, is projected to experience additional loss of revenue due to the reduced college population, creating a reduction of revenue of \$620,849. Although ambulance receipts and calls are down, we have maintained current staffing levels in the Fire Department (and even increased staffing with temporary firefighters during the FY20 phase of the pandemic).
- ↓ Enterprise fund reimbursements (indirect costs) down \$251,942 due to COVID-19 related reductions in services

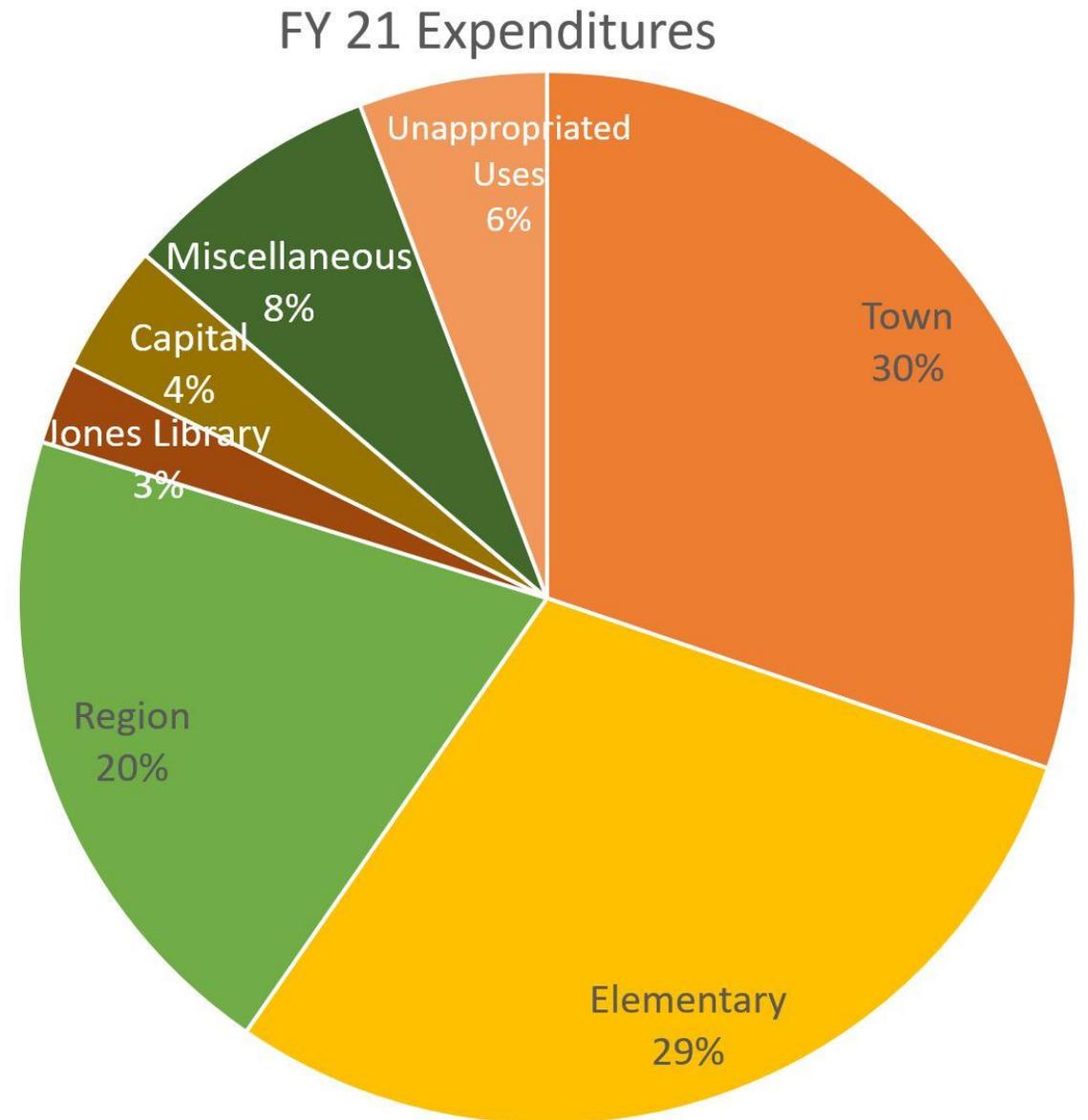
# Projected Revenue: Enterprise Funds

- Water: Decline 2.12%
- Sewer: Decline 7.2%
- Transportation: Decline 21.8%
- Solid Waste: Increase 4.2%

## Notes:

- Water and sewer rates increased (still below state average and most neighboring communities)
- Reduction in water/sewer use due to reduced operations and fewer students on campuses
- Business downturn means less demand for downtown parking/reduced enforcement
- Solid Waste anticipated to increase as a result of modifications to the rental registration process and implementing online payments

# Expenditure Summary



# FY21 Budget: Overview

Fund	Amount	Change
Municipal	\$24,584,061	0.00%
Elementary Schools	\$23,912,452	0.30%
Regional Schools	\$16,404,120	-0.24%
Library (tax support)	\$2,043,302	0.00%
Subtotal	\$66,943,935	0.05%

# FY21 Budget: Overview

Fund	Amount	Change
Capital	\$3,233,939	-40.5%
Retirement, OPEB	\$6,478,036	1.1%
Assessment, Other	\$4,677,529	-2.4%
=====	=====	=====
TOTAL	\$81,333,439	-2.8%

# Budget Reductions

## Elimination of vacant positions 3.0 FTE

- Budget Analyst - .50 FTE
- Assistant to Assessor - .50 FTE
- LSSE Program Director - 1.0 FTE
- Conservation Administrative Assistant – 1.0 FTE

## Reduction in temporary staffing

- Cherry Hill – appx. 3 hourly positions
- Outdoor Pool Operations – appx.10 hourly positions
- Town Clerk – appx. 2 hourly positions

# Budget Reductions

## Insurance, Misc. \$48,192

- Lower costs for property & casualty insurance
- Reduction in cost for OPEB actuarial study

## Employee Benefits \$172,862

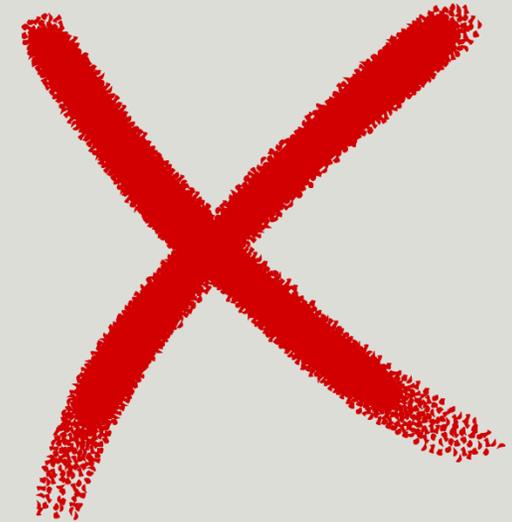
- Partial health insurance premium holiday
- Reduction in prior year transitional staffing funds

## Other \$58,500

- Veterans Benefits (aligned with historical usage)
- Cherry Hill supplies

# What's not getting done?

- Postponed/Delayed Capital Investments
  - \$2.5 million in capital (10% of levy → to 5% of levy)
  - Delayed requests include:
    - Vehicles for police, fire, DPW, schools, conservation
    - Computers
    - Facility repairs and improvements
    - Roads/sidewalks
    - Projects: North Common, Athletic Fields, Puffers Pond, Zoning Revisions
  - Enterprise Fund Capital Improvements
- OPEB Funding Delays for General Fund, Sewer Enterprise, and Transportation Enterprise
- New operating budget initiatives



# Modest New Investments

## Community Outreach

- \$80,000
- Funds to explore, plan, and implement strategies to confront systemic racism

## Info Technology

- \$62,000
- Funds for software that will streamline many application processes

## Liability Insurance

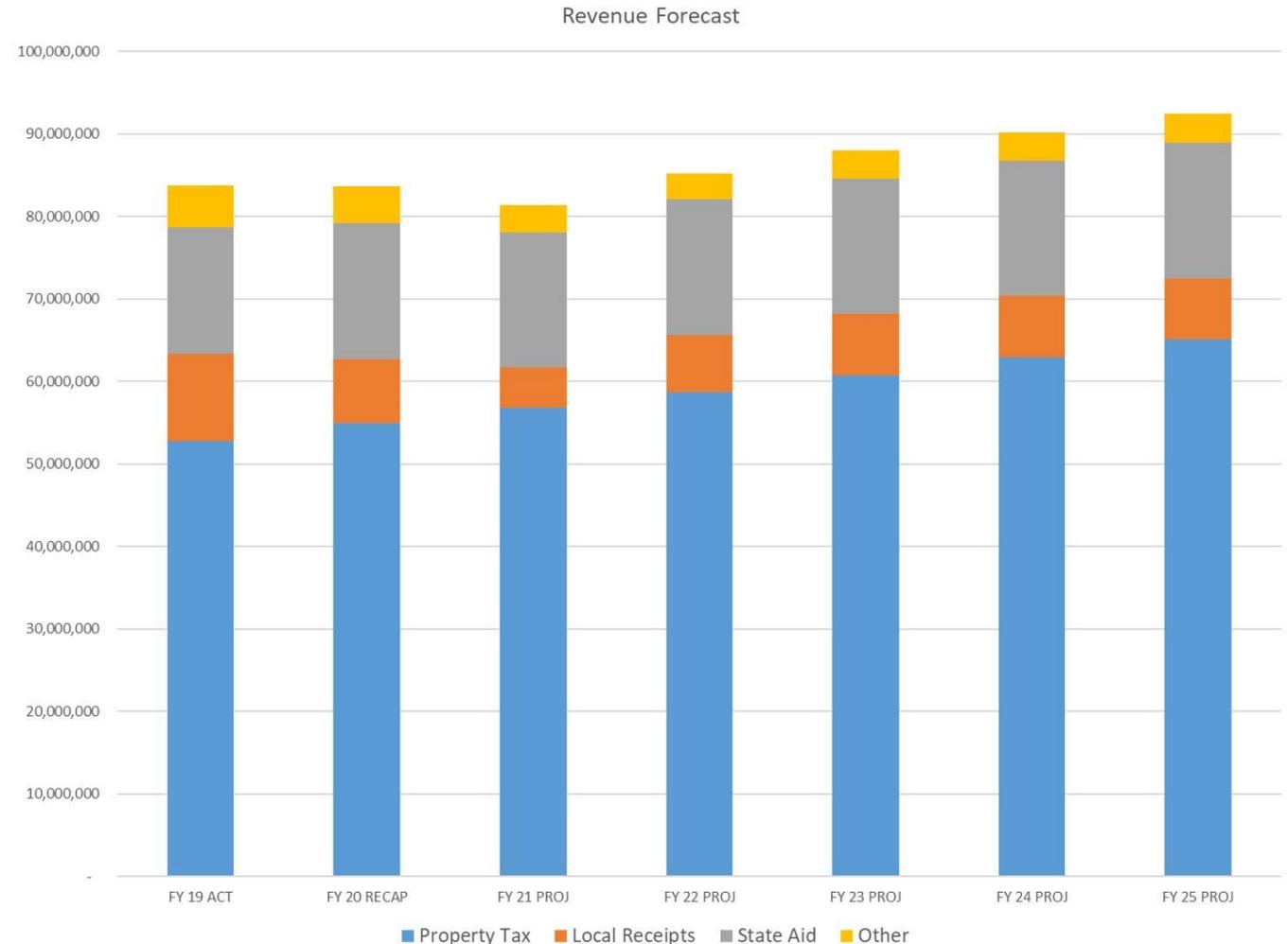
- \$75,000
- Broader coverage that will fill identified gaps/move away from self-insurance

## Town Council

- \$12,000
- Funds to pay for a part-time recorder of minutes

# Long Range Planning

- Multiple variables to consider including the performance of the State and local economy
- State Aid and/or new sources of federal aid are a big unknown
- Operations of local colleges and University – short-term vs. long-term changes
- COVID-19 pandemic likely to impact budget beyond FY21 and possibly beyond FY22
- Town staff will be monitoring the budget on a monthly basis and will be planning for multiple financial scenarios



# Budget Calendar



Who	Task	Date
Council	Refer FY21 Budget to Finance Committee	06/29/20
FinCom	FY21 Budget: Overview, Elementary Schools, Library	06/30/20
FinCom	FY21 Budget: Public Safety, Community Services	07/02/20
FinCom	FY21 Budget: Public Works, Enterprise Funds	07/07/20
FinCom	FY21 Budget: General Gov, Conservation & Development, Debt, Other	07/09/20
FinCom	PUBLIC HEARING on FY21 Budget (requires 10 day notice)	07/13/20
FinCom	Recommend & Vote FY21 Budget, Review Final Report	07/14/20
Council	Review & Approve FY21 Budget	07/20/20

# How to get more information!



- **Email:** [townmanager@amherstma.gov](mailto:townmanager@amherstma.gov)
- **Visit:** [www.amherstma.gov/budget](http://www.amherstma.gov/budget)
- **Call:** Community Chat “call-in” show on Thursdays at 12:00 noon on July 2<sup>nd</sup> (Supt. of Schools) & 9<sup>th</sup> (Finance Director)
- **AMA:** 24-hour AMA (Ask Me Anything) event on July 9<sup>th</sup> that will be available on all of the Town’s social media channels including Reddit, Facebook, and Twitter.
- **Feedback:** Public feedback/questions on the budget web page

# Thank You!

## Questions?

