

# ***Town of Hopkinton***

Report of the  
Financial Plan Working Group  
October 16, 2007



## ***Agenda***

- Goals
- Members
- Process
- Timetable
- Findings
- Recommendations
- Proposed Next Steps



## Goals

- Expand upon the work of the Three-Year Financial Planning Group
  - Extend time horizon from 3 years to 10 years
  - Provide better estimates by dealing with finer level of detail
- Establish Ten-Year Baseline of Revenues and Expenses
  - Business as Usual
  - Level Services (as of FY08)
- Identify Ideas for Closing the Gap between Revenues and Expenses
  - Revenue Enhancement
  - Expense Reduction
- Develop Budget Model to Evaluate the Impacts of the Ideas
- Present a Set of Recommendations to Town Leaders to Address the Structural Deficit
  - Specific initiatives and actions
  - Framework for Annual Budget Process
  - Ready by October 2007

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## Members

- |                            |                                  |
|----------------------------|----------------------------------|
| • Stuart Cowart (Co-Chair) | – Appropriation Committee        |
| • Phil Totino (Co-Chair)   | – School Committee               |
| • Brian Herr               | – Board of Selectmen             |
| • Tony Troiano             | – Town Manager                   |
| • Gary Daugherty           | – Fire Chief                     |
| • Maureen Dwinell          | – Town Treasurer                 |
| • Mike Duffy               | – Capital Improvements Committee |
| • Bob Bushway              | – Principal Assessor             |
| • John Duffy               | – Board of Assessors             |
| • Heidi Kriger             | – Town Accountant                |
| • Tom Irvin                | – Chief of Police                |
| • JT Gaucher               | – DPW Director                   |
| • Jack Phelan              | – Superintendent of Schools      |
| • Elaine Lazarus           | – Town Planner                   |
| • Scott Richardson         | – Chamber of Commerce            |

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## **Process**

- Regular Meetings of the full Working Group
  - Monthly starting in June
  - Weekly starting in mid-September
- Individual work products developed off line
  - Used sub-groups when appropriate
- Progress reports provided to Appropriation Committee, School Committee, and Board of Selectmen by their reps on an ongoing basis
- Public and press invited to the meetings to solicit input and to keep the community informed
  - Meetings closed when discussing potentially sensitive proposals

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## **Timetable/Milestones**

- May-early June
  - Performed preliminary work to estimate expenses and revenues
- Mid-June
  - Held kick-off meeting
- Mid-July
  - Reviewed first-pass forecasts of expenses and revenues
- Mid-August
  - Reviewed updated forecasts of expenses and revenues
  - Brain-stormed ideas for closing the revenue/expense gaps
- Late September
  - Established recommendations for addressing the structural deficit
- Mid-October
  - Completed a report for presentation to the Board of Selectmen, School Committee, and key community leaders

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# Findings

(Slide 1 of 4)

- The Structural Deficit (and potential for continued tax increases) is Real
  - ~\$1.4M shortfall in FY09
  - ~\$8.8M shortfall in FY18
- There are Actions that can be taken to Dramatically Reduce and potentially Eliminate the Structural Deficit
  - 25 Recommendations identified as having positive fiscal impact
  - Impact of 8 quantified so far
- Based on the Impact of the 8 Quantified Recommendations, the Size of Deficit would be Reduced to
  - ~\$900K shortfall in FY09
  - ~\$2.4M shortfall in FY18
- The impact of the 17 remaining initiatives could be enough to close the gap completely after a few years or even provide a surplus to expand services or reduce taxes

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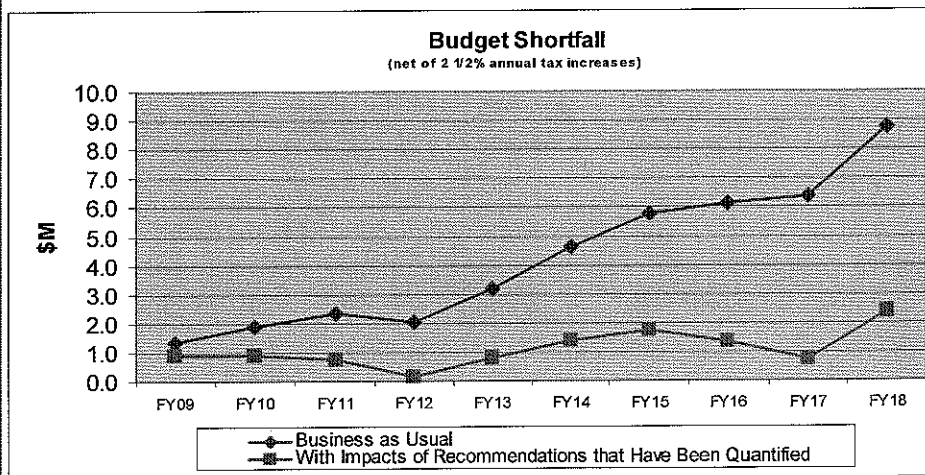
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# Findings

(Slide 2 of 4)



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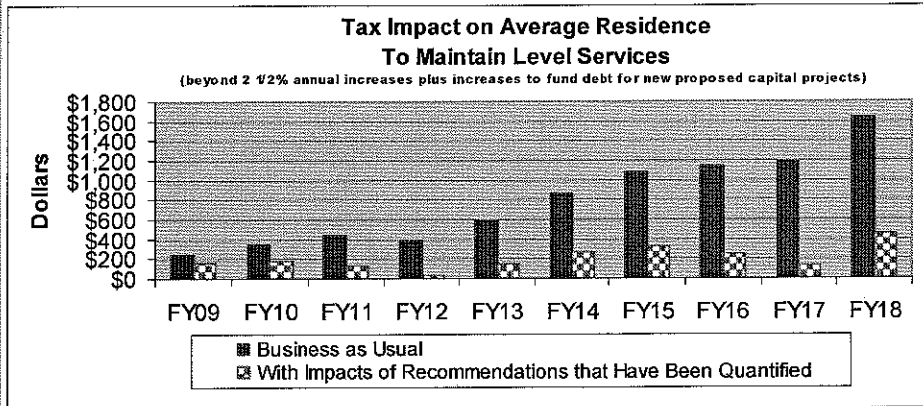
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# Findings

(Slide 3 of 4)



- Based on tax rate impact of \$0.34 per \$1,000 of valuation for each \$1,000,000 of budget shortfall
- Calculated for average residence assessed at \$550,000

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# Findings

(Slide 4 of 4)

- The model can be used to assess current and future budgetary impact of overrides to assist in timing and amount decisions
- Qualifiers pertaining to all of the Findings
  - Numbers do not include the impact of funding capital equipment items (i.e., annual fleet and equipment replacements)
  - Numbers do include the impact of building projects and extraordinary maintenance projects shown on the ten-year capital expenditure plan managed by the Capital Improvements Committee. The model includes both the projected costs and the corresponding tax increases (assuming funding via debt exclusion), thereby resulting in no impact on the projected shortfalls.
  - Results assume that there will be 2 1/2% tax increases each year as allowable without ballot approval
  - The tax impacts reflected in this report would occur in addition to both the 2 1/2% annual tax increases and any tax increases related to capital debt exclusions

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## **Key Recommendations**

- **Act as One Town having One Problem with One Solution**
  - All elected and appointed officials must work together
    - To support the votes of their boards and of the voters at Town Meeting
    - To implement the recommendations contained in this report
- **Expand Infrastructure to support revenue-positive growth**
  - Get the Wastewater Treatment Facility on the Town's property on Fruit Street built and operational immediately
  - Bring additional water supply on line
  - Make the zoning changes recommended for the Town's business and commercial districts
- **Support the proposed revenue-positive development of Legacy Farms**

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## **Recommendations Reflected in the Budget Model**

- Revenue Enhancement
  1. Support the development of Legacy Farms
  2. Entice higher-value development in the commercial/industrial areas near Rt. 495
  3. Support downtown revitalization
  4. Implement School Choice
  5. Charge facility use fees for after-school programs
- Expense Reduction
  1. Negotiate lower health insurance premiums (restructure programs)
  2. Reduce legal expenses
  3. Make more efficient use of revolving accounts and 53E½ accounts

Note: Items in blue would impact FY09

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## ***Additional Recommendations with Potential Fiscal Impact***

- **Revenue Enhancement**
  6. Determine how best to utilize Fruit Street to generate recurring revenue
  7. Sell or lease Center School (or current Town Hall) after Early Childhood Center is built
  8. Lobby state legislature to repeal telecomm tax exemption
  9. Expand advertising
  10. Sell naming rights to buildings/halls/fields
  11. Add new fees and fines; increase existing fees
  12. Put program of studies on line
  13. Obtain new grants to offset expenses currently in the operating budget
  14. Lease space for cell phone towers
  15. Hire point person to market the town to businesses
  16. Tuition-in special education students
- **Expense Reduction**
  4. Combine certain school / general government operations
  5. Combine services with neighboring communities
  6. Pursue regionalization for large pieces of equipment
  7. Institute cooperative purchasing
  8. Relocate DPW Facilities to a new facility
  9. Develop wind power or solar power

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## ***Proposed Next Steps***

- Board of Selectmen & School Committee take the lead, as boards and as individuals, to set a tone of collaboration in the pursuit of managed growth for the Town
- All Town officials including the members of all boards, committees, and commissions become familiar with the detailed recommendations contained in this document and with the fiscal impacts as documented in the associated budget model
- Town officials, boards, committees, and commissions take the initiative to follow up on recommendations in their areas of responsibility and expertise, and use the model as a reference to understand the fiscal implications of the decisions facing them
- Board of Selectmen implement a system to track progress against the recommendations, and have this progress reported on a quarterly basis
- Board of Selectmen establish an annual process
  - to update the model based on changing conditions and assumptions
  - to generate additional new ideas for revenue enhancement and expense reduction
  - to keep the community informed of these developments

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**One Town**

**One Problem**

**One Solution**

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