



Town of Stow
Office of the
Town Administrator

380 Great Road
Stow, MA 01775
Tel: 978-897-2927

Denise M. Dembkoski
Town Administrator

townadministrator@stow-ma.gov

To: Select Board, Finance Committee, and Stow Residents

From: Denise M. Dembkoski, Town Administrator

Re: FY24 Budget Recommendations

Date: April 3, 2024

The Fiscal Year 2024 (FY24) Operating Budget process provided an opportunity for management to, once again, undertake an honest assessment of town functions to determine what is working and what changes are necessary. Some of the recommended changes contained within this memorandum will have cost implications for the FY24 budget. Beginning in the FY23 budget, we started making some necessary staffing changes, which would bring the needed staffing levels up to par on an operational standpoint. This FY24 budget includes some new or modified staffing to take the next step towards our goal of providing the most resources to our residents, while maintaining a streamlined and efficient budget.

Like last year, we are still getting out from under the accumulation of years of conservative budgeting, which while assisting the town in limiting our expenditure outlay and increased our Unused Levy Capacity to \$2.4M, created other operational issues within the Town. We took major steps with the addition of an Assistant Town Administrator to function as the Human Resources Director, and were also able to add highway, library staff, as well as facilities and community services staff. This year we will focus on public safety.

At the 2021 Annual Town Meeting, I presented changes to the Wage & Classification Schedules after a consultant was brought in to review the salaries of non-union staff. With these new schedules in place, we had to determine how employees would advance through the steps. At the 2022 Annual Town Meeting, Article 56 was unanimously approved, which changed the bylaw to allocate a step increase for July 1, 2023 to those in Grades 1 – 5. Therefore, this year, in addition to the 3% Cost of Living Adjustment (COLA), all employees in Grades 1 – 5, who were in steps 1 thru 11 will be granted a step increase. Employees in Grades 6 to 8 will be given the 3% COLA, as their step increase is not until next year (FY25).

Additionally, the Police Officers and Firefighters union contracts will expire on June 30, 2023. As the writing of this letter, the negotiations for the Police Union are still ongoing, so we made some assumptions for salary and budgetary purposes.

We continue to look for ways to streamline processes and make things more efficient. At the end of FY23, Karen Kelleher, ZBA Administrative Assistant is retiring and instead of trying to

replace her knowledge and expertise with someone new, we are rolling the ZBA duties into the Planning Department. This will allow all land-use items to be consolidated under one department.

I am also working on consolidating all facility expenses. In the past, some buildings had to budget for their own heating, electric, trash pickup, landscaping, while the Town Building and Pompo were consolidated under the facilities budget. This year, I am moving those expenses from the library, police, and highway into the facility department.

In addition to these increases, there are a few new personnel related changes that I am recommending for FY24, which are articulated below.

In this budget, I am recommending the following staffing changes:

- Adding One (1) full-time patrol officer
- Adding Two (2) full-time firefighters
- Moving the Procurement/Grants Administrator into the General Fund Budget

Full – Time Patrol Officer – Given the changes with the State and the new POST (Peace Officer Standards & Training) Commission, it has been increasingly more difficult for smaller towns to continue using Reserve Police Officers, as they now require the same level of training as fully certified officers. As a result, the Chief requested adding a full-time officer to the roster. With the proposed new developments at Athens Lane, Stow Acres, and the addition to Elizabeth Brook (Plantation) Apartments, and the overtime shifts that have gone unfilled by current officers, it was determined to be a necessary addition. The cost associated with this change is estimated at \$74,792 or a .65% increase in the municipal budget.

Adding Two (2) full-time Firefighter/EMTs – With the increase in medical calls, there have been more and more calls for service at the same time as another call. Adding two more full-time members to the department will allow for more efficiency in response times. Additionally, this will allow us to have one full-time member on every shift in the fire department. Currently we are operating the overnights with per-diem employees plus call employees. Our current hybrid model of full-time and call firefighters is sustainable, provided we add the resources that are necessary to sustain services to the expanding population. These two positions will give us more accountability and stability throughout the department and shifts while supplementing the full-time staff with per diems and call members.

We have applied for a federal grant for these positions and should this budget pass, we will not fill those positions until we hear on the grant. Only in the event that the grant is not successful, will we utilize the budgeted funds. The cost associated with these changes is: \$117,411.84 or a 1.02% increase in the municipal budget.

Moving the Procurement/Grants Administrator into the General Fund Budget – With the influx of monies from the Federal Government by way of the CARES Act and APRA Funds, we had an increase in purchases and projects. It became necessary to bring on board someone to focus on the procurement laws (both federal and state) and track grants for us. In 2022, the Select Board authorized use of \$65,000 in ARPA funds to hire a Procurement/Grants Administrator. That position was filled in October 2022 and quickly became an integral part of the team. The addition of this position has allowed Department Heads to focus on running their department and not having to research and write bid specs or contracts. For Fiscal Year 2024, I am moving this position into the General Fund budget, at a cost of \$62,500 or .54% of the municipal budget increase. It is expected, however, that this position will generate savings on bidding and bring in grant revenue to offset the cost of the position.

Expenses

The only significant increase in the expense side of the municipal budget occurs in the Technology Budget. Since 2020, the Town has been able to utilize federal revenues (CARES Act, ARPA Funds) to cover some large technology upgrades. As the available funds in those accounts winds down, over the next few budget years we need to incorporate the cost of these services into the general fund budget. This year, I am including the cost of our phone system and the Office 365 licensing into the budget. The licenses and fees associated with these items is approximately \$50,000 or .44% of the municipal budget.

Municipal

For the proposed FY24 Budget, municipal salaries account for 54% of the municipal budget and 19% of the entire General Fund Budget. Municipal expenses makes up 14% of the municipal budget and only 5% of the overall General Fund Budget. Municipal Insurance and Debt Service represents 31% of the Municipal Budget and 11% of the overall General Fund Budget.

For every one dollar of taxes paid to the Town of Stow, twenty-five (\$.25) cents covers the entire Municipal Budget, including insurance and non-excluded debt.

Education

As is the case most years, we have received assessments from the two school districts (Nashoba Regional School and Minuteman Vocational) with increases totaling just under \$1M combined. This increase is an increase of more than 4.61% over the FY23 assessments and \$177,681 more than the increased tax revenue we project under Prop 2 ½.

The 20.02% assessment increase (or \$429,421) at Minuteman is mainly due to increased enrollment and less out-of-district students attending. Since the new school opened, Minuteman has seen an increase in applications, primarily from member towns. As a result of fewer out-of-district students attending, the member towns need to pay more to cover those costs. Additionally, over the last several years, Stow's enrollment at Minuteman has increased to 65 students up from just 19 students five years ago.

The Nashoba increase is not as cut and dry to articulate. They have established their budget with an overall increase of about 3.55% over FY23. There is not one driving factor that we can point to as the basis for the increase. As a result of their total budget increase, Stow's assessment has increased 2.82% (or \$523,540) over the FY23 assessment.

The total FY24 Budget recommendation is increased by 5.42% over FY23. The two schools represent a total of 65% of the entire General Fund Budget and have an FY24 increase of \$952K combined or by 3.03% and the municipal budgets have increased by 2.39%.

For every one dollar of taxes paid to the Town of Stow, sixty-one (\$.61) cents goes towards the Nashoba and Minuteman Education Budgets.

For every one dollar of taxes paid to the Town of Stow, fourteen (\$.14) cents is used to pay the debt exclusions voted on by the taxpayers at the ballot.

There were other small changes within the FY24 Budget Proposal, but all other budgetary impacts were minor, as there are no proposed new programs. During FY24, we will continue to look for ways to make doing business with the Town more efficient while also remaining cost effective.

This year, the General Fund article requests have increased by more than 40% over the FY23 requests. There are a number of new initiatives that are being undertaken by Departments, Boards and Committees, that account for the almost \$200,000 in increased requests, bringing the total of articles seeking to raise and appropriate from taxes, to \$671,733.

The Capital Plan requests also increased this year. As a result, I am recommending a combination of using free cash and borrowing. The recommendation for funding with free cash is \$583,298, which is down from last year's recommendation of \$823,500. But I am recommending three items to be borrowed and paid for within the town's tax levy. The total of those items is \$1,451,800. With inventory delays of up to two years, this will allow us to sign a purchase order, but not hold up cash, while we wait one to two years for delivery. It will also allow us to repair aging infrastructure within the general fund budget, while budgeting for a principal and interest payment over a number of years and not all at once. This plan of sharing the expenditures between the town and the taxpayers is looked upon favorably by the rating agencies and is expected to have a positive impact on future borrowings.

As I indicated in my letter last year, the Town is still in the process of catching up from years of static staffing levels, even though the number of residents has continued to grow. We will evaluate staffing levels each year to ensure that the service level we provide to our residents continues to increase but in the most cost effective and efficient manner.

I believe this FY24 budget is necessary for effective Town operations and ask for your support. I welcome an opportunity to discuss the FY24 Budget and answer any questions anyone may have.

Thank you.