



# **Fiscal Year 2021 Budget Recommendation**

Presentation to the  
Acton Finance Committee  
June 3, 2020



# FY 2020 Revenues and Expenses

# FY 2020 Revenues as of June 2nd

- No significant deterioration in tax collections
- 98% of FY20 Real Estate tax collected
  - 95% of 4<sup>th</sup> quarter taxes received so far
- 95% of Motor Vehicle excise tax collected
- 90% of budgeted fees/permit collected
- 100% of budgeted Investment Income received



# FY 2020 Expense Savings

- Projecting 2%-4% General Fund turn-back
  - Approximately \$1M
- Hiring Freeze since March
  - 10 positions on hold
    - Building, Engineering, Finance, Human Services, Highway, Grounds, Library
  - Seasonal positions funded from GF on hold
- Non essential spending freeze since March
- Limited savings in utilities due to public building closures





# Preliminary Financial Impacts of COVID-19

# Preliminary Estimate FY 2020 COVID-19 Expenses: \$425,000

- Personal Protective Equipment
- Staffing/Overtime
- Teleworking and virtual meeting resources
- Cleaning contractors and cleaning supplies
- Communications and community education
- Equipment and materials to retrofit buildings
- Town Election and Town Meeting PPE, Safety Equipment
- New Customer Service Equipment



# FEMA Financial Assistance

## FEMA/MEMA

- Direct sourcing of PPE and hygiene supplies
- Seeking FEMA Reimbursement (up to 75%)  
\$425,000 to be submitted so far
- EMW-2020-FG-02533: Assistance to  
Firefighters Grant – COVID-19 Supplemental  
(AFG-S) \$99,851.75



# CARES Act Funding

- Acton eligible for \$2,092,925 in FY20 & FY21
- FY20 Funding Request (to be submitted)
  - \$100,000 for COVID-19 response expenses not eligible for FEMA Reimbursement
  - \$150,000 for Small business grant and residential rent relief programs
- Pursuing funding for local assistance from other statewide CARES Act programs





# **Changes to the FY 2021 Budget as a Result of COVID-19**

# Initial **March 2020**

## Board of Selectmen and Finance Committee Approved FY 2021 Municipal Spending Plan

	FY20	FY21	% Change
Operating Budget	34,746,539	35,615,202	2.50%
Subsidies	440,000	\$410,000	(6.82)%
Capital	675,000	\$890,000	31.85%
<b>Total</b>	<b>35,861,539</b>	<b>36,938,202</b>	<b>2.94%</b>



# May 2020 Changes to FY 2021 Budget Recommendation

- Decrease revenue assumptions in FY2021
  - *(No material impact to revenues in FY2020)*
- 26% reduction in proposed Free Cash appropriation to better position to mitigate potential shortfall
- Contingencies in the event of potential revenue shortfall



# Board of Selectmen Approved Revision to the FY 2021 Capital Plan

FY 2021 Capital Project	FY21	FY21 Revised
Sustainability policy implementation	200,000	<b>185,000</b>
Traffic calming program	50,000	50,000
Facility long-term capital planning study	60,000	60,000
Water Resources study	40,000	40,000
Complete streets and Intersection projects	250,000	<b>100,000</b>
Town Hall ADA Bathroom for Meeting Room	100,000	100,000
PSF Alarm and Dispatch Center Improvements	40,000	40,000
Bonding- Kelley's Corner & Sidewalks (Reduced from \$1.8M to \$1.1M)	<u>150,000</u>	<u>100,000</u>
<b>Capital Total</b>	<b>890,000</b>	<b>675,00</b>



# Board of Selectmen Approved Revision to the FY 2021 Municipal Spending Plan

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Operating Budget	34,746,539	35,615,202	2.50%	35,615,202	2.50%
Subsidies	440,000	\$410,000	(6.82)%	\$410,000	(6.82)%
Capital	675,000	\$890,000	31.85%	\$675,000	0%
<b>Total</b>	<b>35,861,539</b>	<b>36,938,202</b>	<b>2.94%</b>		<b>2.34%</b>

- **\$215,000** reduction in the Capital Plan
- **Total Municipal Spending Package decreases from 2.94% to 2.34%**





# **Changes to the FY 2021 Acton Leadership Group (ALG) Financial Plan as Result of COVID-19**

# Proposed Adjustments to Revenue Projections for FY 2021

FY 2021 Revenue Adjustment	\$
Reduce (non-education) State Aid to FY20 Budgeted level	(22,000)
Reduce Local Receipts to FY20 Budgeted level	(154,449)
Reduce New Growth below FY20 actual	(50,000)
Additional Funding towards Overlay and Exemptions	(50,000)
Reduce Appropriation From Reserves per Capital Plan Reductions	(215,000)
Reduction in NAFS debt excluded revenue	(394,000)
<b>Total Reductions</b>	<b>(885,449)</b>



# Proposed Revision to the FY 2021 Expenses in ALG Financial Model

FY 2021 Expense Revisions	Change \$
Municipal Spending Plan Reduction	(215,000)
ABRSD Assessment Reduction	(428,493)
MRVTHS Assessment Reduction	0
FY 21 NAFS Debt Exclusion Reduction	(394,000)
<b>Total Change to FY21 ALG Expenses</b>	<b>(1,037,493)</b>
Net Impact to Average SF Tax Bill FY21	(52)



# ALG Plan Changes

- Budgeted Revenues Reduced by \$885,449
- Budgeted Expenses Reduced by \$1,037,493
- Net position: \$152,0423



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# Contingency Planning for Potential Impacts to FY 2021 Revenue

# Hypothetical Revenue Considerations in FY 2021

Revenue Category	FY21 Revenue Estimate \$	Shortfall from Potential 5% Reduction \$	Shortfall from Potential 10% Reduction \$	Shortfall from Potential 15% Reduction \$
State Aid (non-school)	1,398,000	69,900	139,800	209,700
Local Receipts	5,562,000	278,100	556,200	834,300



# Contingency Plans: Service Level Reductions if Faced with Revenue Shortfall in FY 2021

Contingency	Potential Savings
Keep hiring freeze in place	Up to \$650,000
Continue to evaluate potential reorganization opportunities	Up to \$100,000
Consider further subsidy reductions	Up to \$410,000
Continue non-essential spending freeze/ delay capital projects	\$675,000+
Consider further service level reductions*	To the extent needed



\*reducing service hours, discontinuing services, canceling or changing programs, and cancelling planned public investments.



# Next Steps

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- Continue to closely monitor local receipts and cash flow
- Continue to pursue alternative revenue sources
  - More than \$1.1M in grants awarded in last 2 years to offset costs and help maximize local investment
- Continue to work with MMA and state and federal delegation to advocate for local aid
- Continue to identify and implement cost savings and efficiency measures

