

TA Context



Task Force Charge

- 1. Determine the structural budget gap for FY23 and beyond**
 - 2. Examine potential non-tax and non-override revenue**
 - 3. Benchmark municipal and school budget performance**
 - 4. Evaluate strategies to properly staff municipal and school**
 - 5. Assess the impact increased taxes and fees will have on taxpayers and residents**
 - 6. Prioritize programs or other expenditures for funding**
 - 7. Analyze the impact to municipal and school programs of failure to implement SBTF recommendations**
- **Important to remember that we have asked this group of 6 people to do 2 years of work in 4.5 months**
 - **No magic bullet**
 - **Attempting to control tax impacts to residents while providing appropriate services**

TA Context



Three main components to budgeting in a sustainable way:

- 1) Control expenses / growth rates
- 2) Optimize utilization of existing revenues
- 3) Find new revenue streams (or ways to adjust pre-existing revenue streams)



TA Context

Some realities to contend with:

- 1) **Market pressures (costs increasing well beyond 2.5% revenue growth rate on a regular basis, in all aspects of services...Capital items, personnel, contracted work, daily expenses...etc.)**
- 2) **Constant new unfunded mandates, updated industry standards, new codes...etc., that stress existing budgets**
- 3) **FY22 budget process created a \$5M hole that was approved at Town Meeting**
- 4) **Significant amounts of one-time federal funds available for COVID-19 expenses that the Town wants to utilize, though in many ways, that money is only usable for items found in the operational budget, thereby creating a deficit for the next fiscal year (a problem local governments are facing across the Country)**
- 5) **New growth is down significantly with the delays in South Hingham development and dearth of new residential developments**



Sustainable Budget Task Force

February 1, 2022

Report to the Town Administrator

Agenda



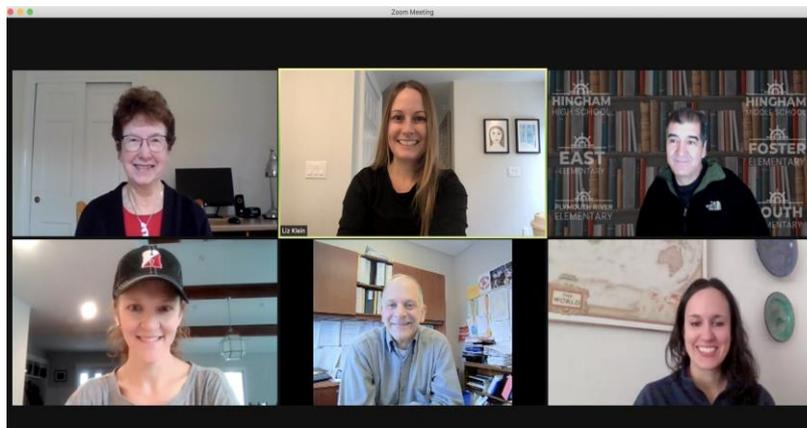
- I. Who & Why
- II. Charge & Process
- III. Problem
- IV. Potential Solutions
- V. Revenue
- VI. Expenditures
- VII. Community Snapshot & Benchmarking
- VIII. Scenarios & Recommendations
- IX. Questions & Next Steps





I. Task Force: Who

- **Liz Klein (Chair)**, Select Board member
- **Nes Correnti**, School Committee member
- **John Ferris**, Director of Business and Support Services, Hingham Public Schools
- **Dr. Gary Maestas**, Interim Superintendent, Hingham Public Schools
- **Michelle Monsegur**, Assistant Town Administrator for Finance
- **Donna Smallwood**, former Advisory Committee Chair





I. Task Force: Why?

- **Increased service demands outpacing revenue growth**
- **Need for longer-term financial planning**
- **Must balance increased investment in services/capital with impact on taxpayers**
- **Town lacks means to fully fund budget beyond FY22**
 - **FY22 budget balanced with \$5M in one-time funds**
- **Task Force formed to assess future needs and explore revenue opportunities (including a potential operational override) to balance FY23-27 budgets**



II. Charge: What is a Sustainable Budget?

“Sustainable” means a financial forecast that uses realistic assumptions for revenue and expenditure growth that allow the Town to

- 1) provide services that meet residents’ expectations**
- 2) meet ongoing expenditure obligations through regularly occurring revenues**



II. Process

- Met 26 times since mid-Sept
- Collected and analyzed data
- Gathered insight from town employees, volunteers, other municipalities, and state and private resources
- Modeled financial scenarios
- Solicited public feedback

Sustainable Budget Task Force

Members

- Nes Correnti, School Committee member
- John Ferris, HPS Director of Business and Support Services
- Liz Klein (Chair), Select Board member
- Dr. Gary Maestas, HPS Interim Superintendent
- Michelle Monsegur, Assistant Town Administrator for Finance
- Donna Smallwood, former Advisory Committee Chair

Feedback

The Task Force welcomes questions, comments, and concerns about its work. Please use the form to share feedback with us: [Sustainable Budget Task Force Feedback Form](#)

Documents

- [Sustainable Budget Task Force 11/16/2021 Update to Select Board](#)
- [Sustainable Budget Task Force 10/19/2021 Update to Select Board](#)
- [Sustainable Budget Task Force 12/14/2021 Update to Select Board](#)

Charge

Prior to the pandemic, Town departments were seeing an increased demand for services that were difficult to address with available revenue. In response, the Town began developing a long-term financial management plan to identify new sources of revenue, assess service needs, and prioritize capital infrastructure investment – while being mindful of the cumulative impact on taxpayers.

As stated in the Select Board's Report in the 2021 Town Meeting, the Town must meet the Town's growth rate needs to fully fund the budget-based FY22. The FY22 budget was balanced by using approximately 2% operational override, and identify available to the Town in the long term.

Municipal and school leaders are working together to explore options for Proposition 2½ operational override, and identify available to the Town in the long term.

To this end, the Town Administrator established a Sustainable Budget Task Force to develop a 5-year Financial Forecast for FY23 through FY27 (including potential revenue and expenditure growth that allow the Town to meet its obligations through regularly occurring revenues).

Sustainable Budget Task Force Feedback Sign in to Save Progress

The Sustainable Budget Task Force welcomes questions, comments, and concerns about its work. Please use the form below to share feedback with us.

Full Name

Email Address Phone Number

Comments or Questions

Receive an email copy of this form.

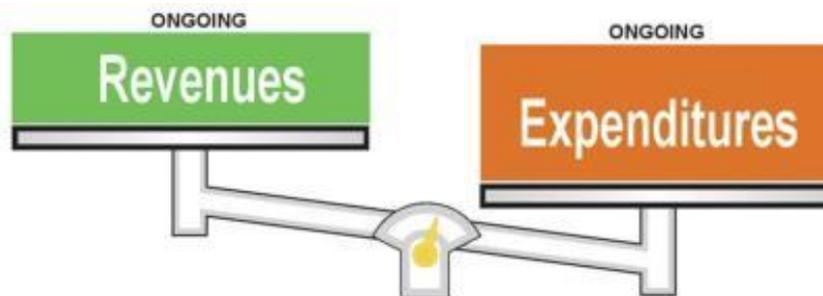
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III. Problem

- **Short-term: inadequate revenue to pay for services added in FY22**
- **Long-term: expenses are growing faster than revenue**





IV. Potential Solutions



Increase non-tax revenue



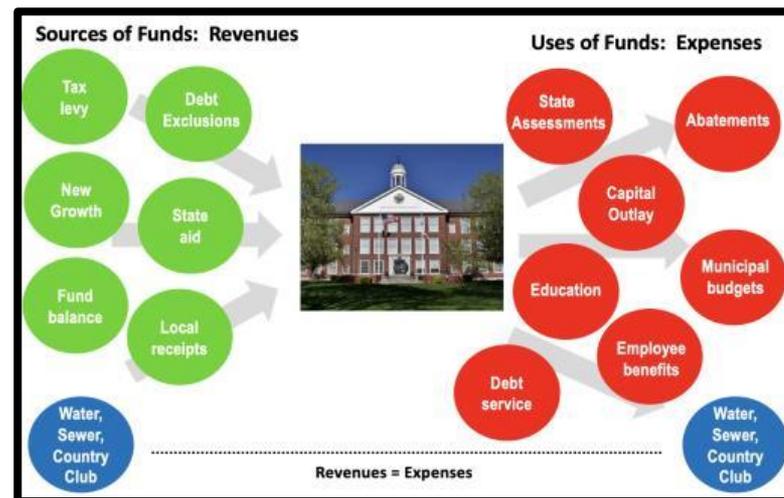
Decrease expenses



Optimize existing revenue



Explore override



V. Revenue: Existing Sources



Tax Levy



State Aid

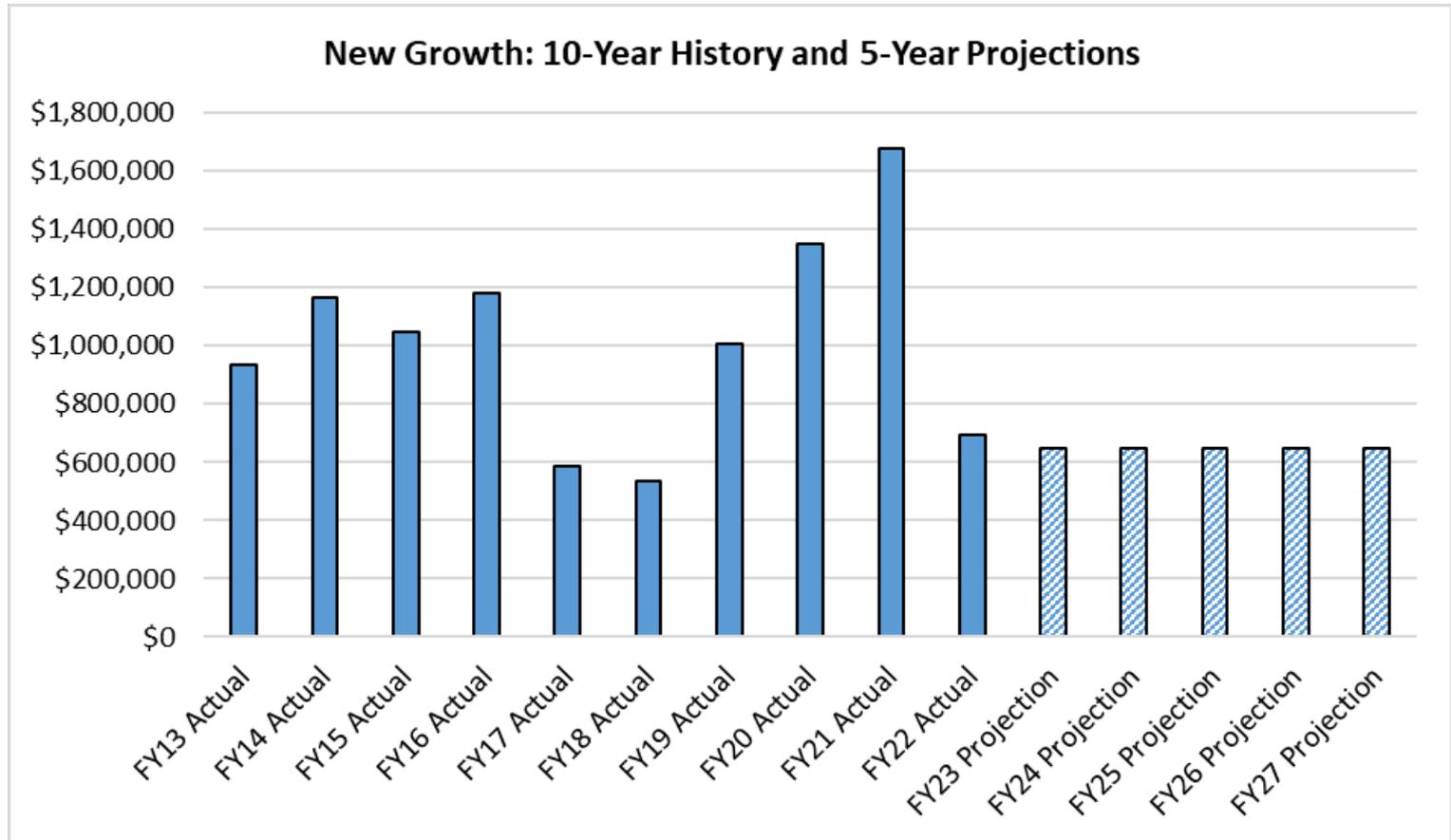


Local
Receipts

V. Revenue: Existing Sources

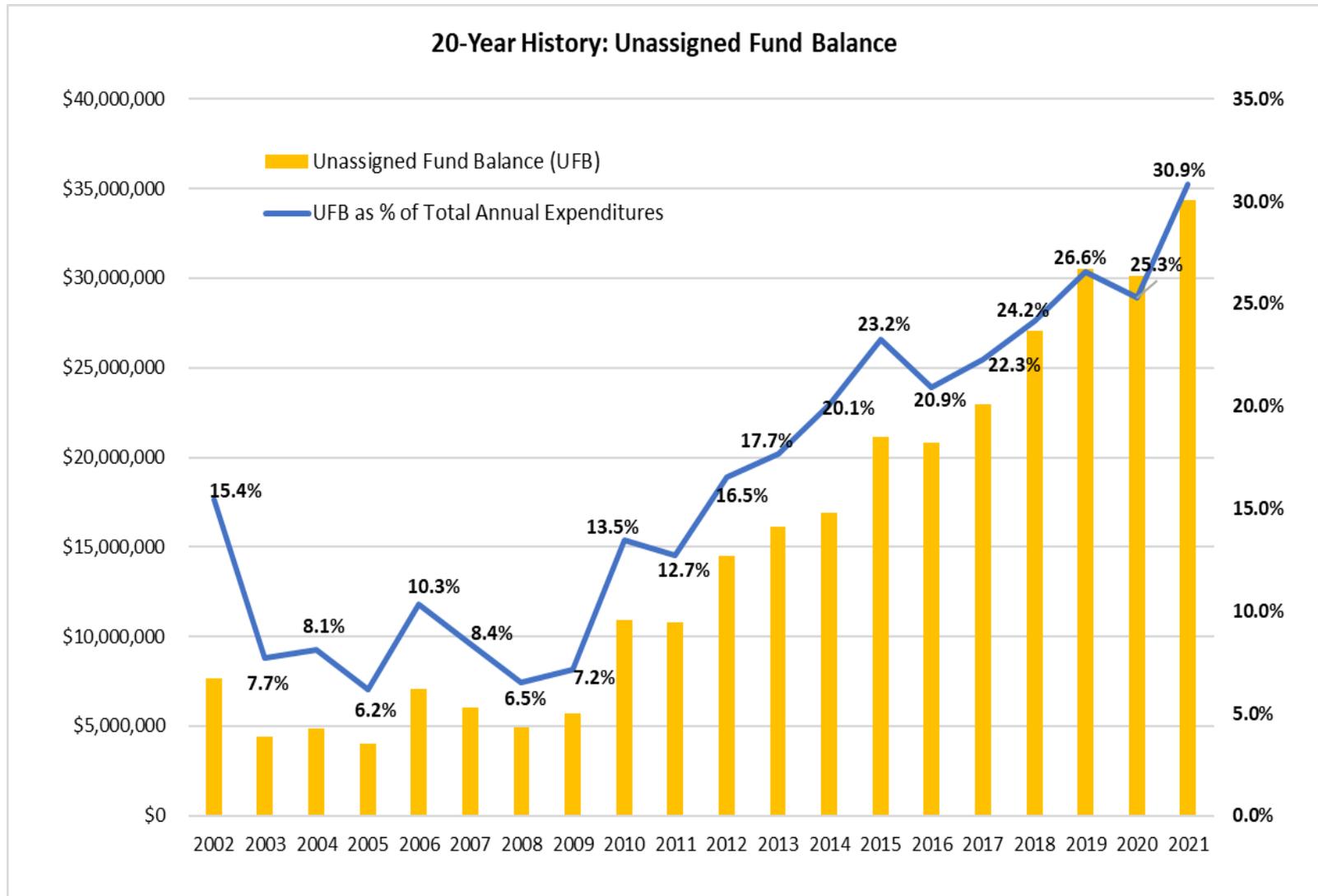


Economic development/New growth



Source: MA Department of Revenue - [New Growth Analysis](#) (actuals);
Town of Hingham Assessing Department (projections)

V. Revenue: Fund Balance



Source: Town of Hingham Accounting Department



V. Revenue: New Sources

| Non-Tax Revenue Source | Revenue Impact | Process to Implement | Timeline | Further Action Recommended by SBTF |
|---|----------------|---|----------|------------------------------------|
| Advocate for New Municipal Revenue Package from the State | Medium-High | Requires state action. | TBD | Yes |
| Marijuana | Medium-High | Requires Town Meeting approval and zoning changes. | 1-3 yrs | Yes |
| Transfer Station Fees | Medium | Requires Select Board approval and potentially Town Meeting approval. | 1-3 yrs | Yes |
| School Bus Transportation | Medium | Requires School Committee approval. | 1-3 yrs | Yes |
| Cell Tower Rentals | Medium | Further study. | 1-3 yrs | Yes |
| Municipal Solar Projects | Medium | Further study. | 1-3 yrs | Yes |
| Room Occupancy Excise Tax | Low-Medium | Requires Town Meeting approval and potential zoning changes. | 1-3 yrs | Yes |
| Parking Meter / Parking Fines | Low-Medium | Further study. | 1-3 yrs | Yes |
| Facility Rentals | Low-Medium | Further study. | 1-3 yrs | Yes |
| Disposition of Real Estate | Low | Requires Town Meeting approval. | 1-3 yrs | Yes |
| School Athletic Fees | Low | Requires School Committee approval. | 1-3 yrs | Yes |
| Wind Energy | Low | Further study. | TBD | No |



V. Revenue: New Sources

| Non-Tax Revenue Source | Revenue Impact | Process to Implement | Timeline | Further Action Recommended by SBTF |
|-------------------------------|-----------------------|--|-----------------|---|
| Economic Development | High | Work with developers. Infrastructure improvements required. Town Meeting approval of any zoning changes. | 5+ years | Yes |
| Real Estate Transfer Fee | High | Requires Town Meeting approval and state legislation. | TBD | Yes |
| Naming By-law / Philanthropy | Medium-High | Requires Town Meeting approval. | 1-2 yrs | Yes |



VI. Expenditures



Evaluate services



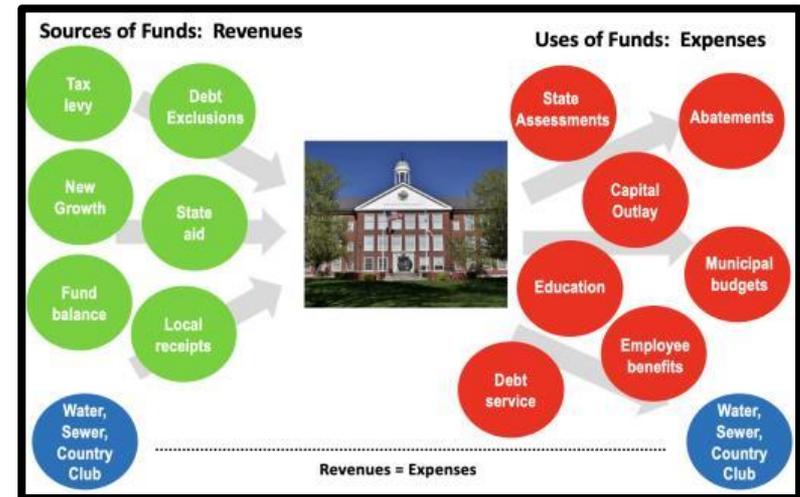
Analyze expenses



Manage budget growth



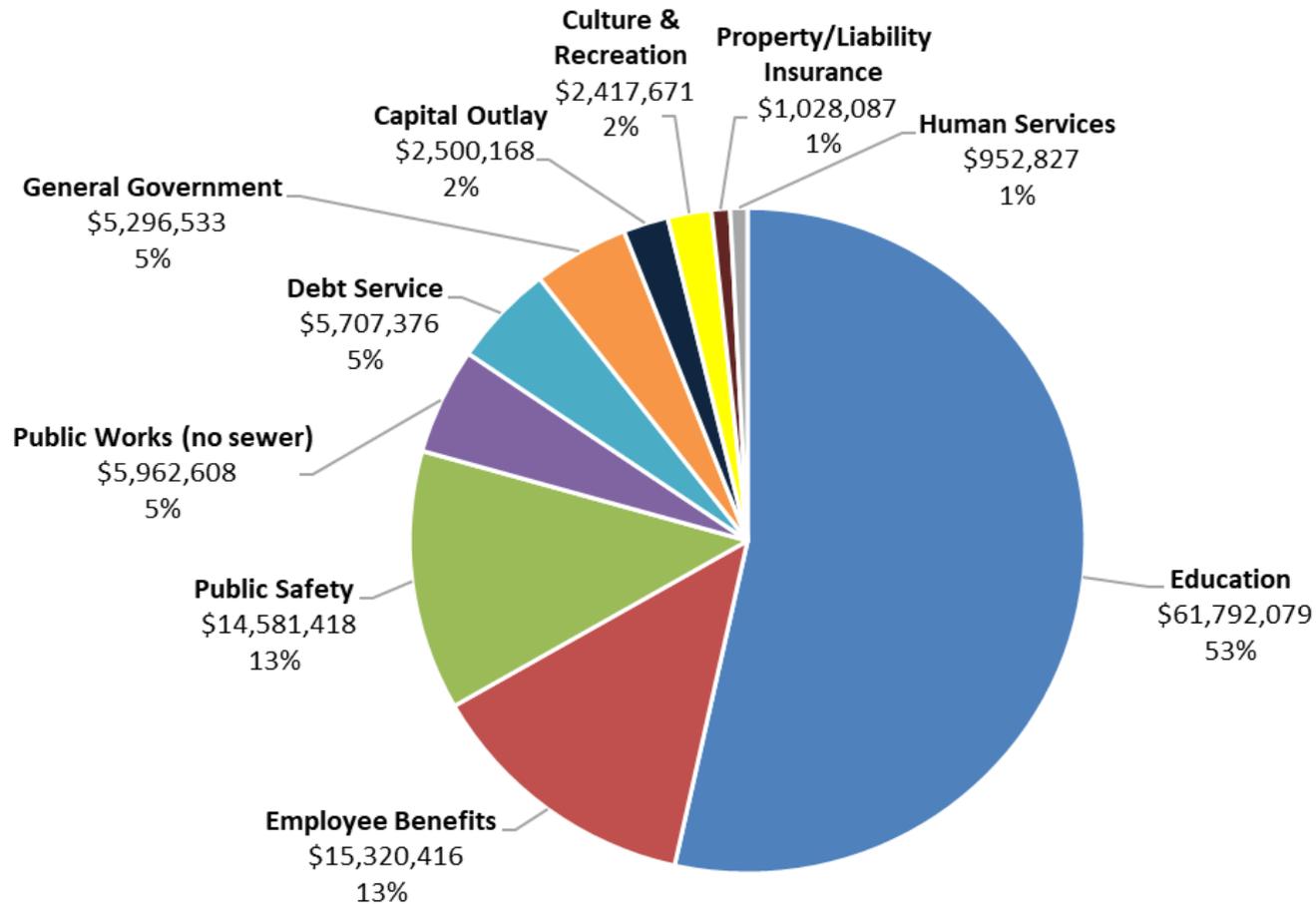
Reduce services



VI. Expenditures: FY22 Budget



FY22 Budget by Function
(excluding self-supporting operations)

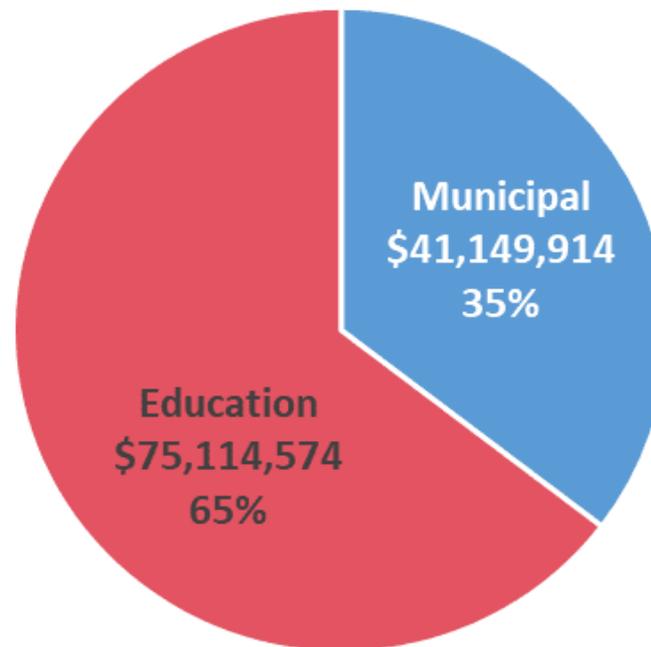


Source: 2021 Annual Town Meeting Warrant (Article 6)

VI. Expenditures: FY22 Budget – Fully Allocated



FY22 Budget - Fully Allocated
(excluding self-supporting operations)

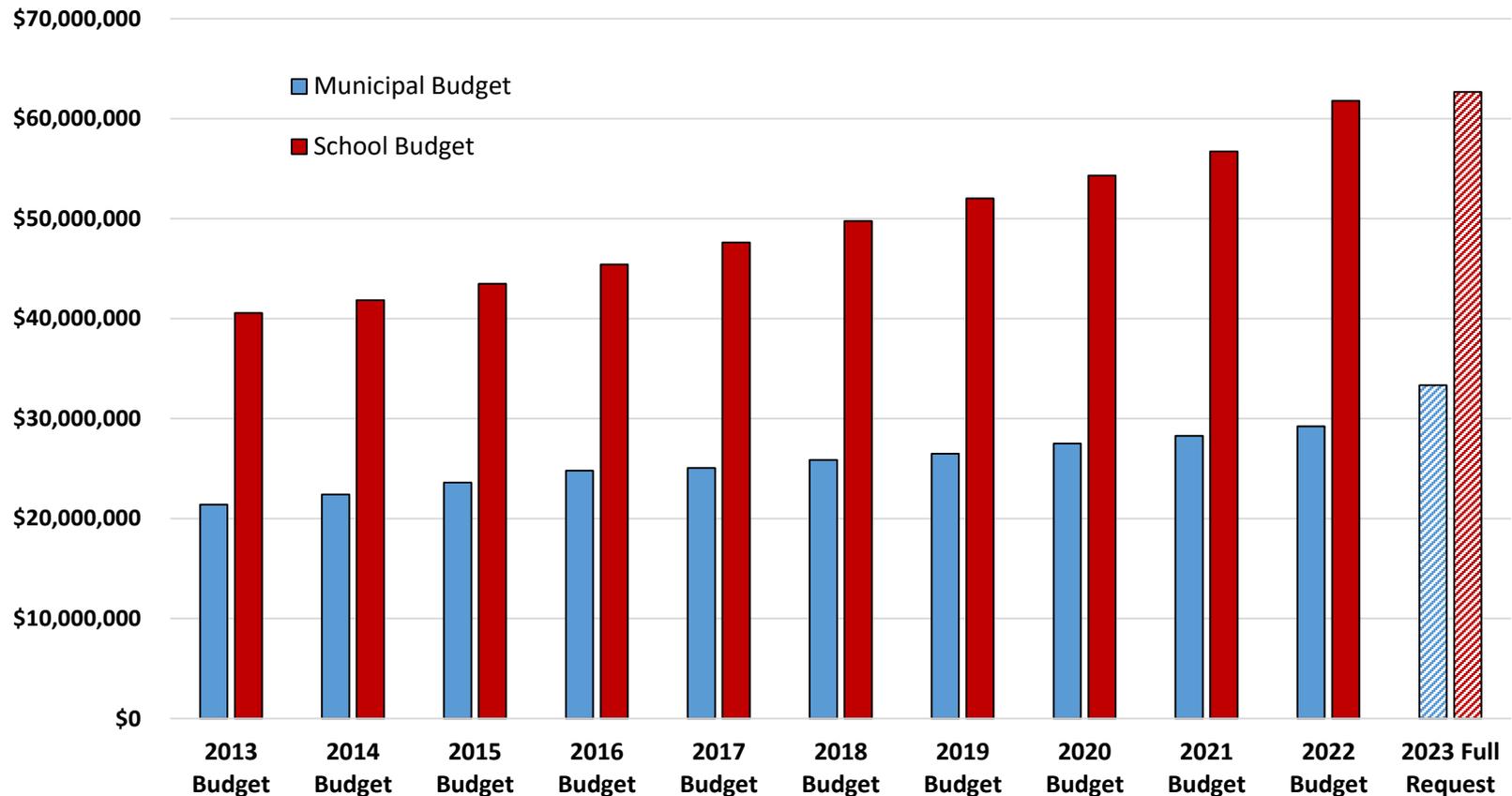


Source: Town of Hingham Accounting Department

VI. Expenditures: Budget Growth

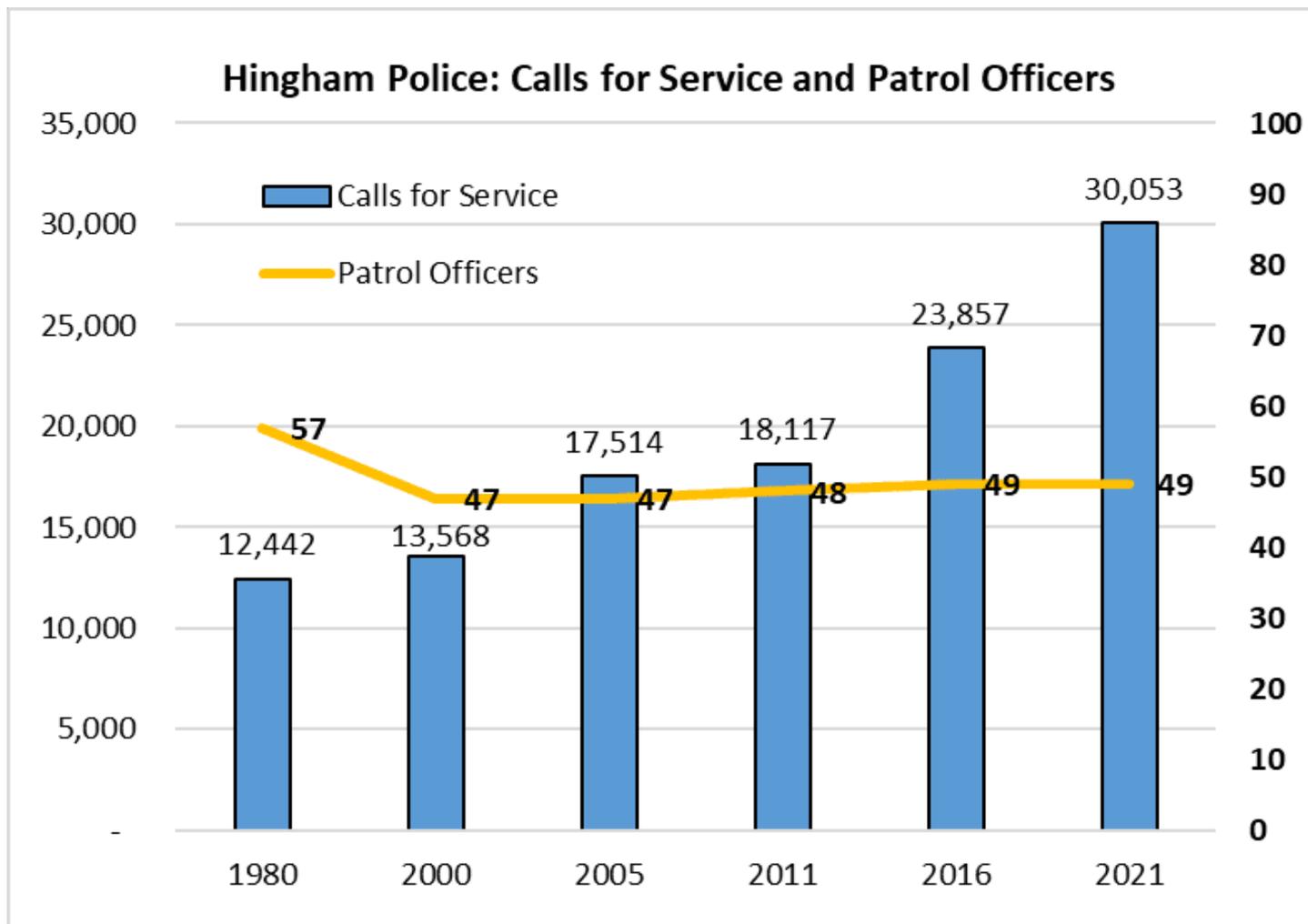


10-Year History of Municipal and School Budget Growth (FY13-22)



Source: Town of Hingham Accounting Department, Annual Town Meeting Warrants

VI. Expenditures: Police Example



Note: Patrol officers count above does not include School Resource Officers.

Source: Hingham Police Department and Annual Town Reports

VII. Community Snapshot & Benchmarking

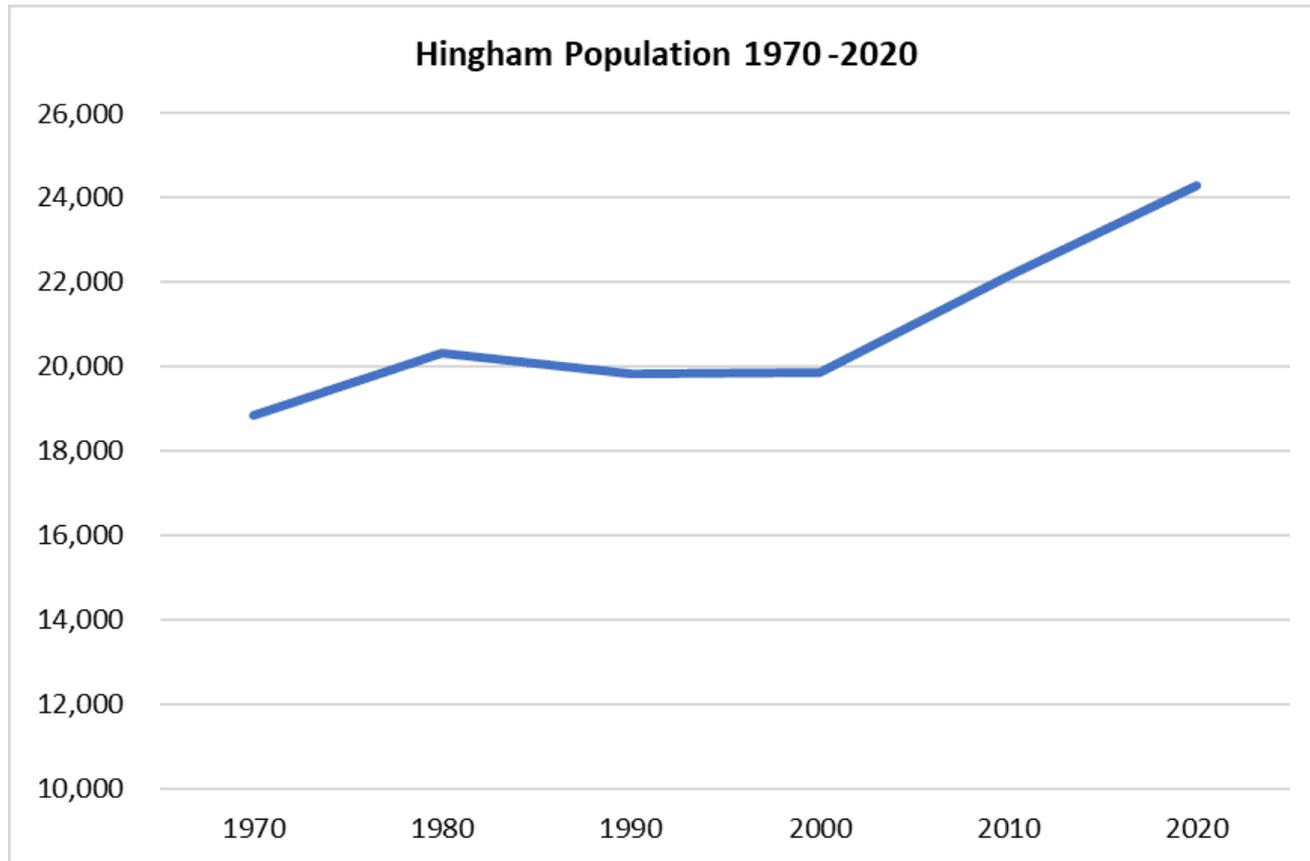


- Population, income, housing values increased
- Benchmark DOR comparisons
- Tax rate



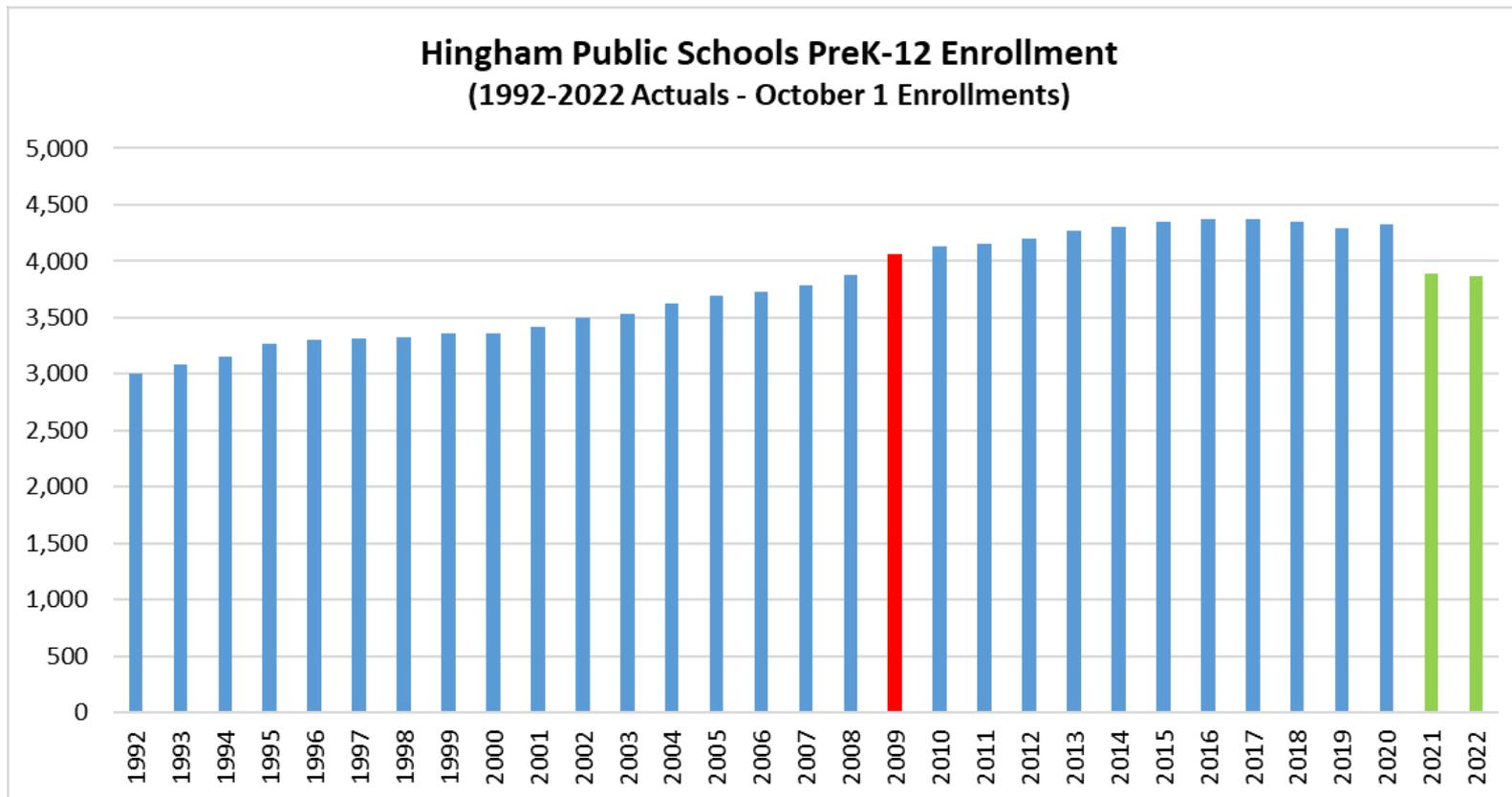
Photo: Kerry Riordan, Blu Lemonade

VII. Community Snapshot: Population



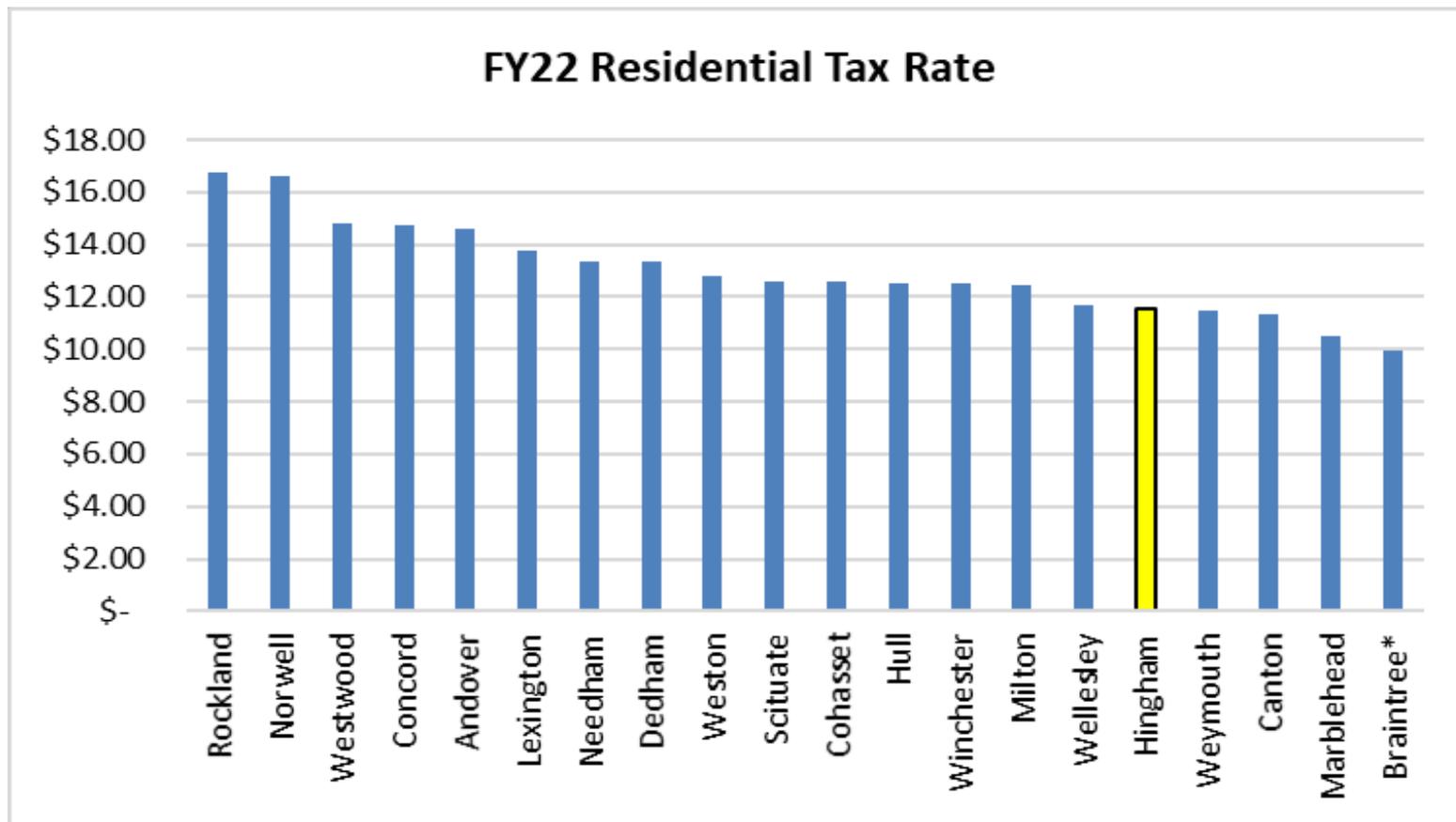
Source: UMass Amherst Donahue Institute

VII. Community Snapshot: School Enrollment



Source: Hingham Public Schools

VII. Community Snapshot: Residential Tax Rate

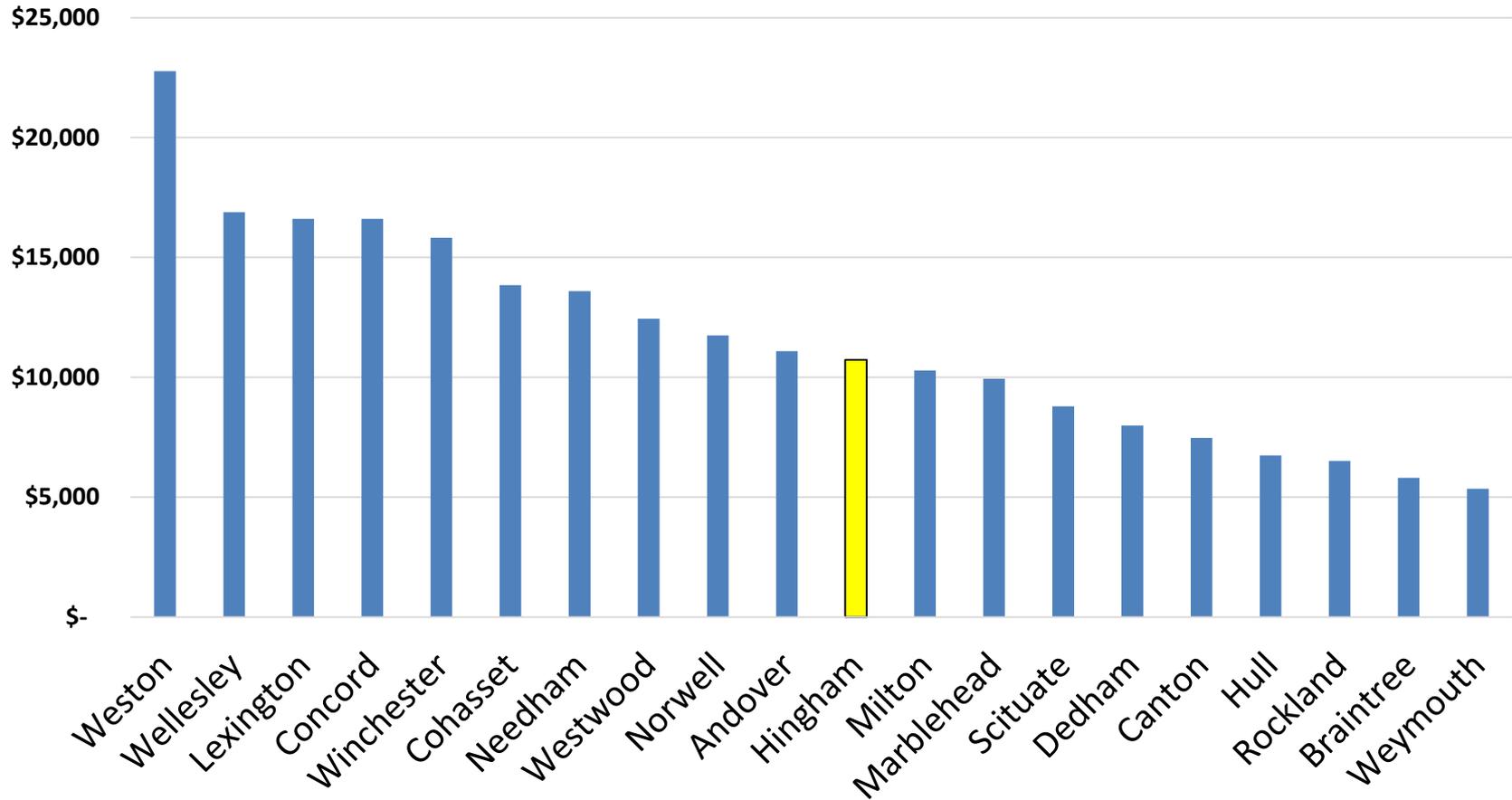


Source: MA Department of Revenue - [Property Tax Data and Statistics](#)

VII. Community Snapshot: Average Tax Bill

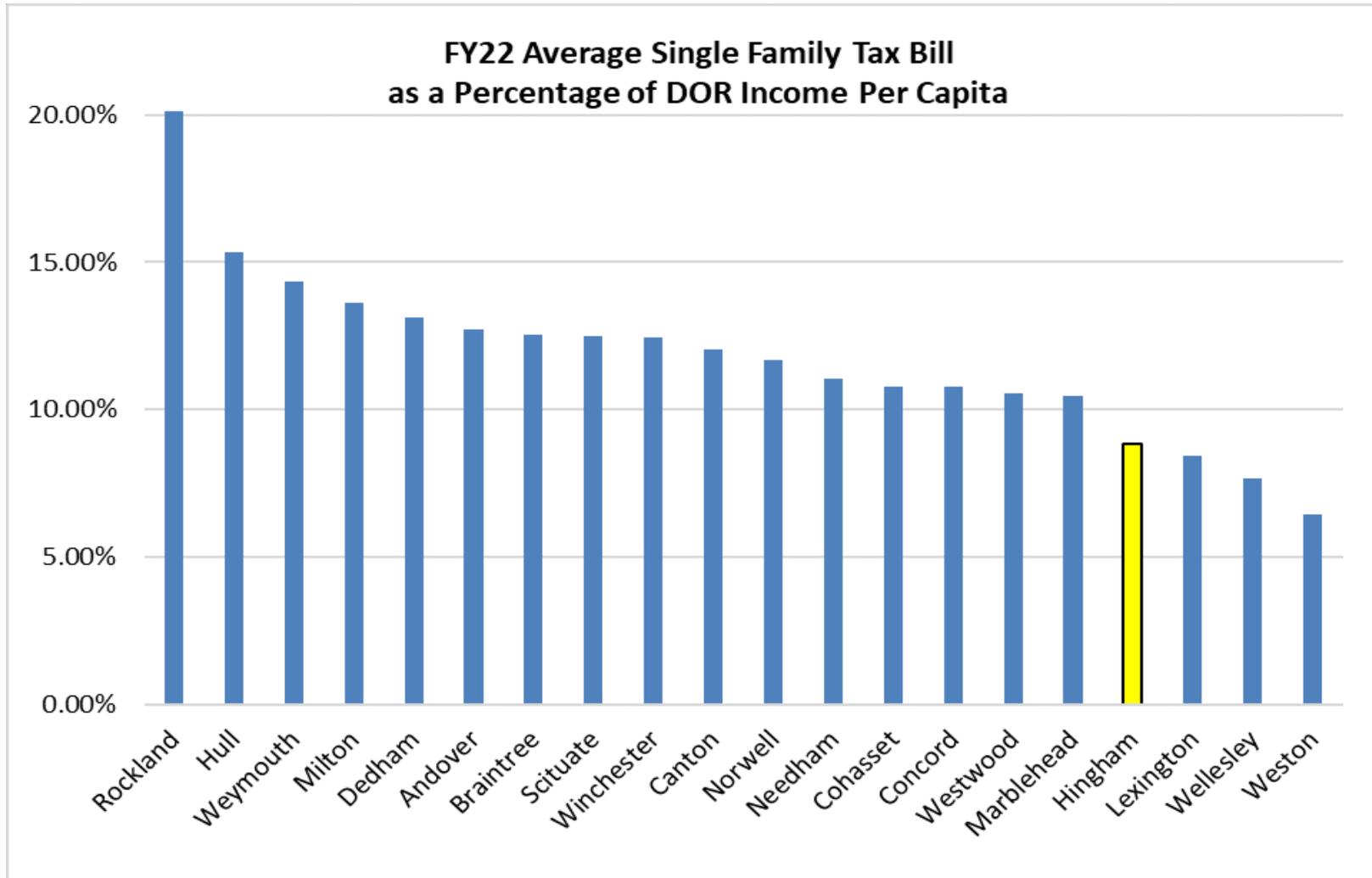


FY22 Average Single Family Tax Bill



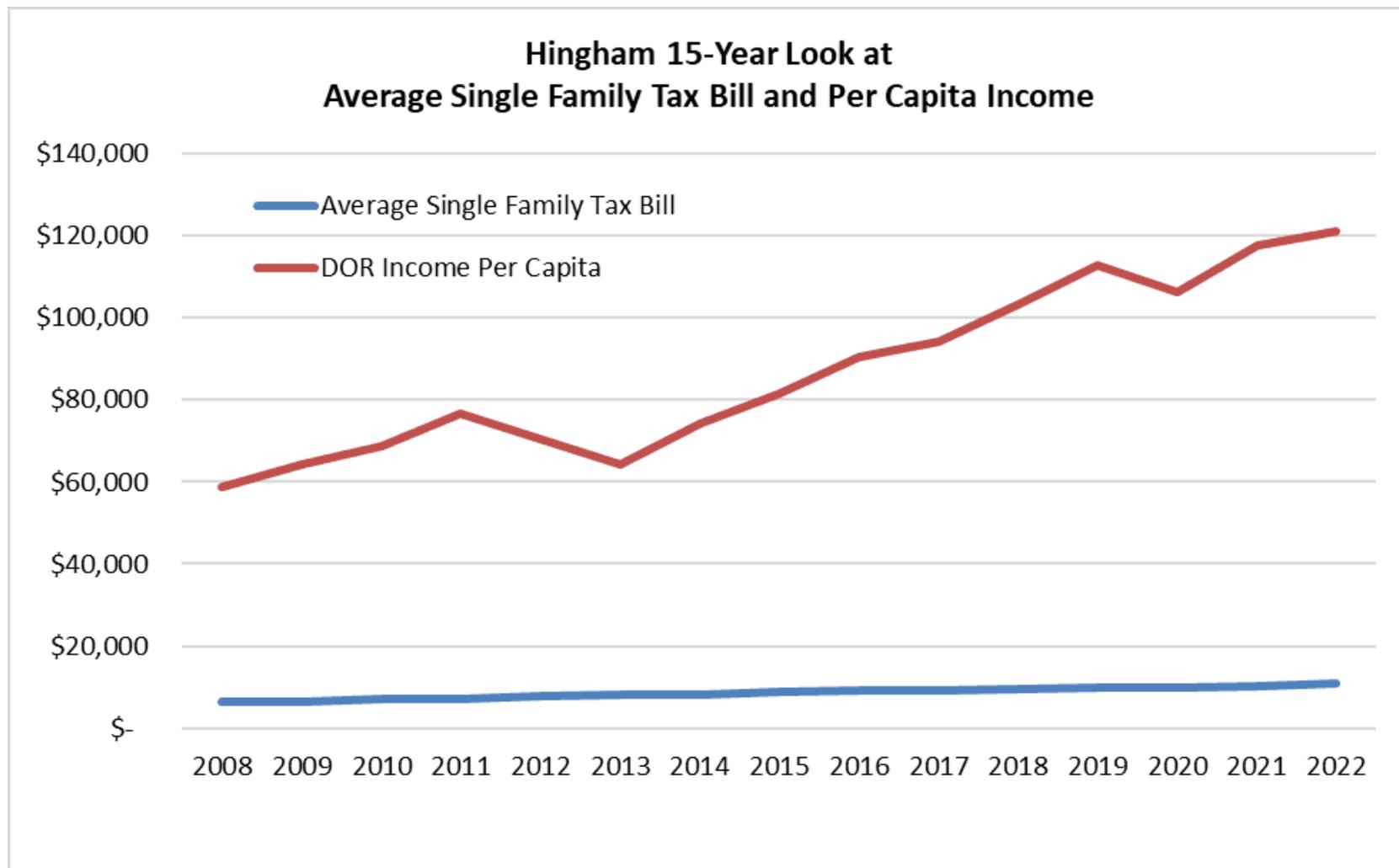
Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

VII. Community Snapshot: Tax Bill as % of Income



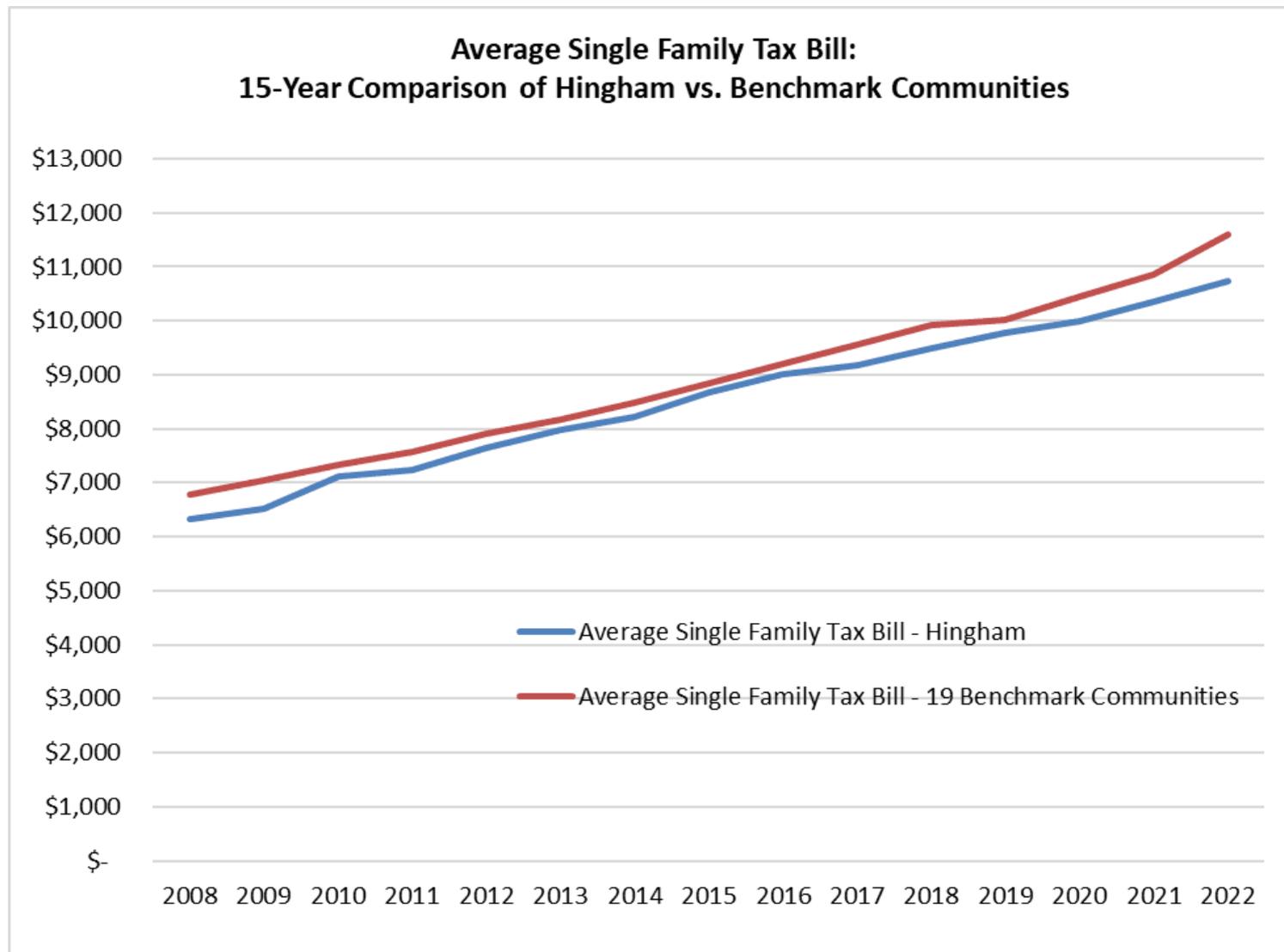
Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

VII. Community Snapshot: Average Tax Bill Growth



Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

VII. Benchmarking: Average Tax Bill



Source: MA Department of Revenue - [Average Single Family Tax Bills](#)



VIII. Modeling Assumptions

- **Used Financial Planning Model and Five-Year Forecast template to develop 3 potential budget scenarios as a resource**
- **Hypothetical options – broadly illustrate three different levels of services the Town might offer and how the Town might pay for them**
- **Not intended to serve as prescriptive choices for the Town**
- **Town will determine each year's budget on an annual basis based upon actual numbers and information available at that time**
- **Budget scenarios are for operating budgets only – large capital projects considered after**
- **Projected tax impact is based on FY22 median assessed property value (\$703,600)**



VIII. Scenario A

| | FY23 | FY24 | FY25 | FY26 | FY27 |
|--------------------|---------------|---------------|---------------|---------------|---------------|
| Total Revenue | \$137,458,351 | \$139,218,591 | \$142,563,825 | \$146,005,731 | \$149,532,442 |
| Total Expenditures | \$137,458,351 | \$142,100,656 | \$147,074,138 | \$152,301,796 | \$157,764,819 |
| Projected Deficit | \$0 | (\$2,882,065) | (\$4,510,313) | (\$6,296,065) | (\$8,232,377) |

Reduce Services Based on Current Revenue

Action Required to Balance Budget:

Reduce expenditures by \$2.8M

Tax Impact:

None

Services Impact:

Significant REDUCTION in municipal and school personnel

Recommended:

No

VIII. Scenario B



| | FY23 | FY24 | FY25 | FY26 | FY27 |
|--------------------------------|---------------|--------------------|----------------------|----------------------|----------------------|
| Unassigned Fund Balance | \$2,827,048 | | | | |
| Override | | \$5,500,000 | | | |
| Total Revenue | \$140,285,399 | \$144,718,591 | \$148,201,325 | \$151,784,168 | \$155,455,340 |
| Total Expenditures | \$140,285,399 | \$145,026,650 | \$150,102,543 | \$155,436,194 | \$161,008,921 |
| Projected Deficit | \$0 | (\$308,059) | (\$1,901,217) | (\$3,652,026) | (\$5,553,581) |

Existing Services

Action Required to Balance Budget:

- Use \$1.3 million in ARPA funds in FY23
- Use \$2.8M in excess Unassigned Fund Balance to close gap and maintain services in FY23.
- Potential \$5.5 million override in FY24

Tax Impact:

\$483 in FY24

Services Impact:

Keep EXISTING municipal and school services

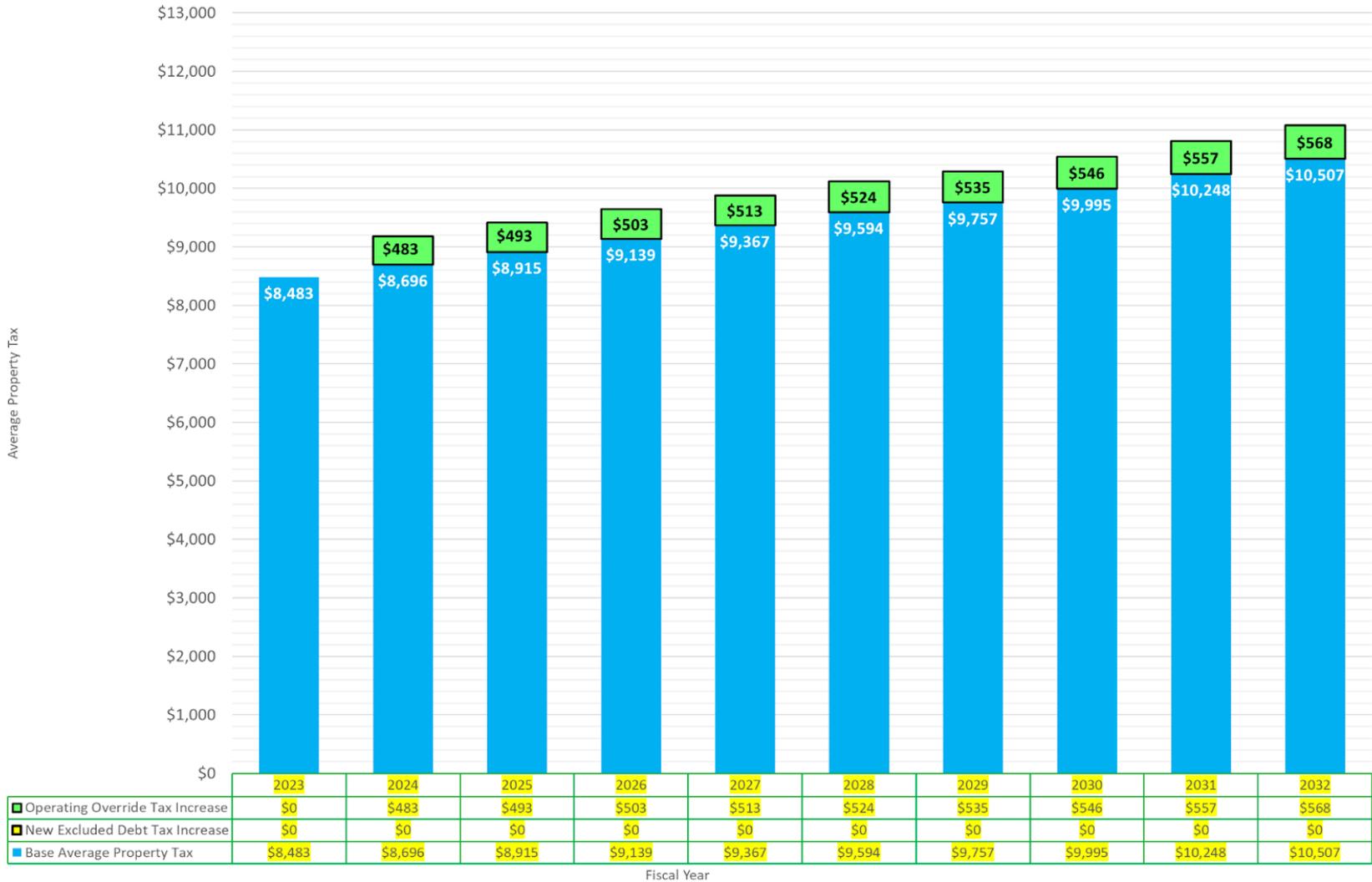
Recommended:

Consider with community input

VIII. Scenario B: Tax Impact



10-Year Median Taxpayer Impact Summary:
Budget Scenario B



VIII. Scenario C



| | FY23 | FY24 | FY25 | FY26 | FY27 |
|---------------------------|---------------|--------------------|----------------------|----------------------|----------------------|
| Unassigned Fund Balance | \$4,571,319 | | | | |
| Override | | \$7,800,000 | | | |
| Total Revenue | \$142,029,670 | \$147,018,591 | \$150,558,825 | \$154,200,606 | \$157,932,189 |
| Total Expenditures | \$142,029,670 | \$147,311,973 | \$152,467,852 | \$157,884,289 | \$163,542,700 |
| Projected Deficit | \$0 | (\$293,382) | (\$1,909,026) | (\$3,683,684) | (\$5,610,511) |

Additional Services

Action Required to balance budget:

- Use \$1.3 million in ARPA funds in FY23.
- Use \$4.6M in excess Unassigned Fund Balance to close larger gap and increase services in FY23.
- Expand service capacity in FY24 (4% growth).
- Potential \$7.8M override in FY24.

Tax Impact:

\$685 in FY24

Services Impact:

ADD municipal and school services

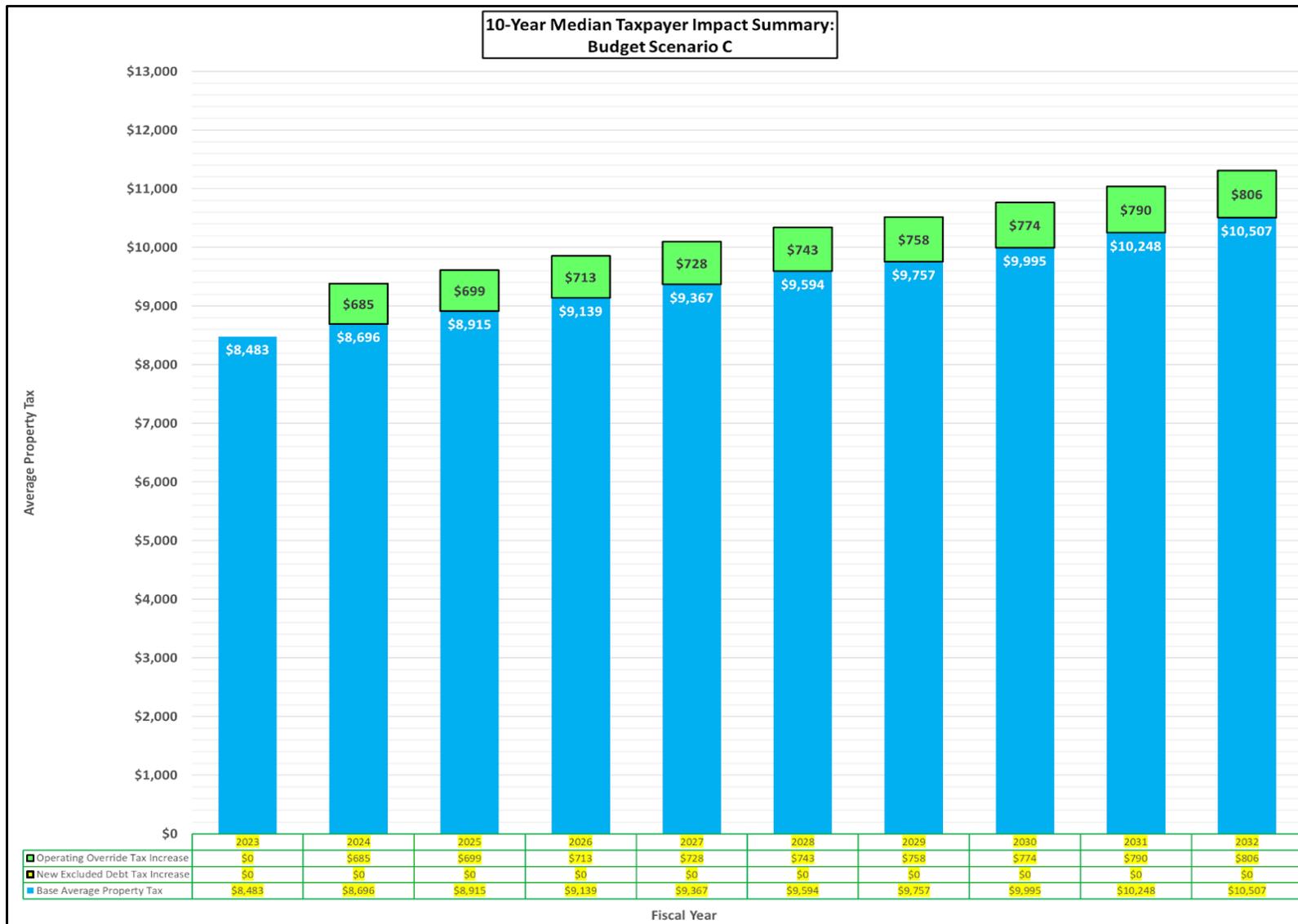
Recommended:

Consider with community input

VIII. Scenario C: Tax Impact



10-Year Median Taxpayer Impact Summary:
Budget Scenario C





VIII. Proposed Large Capital Projects

| Project | Current Project Estimate | Begin Payback of Long-term debt service |
|--|--------------------------|---|
| Foster Elementary School Renovation/Rebuild | \$100,000,000 | FY26 |
| New Public Safety Facility at 335 Lincoln Street | \$50,000,000 | FY26 |
| Senior Center Expansion at Town Hall | \$10,000,000 | FY27 |
| Town Pool at South Shore Country Club | \$7,000,000 | FY24 |
| Wharf Walls Resiliency Improvements (next phase) | \$5,000,000 | FY24 |



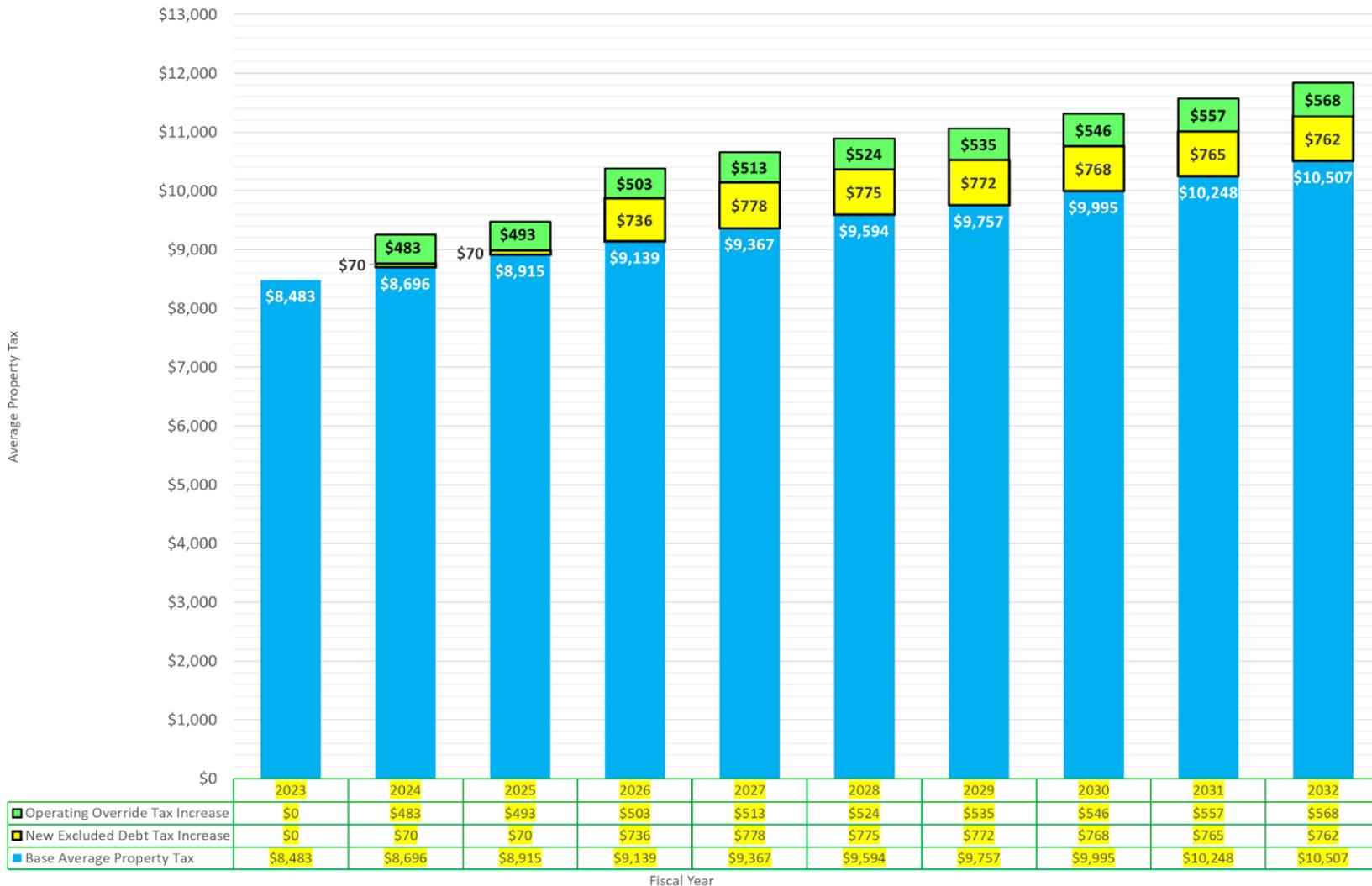
Photo: Joshua Ross Photography

VIII. Scenario B:

Tax Impact of Operational Override + Excluded Debt



10-Year Median Taxpayer Impact Summary:
Combined: Budget Scenario B + Large Capital Projects

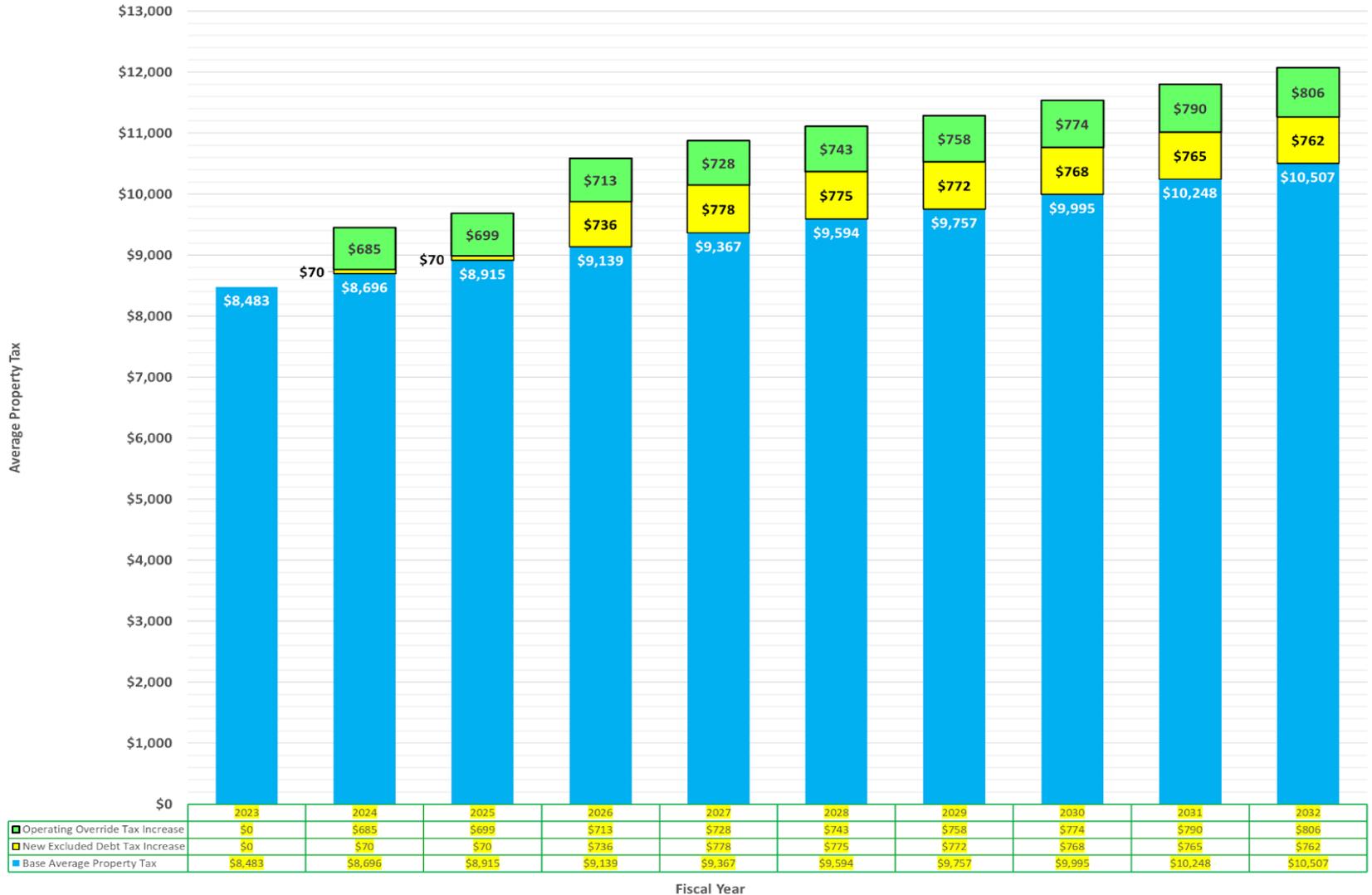


VIII. Scenario C:

Tax Impact of Operational Override + Excluded Debt



10-Year Median Taxpayer Impact Summary:
Combined: Budget Scenario C + Large Capital Projects





VIII. Recommendations: Revenue

- 1. Close FY23 budget deficit - Consider ARPA, Stabilization Fund (if possible), and excess Unassigned Fund Balance**
- 2. Consider proposing a potential override in FY24 to maintain or grow services.**
- 3. Maintain Hingham's single tax rate.**
- 4. Enhance and strategically target revenue from Local Receipts.**
- 5. Optimize use of Revolving Funds**
- 6. Pursue grant opportunities to augment the Town's revenue**
- 7. Continue to strategically plan for the use of federal funds, remaining cognizant of their limited availability.**



VIII. Recommendations: Revenue

8. **When Unassigned Fund Balance is above the 20% threshold, identify optimal recommended uses → timely capital projects**
9. **Enhance economic development efforts**
10. **Continue to work with MMA and state elected officials to lobby state leaders to develop and pass a comprehensive municipal revenue package**
11. **Finalize real estate analysis for potential disposition**
12. **Further study of other non-override revenue sources**
13. **Consider new local receipts used in some benchmark communities.**
14. **Public-private partnerships as strategic component to support future large capital projects**

VIII. Recommendations: Expenditures & Process



15. Control expenditures - target 3.5% annual growth rate
16. Align collective bargaining strategies
17. School contract negotiation
18. Consider a revenue-sharing agreement/formula
19. Preventative facilities maintenance and long-term capital planning
20. Supplement annual Capital Outlay budget
21. Data-driven approach for additional positions/requests
22. Investigate cost-saving solar measures
23. Continue Task Force work and municipal/school partnership



IX. Key Takeaways

- **Revenue**
 - No new revenue sources are short-term fixes
 - Need focus on economic development (new growth)
- **Expenditures**
 - Manage personnel costs
 - Manage expenses to 3.5% budget growth
- **Recommendations**
 - Work collaboratively with municipal and school task force year round
 - Pursue revenue, expenditure, and process related recommendations

IX. Next Steps – FY23 Budget Timeline



| Month | Budget Process | Sustainable Budget TF |
|-----------|---|--|
| September | | TF begins research & analysis |
| October | TA budget memo | TF work continues |
| November | Departmental budgets submitted to TA | |
| December | AdCom budget hearings | |
| January | School budget submitted to SC; AdCom budget hearings | TF presents findings to TA |
| February | AdCom budget hearings | TF presents to SB/Public discussions of budget options |
| March | Final budgets voted, Warrant finalized | Public discussions of budget options |
| April | Annual Town Meeting | Prep for Town Meeting |

IX. Questions & Next Steps



- **Report and Tools on website, 2/2**
- **Office Hours:
Feb 9th at 12 PM**



APPENDIX





Rationale for Override in FY24

- **The COVID-19 pandemic continues.**
- **Significant federal funds remain available.**
- **Updated Financial Policy allows for use of Unassigned Fund Balance under emergency circumstances to protect and stabilize Town resources and operations.**
- **Excess Unassigned Fund Balance is approximately \$12 million.**
- **School strategic planning process and staffing audit are currently in progress.**
- **Significant leadership changes in Hingham Public Schools.**
- **Inadequate time for the community to consider and assess the implications of an override.**



Tax Relief – Current Programs

- **Seniors**
- **Blind persons**
- **Disabled veterans and Gold Star parents**
- **Surviving spouse or orphaned minor child**
- **Extreme hardship**
- **Community Preservation Act exemption**
- **Senior Means-Tested Property Tax Exemption**
- **Property Tax Work-off Program and Veterans' Property Tax Work-off Program**
- **Tax Deferral Program**