

# FY25 Budget Report

**Town Administrator Presentation**  
**3/15/2024**

## Schedule

3/12: Continued discussion on Landfill and Wastewater rates, Senior Tax Work-off

3/15: Line Item budgets to be completed.

3/20: Budget Hearings (5:30 doors open, 6pm Schools, 7pm Town)

3/26: Selectboard meeting & Budget Vote

4/4: TA Budget presentation to Appropriations

4/13: Hearings for Trash and Wastewater

4/19: Senior Tax Workoff Kick-off at COA

4/24: Appropriations Budget Hearing and TA Presentation of warrant articles

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5/8: Town Meeting

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# Fiscal Year 2025 Operating Budget - Purpose

As the Town's central policy document, the budget lays out the community's prioritization of annual, and longer-range objectives, identifies financial goals, and articulates challenges. An instrument for turning strategic plans into reality, the budget constitutes a contract between the Town and its residents, explaining how funds are to be raised and allocated for the delivery of services.

- Selectboard Financial Policies

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# Fiscal Year 2025 Operating Budget - Purpose

.... the budget lays out the community's prioritization of annual, and longer-range objectives, identifies financial goals, and articulates challenges.

## OBJECTIVES

- a) Professional and transparent operations of services
- b) Data and need driven services with community input and collaboration
- c) Create opportunities and equity

## FINANCIAL GOALS

- a) Streamlining services including coordination between town and schools
- b) Restructure staffing to align with needs
- c) Proportional/progressive funding structure that also adequately covers services

## CHALLENGES

- a) Adapting rigid budget to rapidly changing needs
- b) Financial uncertainty and overreliance on taxation
- c) Creating new systems and getting buy-in
- d) Maintenance and capital

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# Fiscal Year 2025 Operating Budget - Timeline

The Town Administrator will produce a transparent and user-friendly budget document that illustrates the budget's short- and long-term strategic goals.

## Departments

Selectboard strategic goals are set by September and integrated into performance reviews in October/November. Working with the TA one-on-one and in group meetings, departments submit goals, ideas and accomplishments in December and financials in January. Meetings in February produce a balanced budget in March.

## Committees

Appropriations, Selectboard, and School Committee leadership meet with school, town and finance leaders monthly. Info is shared at Selectboard and School Committee December - March with budget hearings and votes in late March.

## Town Meeting

The Appropriations Committee meets March and April and as needed to review the budget. Major Departments are asked to present. A public hearing is scheduled close to Town Meeting. Town Meeting votes on budget in May.

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# Fiscal Year 2025 Operating Budget - Process

The budget represents a comprehensive Review, Reorganization and Refinement of operations.

## REVIEW

A wage and classification study is underway to help the town attract and retain its workforce, and to create transparency and equity in decision making. As part of the process, a thorough review was done of tasks and responsibilities, which helped with reorganization.

## REORGANIZATION

The Town is aligning its fiscal strategy with major initiatives such as 1) a move towards Digitization and Digitalization, 2) data and need driven Human Services programs, 3) long term capital & maintenance planning; 4) bylaw review and code enforcement.

## REFINEMENT

The Town is moving forward with a public safety staffing study, finalizing job descriptions, and exploring positive revenue streams. Working groups have and will be established to ensure stakeholder engagement.

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# Review:

## Employees:

- 1) Job descriptions will be in place for all employees for first time in at least a decade.
- 2) Employees had opportunity to complete a questionnaire and interview and are able to review them before finalization.
- 3) Administration is reviewing all responses to inform reorganization process.

## Services:

- 1) Look at where there is redundancy, where backup is needed, succession planning.
- 2) Prioritization and development of strategies resulting in increased efficiencies and impact.
- 3) Explore collaborations, regionalization, consolidation and conduct staffing studies and needs assessments.

## Next steps:

- 1) Continue cost-benefit analysis.
- 2) Working groups, discussion with staff, bringing in outside vendors, union negotiations.
- 3) Look for funds: grants (permanent positions off grants, strategic positions to grants) and creating revenue models (food services, programs)

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# Reorganization:

## Reductions:

COA - 2 positions not funded (Asst Director and Director will be 1 position, Senior Service Coordinator\*)

DPW - 3 unfilled positions (2 working foreman, 1 highway)

Facilities - 1 layoff\*

Health - 1 layoff\*

\*duties phased out/covered by other staff

## Additions:

Health - 2 regional positions funded by grants

Inspectional - add 1 local enforcement position

Police - crisis intervention training staff funded by grants

## Other changes:

Clerical - 2 positions change to digitization admin (pending ARPA thru 12/31/25)

COA - formula grant covering part of food service staff

Planning - Department name change to Planning & Community Development

Recreation - 2 positions moving to Human Services

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# Refinement:

## Capital & Maintenance:

Maintenance Plans, Budgets  
Multi-year Capital Plans  
Project management  
Personnel/vendor oversight

## Community Development:

Economic development  
Support quality housing  
Review (re) zoning  
Support redevelopment

## Digitization & Digitalization:

Staff up project  
Improve records access  
Transparency and efficiency  
Customer service, access

## Enforcement:

Increase safety  
Enhance bylaws  
Proactive, eliminate backlog  
Succession planning

## Human Services:

Needs assessment for social,  
health and clinical priorities  
Support for Committees  
Efficient program delivery

## Public Safety:

Staffing study starting FY24  
Improve data analysis  
Mental health supports  
Traffic review and projects

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# Fiscal Year 2025 Operating Budget - Overview

The projected operating budget is \$56,849,188, a 3.4% increase over the FY2024 (\$55m). FY24 is a 8.14% increase over FY23, and FY23 is a 5.22% increase over FY22.

## Revenues (change from FY24):

1. Local estimated receipts (7.51%)
2. Cherry sheet (0.45%)
3. Enterprise funds (16.46%)
4. Available Funds (-0.26% excluding Mosier)
5. Tax Levy (2.5%) + New Growth ( \$150k)

## Expenditures (change from FY24):

1. School (4.08%)
2. General Government (0.63%)

## Expenditures (continued):

3. Public Safety (8.22% Police, 20.66% Inspectional)
4. Public Works (-5.59% not including enterprises)
5. Human Services (-12.24% some positions grant funded)
6. Library (3.13%)
7. Health (-7.49%)
8. Benefits (8%-10%)
9. Enterprise (Landfill 37%, Ledges 13%, WWTP 10.81%)
10. Stabilization Funds (no operating funding)
11. Debt (-2.99%)
12. Miscellaneous

# FY25 Sources and Uses

## Sources ↓

Local Estimated Receipts	\$2,834,398
Cherry Sheet	\$15,449,842
Enterprise Funds	\$6,379,733
Available Funds	\$779,843
SHELD Reimbursement	\$1,360,839
SHELD PILOT	\$180,000
Tax Levy Limit	\$33,145,728
Debt Exclusion	\$1,055,636
Total budget*:	\$61,186,902

## Uses →

School Department	\$25,521,460
General Government	\$2,551,457
Public Safety	\$4,087,560
Injured on Duty	\$50,000
Reserve Fund	\$25,000
DPW/Snow and ice	\$5,492,747
Human Services	\$945,376
Libraries	\$845,273
Town Audit/GASB	\$35,000
Unclassified	\$11,303,110
Workers Comp	\$150,000
Health	\$304,506
Debt	\$3,265,676
Ct River Markers	\$12,000
Ledges Golf Course	\$1,593,762
Cable Studio	\$120,618
Conservation Land	\$15,000
Wage & Classification	\$30,000
OPEB Trust Fund	\$500,000

\*Operating budget voted does not include: PVPC (3,413), Overlay (254,214), Cherry Sheet Assessments (4,080,087)

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# Revenues: #1 Local Estimated Receipts

Local Receipts are locally generated revenues, other than real and personal property. The State details local receipts from every municipality at: [www.mass.gov/info-details/trends-in-local-receipts](http://www.mass.gov/info-details/trends-in-local-receipts)

The FY25 budget uses \$2,854,398 as a conservative estimate as the figures are susceptible to factors that cause fluctuations in revenue. Keeping a consistent estimate ensures more budgeting stability.

Motor Vehicle Excise	\$1.7m
Meals and other Excise	\$100k
Penalties/Interest	\$100k
Payments in Lieu of Taxes	\$800k - \$1.2m (almost all from utilities, SHELD Pilot listed separately)
License and Permit fees	\$175k - \$240k
Investment Income	\$35k - \$50k (recently significantly higher due to high interest rates)
Other Department Revenue	\$70 - \$100k
Medicaid Reimbursement	\$80k

# Revenues: #2 Cherry Sheet

Estimated Receipts are expected to increase by 0.45% from FY24 to FY25. After factoring in the increase in offsets (assessments charged to the Town), the increase is \$26,084, or 0.18%.

Education	2022	Change		2023	Change		2024	Change		2025	Change	
		FY21 to 22	%		FY22 to 23	%		FY23 to 24	%		Governor #	FY24 to 25
Chapter 70	8,585,949	55,110	0.65%	9,676,866	1,090,917	12.71%	10,678,231	1,001,365	10.35%	10,732,741	54,510	0.51%
Charter Tuition Reimbursement	204,091	-60,750	-22.94%	431,362	227,271	111.36%	628,133	196,771	45.62%	476,833	-151,300	-24.09%
<b>Education Offset Items</b>												
School Choice Receiving Tuition	946,085	-25,541	-2.63%	814,453	-131,632	-13.91%	632,951	-181,502	-22.29%	676,000	43,049	6.80%
<b>Total Education</b>												
Sub-Total, All Education Programs	9,736,125	-31,181	-0.32%	10,922,681	1,186,556	12.19%	11,939,315	1,016,634	9.31%	11,885,574	-53,741	-0.45%
<b>General Government</b>												
<b>General Government</b>												
	2022			2023			2024			2025		
Unrestricted General Government Aid	2,870,417	97,067	3.50%	3,025,420	155,003	5.40%	3,122,233	96,813	3.20%	3,215,900	93,667	3.00%
Veterans Benefits	189,563	-1,221	-0.64%	188,214	-1,349	-0.71%	140,671	-47,543	-25.26%	170,316	29,645	21.07%
Exemp: VBS and Elderly	83,194	-15,849	-16.00%	83,114	-80	-0.10%	74,277	-8,837	-10.63%	73,610	-667	-0.90%
State Owned Land	33,187	3,080	10.23%	42,597	9,410	28.35%	47,950	5,353	12.57%	48,179	229	0.48%
<b>General Government Offset Item</b>												
Public Libraries	41,868	3,843	10.11%	48,970	7,102	16.96%	55,858	6,888	14.07%	56,263	405	0.73%
<b>Total General Government</b>												
Sub-Total, All General Government	3,218,229	86,920	2.78%	3,388,315	170,086	5.29%	3,440,989	52,674	1.55%	3,564,268	123,279	3.58%
<b>Total</b>												
Total Estimated Receipts	12,954,354	55,739	0.43%	14,310,996	1,356,642	10.47%	15,380,304	1,069,308	7.47%	15,449,842	69,538	0.45%

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# Revenues: #3 Enterprise Funds

An enterprise fund, authorized by MGL, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services.

Landfill: Supports the operating expenses for waste and recycling management.

Landfill Retained Earning:  
\$728,303

Current System: \$125 flat fee plus green bag system. The town is currently negotiating a new contract including a conversion to a tote system.

Golf Course: Supports the operating expenses for the Ledges Golf Course. Free cash is currently used to subsidize the debt. The Town contracts with IGM to manage the course.

Ledges Retained Earnings: \$336,221

The Selectboard approved the new rates for the Spring 2024 season in December 2023.

Wastewater: Supports the operating expenses of a wastewater system with plants, pipes, and pump stations. A major study is underway for what upgrades are needed over the next 20+ years.

WWTP Retained Earnings (after 11/23 STM): \$445,033

Current Rate: \$360 flat residential fee per unit. An increase is recommended in the near future.

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# Revenues: #4 Available Funds/Free Cash

**Available Funds - Balances in the various fund types that represent non-recurring revenue sources.**

Free Cash (after 11/23 Special Town Meeting): \$3,390,941

Capital Stabilization Fund (as of 9/30/23): \$2,259,910

Fiscal Year 2025 Proposed Free Cash (Operating and Capital)

- Debt for Ledges: \$330,063      Debt expected to end in FY29, Retained earnings now cover some operations and some capital
- OPEB: \$200,000      \$300k funded from taxation for a total of \$500k
- Mosier project: \$600,000      \$1.4m already approved. \$2m needed for project budget.
- Capital: \$1m      Final figure is still being determined by Capital Planning Cte
- Retained Earnings: TBD      Final figures are still being determined by Capital Planning Cte

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# Revenues: #5 Tax Levy/New Growth

**Levy:** The amount a community raises through the property tax. The levy can be any amount up to the levy limit, which is re-established every year in accordance with Proposition 2 ½ provisions. **New Growth:** The additional tax revenue generated by new construction, renovations, and other increases in the property tax base. It does not include value increases caused by normal market forces

The Tax Levy for Fiscal Year 2025 will be \$33,145,728.

Residential Growth was \$156,715 in FY24. The Assessor calculates New Growth based on a number of factors including a three year average.

Debt Exclusion accounts for \$1,055,636 and is for Plains and Library. This will go away once the debt is paid with various payments ending between years 2035 and 2041.

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# Expenditures: #1 Schools

The projected FY25 school budget is \$25,521,460 - a 4.05% or \$995k increase over FY24. FY24 is a 3.81% increase over FY23, and FY23 is a 5.12% increase over FY22.

1. Regular and Special Education Transportation increases (5.5% and 5%) - \$97,000
2. Out of District Tuitions increases - \$300,000
3. Union Contract Increases (2-3% plus step) - \$900,000
4. School Choice - shifts \$700k from School Choice to local budget
5. Proposing 4FTE reduction Unit A and 23.2 Unit E (paras)
6. Proposing 8.7 additional ETAs, 1 Teacher of the Deaf
7. Reduction of Vocational Tuition - \$80,000 based on FY24, FY25 current applications
8. Shifting a portion of Special Education Transportation to Circuit Breaker - \$132,500
9. Shifting \$274,000 in estimated Special Education OOD Tuitions to Circuit Breaker

*The above information is from the powerpoint presented at the 3/7/24 School Committee meeting.*

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# Expenditures: #2 General Government

General Government is expected to increase 0.64%.

Selectboard (2 FTE): 1.63% decrease - 10k Reduction in Town Admin Salary, 2350 reduction expenses  
Accounting (3 FTE): 5.1% increase - level staff/service, wage adjustments\*  
Human Resources (1.5 FTE): 1.91% increase - level staff/service, wage adjustments  
Assessor (2 FTE): 5.77% increase - level staff/service, wage adjustments  
Collector/ Treasurer (3 FTE): 15.2% decrease - change clerk to grant funded digitization coordinator  
Town Clerk (2.5 FTE): 2.56% increase - level staff/service, wage adjustments  
Legal (contracted) - 0% change - level staff/service/funded at 95k  
Information Technology (1 FTE) - 3.88% increase - level staff/service  
Planning/Conservation (3 FTE) - 4.16% decrease - 20k decrease in other services as able to get grants for projects  
Public Building Maintenance (1 FTE) - 6.38% decrease - reduction in one staff, 48k increase in maintenance expenses

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\* wage adjustments are based on new grade and step scale to take effect July 1, 2024.

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# Expenditures: #3 Public Safety

Public Safety is expected to increase 8.22% for Police and 20.66% for Inspectional Services

## Police

No changes in FTEs. 29 sworn officers, 8 dispatchers (5 FT, 3 PT), 1 administrative. Department is now fully staffed after years of vacancies (as high as 7 in recent years) due to wage increases and leaving Civil Service. New recruits come with experience and can start at a competitive wage. Addition Crisis Intervention staff funded by grants. Staffing study is underway.

## Inspectional Services

Building Commissioner, 1 part time Electrical Inspector, 1 part time Plumbing Inspector. Senior Clerk will transition to Administrative/Digitization Coordinator to facilitate move from paper to online services. Local Building Inspector position to be added for succession planning, increased enforcement, meet customer service needs, and work with Planning, Health and Fire Districts to coordinate permitting process.

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# Expenditures: #4 Public Works

Public Works is expected to decrease by 5.59% from FY24, but is a 16.19% increase over FY23.

## Personnel

Administration: 1 Director, 1 Operations Coordinator

Highway: 1 Highway Superintendent, 6 Senior Heavy Motor equipment operators (down from 7), 1 mechanic Working foreman not filled

Parks: 1 Parks Superintendent, 4 Maintenance Craftsman, Working foreman not filled.

Tree warden stipends for qualified staff

## Expenses (24k or 3.87% increase)

Paving & marking: Increase from 35k to 45k due to increased cost of materials and bike lanes

Park Repair & Maintenance: increase from 7400 to 9k due to inspection costs

Vehicular Supplies: increase from 60k to 65k due to increased cost of parts

Diesel & Gasoline: increase from 45k to 50k

Traffic Equipment: increase from 13k to 15k

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# Expenditures: #5 Human Services

**The Mission of the Human Services Department is to serve the well-being of *all residents* by supporting inclusivity, community connectedness and enhanced quality of life through programs and services. - HS Working Group 3/4/24**

**Personnel: 14**

Administration: 1 Department Head

Senior Services Division: 1 Manager, 1

Social Services, 3 Food Services, 2 PT front desk, 2 drivers, volunteers

Programs Division: 1 Manager, 1 Activity, 1 Outreach, Volunteers

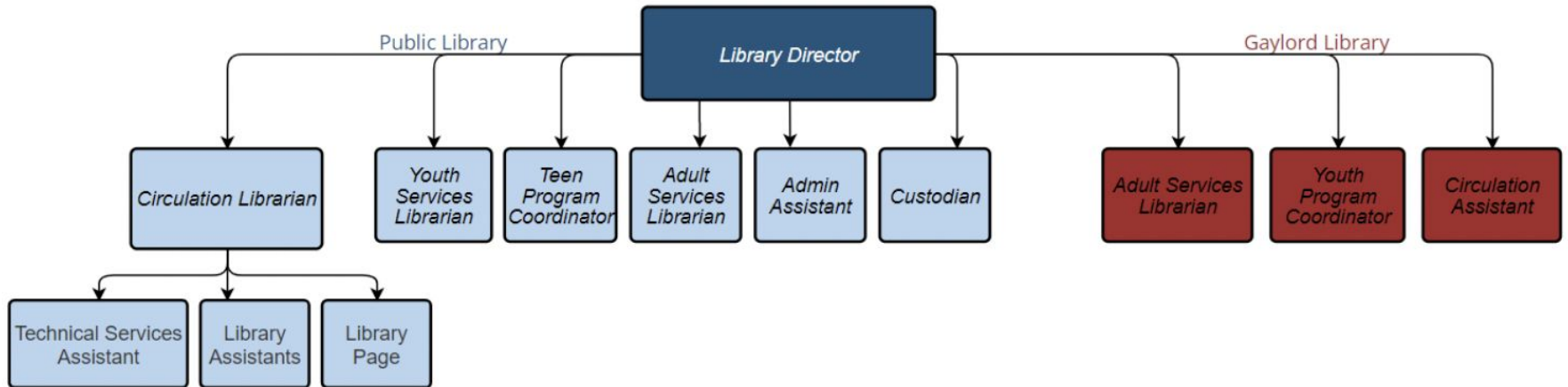
Veteran Division: 1 Veterans service officer

**Budget: 946,378 or 12% lower than FY24**

- The FY25 COA budget compared to FY22: Salaries are same, Expenses are doubled, Overall 18.89% higher.
- The FY25 HS budget overall is 18.66% higher than FY22, 4.25% higher than F23
- If add grant funded positions back on budget, FY25 is 6% lower than FY24

# Expenditures: #6 Library

Library budget is expected to increase by 3.13%, primarily due to wage adjustments.



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# Expenditures: #7 Health

The Health department is expected to decrease by 7.5% due to 1 layoff. The FY25 budget is still 28% higher than FY22 and 17% higher than FY23.

	FY22	FY23	FY24	FY25
Yr End Salary Correction	\$ 549	\$ 768	\$ -	\$ 812
Community Nurse	\$ -	\$ -	\$ 46,259	\$ -
Temporary Personnel/OT	\$ -	\$ -	\$ -	\$ 15,000
Health Compliance Officer	\$ 36,947	\$ 52,732	\$ 54,924	\$ 53,518
Director	\$ 91,505	\$ 85,448	\$ 86,279	\$ 92,352
Asst.Public Health Director	\$ 61,340	\$ 62,263	\$ 62,879	\$ 65,166
LICSW	\$ -	\$ -	\$ -	\$ -
Administrative Assistant	\$ -	\$ -	\$ -	\$ -
<b>Total Board of Health P/S</b>	<b>\$ 190,341</b>	<b>\$ 201,211</b>	<b>\$ 250,341</b>	<b>\$ 226,848</b>

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# Expenditures: #8 Benefits

Benefits: 7.4% increase in Health Insurance (8% increase in rates but anticipate less employees on the plans), 9.72% increase in Retirement (assessment from Hampshire County Retirement System).

9110 Retirement				
	FY22	FY23	FY24	FY25
<b>Total Retirement</b>	<b>\$ 3,774,831</b>	<b>\$ 4,019,387</b>	<b>\$ 4,343,569</b>	<b>\$ 4,765,712</b>

9140 Group Health Insurance				
	FY22	FY23	FY24	FY25
<b>Total Group Health Insurance</b>	<b>\$ 4,260,467</b>	<b>\$ 4,252,598</b>	<b>\$ 4,963,378</b>	<b>\$ 5,330,448</b>

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# Expenditures: #9 Enterprise Funds

## Landfill (Trash/Recycling):

- Staffing: 2 FTE, may adjust jobs depending on changes to contract.
- Expenses: 30-40% increase depending on contract.
- Transition to tote system (FY25 to FY26)  
- limited grants for 35 gallon bins only.

## Ledges Golf Course:

- Managed by IGM
- Requesting 13.61% increase (32k more than current MOA and needs Selectboard vote)
- Main driver of cost increase is a 32k increase in annual golf cart lease.
- Investments help maintain, increase revenues

## Wastewater Treatment:

- 10.81% increase
- Staffing: no changes
- Expenses: increases in natural gas (33k to 36k), contracted services (100k to 160k), maintenance (42k to 82k), chemicals (93k to 140k), uniforms (6k to 7500)
- Planning in process for next 20 years of projects

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# Expenditures: #10 Stabilization Funds

No additional funding is being added to the stabilization funds through the operating budget process.

## Balances as of 12/31/23:

- Capital Stabilization Fund (\$2,358,612): No expenditures have been made yet. Best practice is to add to the fund as debt payments decrease to maintain funding within taxation for future projects. Debt fell by \$100k from FY24 to FY25, but those funds were used to balance the budget.
- Senior Center Stabilization Fund (\$470,476): No expenditures have been made recently since the building was built. The Selectboard financial policies recommends a fund target balance of \$600k. Funding could also be used to offset debt payments - the FY25 Senior Center debt payment is \$80k higher than FY24.
- Mosier Stabilization Fund (\$1,428,192): Town Meeting will vote on moving these funds to Capital and voting on an additional \$600k from free cash to Capital for the feasibility study.

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# Expenditures: #11 Debt

**Debt Service:** The repayment cost of the principal and interest on any bond issue. ~5.7% of budget.

FY25 Debt and Interest = \$2.21m

Debt exclusion (Plains and Library) = \$1.055m

Total FY25 Principal = \$2.42m (715k excluded)

Total FY25 Interest = \$844k (340k excluded)

## General Debt: \$1.5m

## FY25 (rounded)

Energy Project (2013):	\$150K (ends 2033)
Dept Equip (2014,17,21):	\$200k (ends 2031)
Building reno (2017,21):	\$70k (ends 2049)
Sidewalks/Streets (17,21):	\$260k (ends 2036)
Recreation Turf (2017):	\$73k (ends 2031)
School Refunding (2020):	\$210k (ends 2029)
Senior Center (2021):	\$560k (ends 2050)

## Enterprise Debt:

Sewer Total: \$342k	323k principal	18k interest
2006 Debt ends FY27, 2009 Debt ends FY28		
Comprehensive Plan developing next projects		
Golf Total: \$330K	290k principal	40k interest
2017 Debt ends FY29		
Funding for strategic plan sought to explore uses		

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# Expenditures: #12 Miscellaneous

Cable Studio: A 9% increase is budgeted. Funds come from the Cable Access fund, which has been decreasing due to less cable subscriptions. The Town is exploring other long term funding options.

Canal Park: The committee has not been active for years and the Selectboard voted to remove the boardwalk due to regular flooding.

Channel Markers: This is part of a regional initiative that is led by Northampton. The cost increased from 3k to 12k per year. It is unknown what will be in place for the upcoming boating season.

Conservation Land Fund: Funded at \$15k per year and can accumulate. This account is a savings account for future land conservation projects. The Town also fundraises, such as for Lauzier Farm.

ValleyBike: This project stalled after the operator went bankrupt and the low bidder for a new operator is expected to cost South Hadley 25k (payment is desired as soon as April 2024).

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## Next steps

- Draft Line-Item Budget (Town and School) released March 15
- Budget Hearing on March 20 and votes at next meetings
- Multi-year budgeting developed
- Bargaining and impact bargaining continuing
- Ongoing public input, meetings and reports
- Work with boards on enhanced engagement

Resources/Questions/Suggestions: [www.southhadley.org](http://www.southhadley.org)

[Selectboard@southhadleyma.gov](mailto:Selectboard@southhadleyma.gov)

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