

Town of Franklin

355 East Central Street
Franklin, Massachusetts 02038-1352



Phone: (508) 520-4949
www.franklinma.gov

OFFICE OF THE TOWN ADMINISTRATOR

November 13, 2020

To: Town Council Budget Subcommittee, Town Council

From: Jamie Hellen, Town Administrator

RE: FY21 Budget Update & Close out

As many recall, when the FY21 town budget was considered and approved in the Spring, there was great uncertainty to the town's budget position. Staff lowered local revenues by about 15% and expected a further state aid cut. I decided to wait to make reductions in the Town budget until we knew exactly what that state aid cut would be. For details of the budget approved in June please visit the Town's budget page at: <https://www.franklinma.gov/town-budget>

I am pleased to report that the Town will not need to adjust any portions of the FY21 town budget with two exceptions: the Town Clerk's Department and the Recreation Department. The Town has revised its revenue projections and will see additional revenues now that we have a commitment from the state on local aid numbers. I have attached a new Budget Control sheet to this memo.

I am recommending to the Finance Committee support two revised budget expenditures of \$75,000 to the Town Clerk Department and \$75,000 to the Recreation Department. I have included more details below.

I am also recommending to the Finance Committee to appropriate all excess revenues to the Town's Budget Stabilization Fund (assuming support for the two above appropriation recommendations of the combined \$150,000). After all of the revisions to the budget, the Town has an additional \$853,842 in revenue. These funds will help offset any budget deficiencies later in FY21 if the state's economy takes a downturn, the Governor makes any 9C cuts or other unforeseen operating budget challenges arise. The funds in the Budget Stabilization fund also could be applied to FY22 or FY23 as a one-time revenue source to continue to address budget shortfalls.

Overall Budget Update Highlights

- **State Budget Update.** The Legislature and Governor have committed to FY20 local aid revenue CH70 and Unrestricted Aid numbers, which are reflected in Governor Baker's H.2 Budget proposal filed in October. I have attached the updated cherry sheet. While the Legislature has not formally finalized its budget, we have been assured these numbers will be a part of the final FY21 state budget through our legislative delegation. Make no mistake, this policy by the legislature is the reason the Town is anticipating no further cuts to its revenue sources for the year. The Superintendent and I [wrote them a letter on this in June](#) and they have concerns.
- **Local Receipts.** Town local receipts revenues have stayed consistent and on par with predictions through the end of October. I have attached an updated revenue sheet. Please note that the largest category of local

receipts is the vehicle excise tax, which is mostly due in the Spring. Fees then licenses and permits are the next largest categories and the Town is currently near 50% of anticipated collections. We do expect a drop in some revenues due to the winter months, but we will monitor it closely.

- **Federal COVID-19 Assistance.** The Town has received or applied approximately \$4.5 million in federal assistance from a variety of sources. I have attached an updated sheet on the federal monies. None of these monies impact the town budget directly. These funds are required to be in special revenue accounts.
- **Congressional Update.** The prospect of additional federal stimulus to the state for local cities and towns appears unknown at this time. The Superintendent of Schools and I sent [Massachusetts' elected representatives a letter regarding this issue in June](#). The Superintendent and I also [wrote a letter recently encouraging our Congressional delegation to extend the deadline for CARES Act funding](#).

Revenues Summary

Please reference the "Increase/Decrease" column on the attached control sheet. Revenues are as follows relative to the approved FY21 budget in June:

- **New Growth.** The Town estimated a very conservative New Growth projection in June at \$650,000. The Assessors are now confident the revenue projection will be \$1,650,000, or \$1 million more than anticipated. Why? Despite the pandemic, actively financed or planned projects continued. This relates to personal residential home improvements, commercial/industrial and residential development. Like the Town's own infrastructure projects, we did not see any major slow down of development projects in town. This includes home improvements.

A big shout out to the Board of Assessors and the Assessors Department for their commitment and bravery during this pandemic. It is easy to overlook this or take it for granted, but our inspectors picked back up in June and have not looked back. The Town is in the fiscal position it is in due to our Assessors continuing inspections and working diligently to capture revenue.

- **Hotel/Motel tax.** The Town did see a large decrease in hotel motel tax as expected. We expect this fiscal year to be even lower. Our final number is \$285,558, almost half of what has traditionally been received in recent years. This number is reflected in an increase in local receipts.
- **Local Receipts.** As described above, we increased the assumption made in June to reflect the hotel/motel tax revenue. As described above, steady as we go. The big concern is January through March.
- **State Aid.** To date, the town will see a decrease in state aid. But this pales in comparison to the expected 10% (+/-) cut of local aid we expected in June. State aid numbers will continue to fluctuate based on the final legislative approval over the coming month.
- After all considerations, the Town \$853,842 in unanticipated revenue projections.

Challenges ahead

Outside of the overall uncertainty in America over the pandemic and the economy, these are some of the concerns I have as we move into the winter relative to our local budget:

- **Unemployment Insurance.** The Town has already overspent its unemployment insurance line item for the year due to the personnel redundancies at the town and school level at the beginning of the pandemic. We believe these cost overruns will be absorbed by other line items in the benefits budget, notably a partial reduction in health insurance premiums for the Town and employees. Our Human Resources Department was successful in working with Harvard Pilgrim to see a 15% rate reduction for April due to the pandemic. We also believe (hope!) that we can withstand any more personnel redundancies for the remainder of the fiscal year, which will ensure this line item does not increase any further. That said, this is an account we will monitor closely.
- **PPE & other COVID-19 mandates.** CARES Act funding deadlines are December 30th, 2020. The federal government has paid for all of the Town's PPE and resources to get us to this point. The future is uncertain. If this deadline is not extended, the Town will be on the hook for all costs relative to PPE, disinfectant, personnel costs and so forth.
- **Free Cash.** The Town recently had its FY20 Free Cash certified by the Department of Revenue. The Town has certified at 2,730,757, which is nearly \$1 million *less than* last year. I am recommending to put the FY20 Capital program on hold to reserve these funds for unintended expenses in the winter and spring. This will put a large strain on our departments who rely on our annual capital program to maintain vehicles, equipment and so forth. I will outline in a deeper memo to the Town and staff how FY20 capital will be recommended at a later date.

Town Clerk Department

I am recommending adding an additional \$75,000 to the Town Clerk's budget to pay for the federal election cycle and local town election on December 5th. This will not be an exact figure as the situation is fluid and ongoing. But the reality is that after the incident on the September 1st primary, our staff did what was needed in order to rebuild the confidence in the community's election process.

Recreation Department

As has been discussed for years, the Recreation Department is mostly self-sustainable. The fees pay for the majority of the expenses and costs for programs. In June, the FY21 budget approved anticipated a 25% reduction in fees, thus, we reduced the expense budget by 25% as well. We anticipated a very weak summer schedule and even cut Concerts on the Common. By the 4th of July, the plan completely changed.

One positive story during this pandemic has been the successful Recreation programs families have been able to rely on. Beginning almost immediately after the budget was approved in June, the Governor's Executive Orders offered the Town more latitude to conduct programs. Ryan Jette and his staff set out some exceptionally safe programs for kids and families in need of supervised, safe and structured sports. We also were able to have some concerts on the common this summer, too. We anticipated none of this in June.

I am recommending an additional \$75,000 to be added to the Recreation budget to compensate for the expenses we did not anticipate in June for many of the Summer and Falls programs. Recreation's expenses are over 50% expended so far and we will need to add money in personnel and expenses in order for us to get through the year.

Five Year Forecast

It will continue to be difficult for me to draft any relevant or meaningful [“five-year fiscal forecast”](#) that is valuable for any longer than a week. The global geopolitical and economic climate is still simply too uncertain to predict. I remain steadfast, however, that in order for certainty and stability in our economy to appear, the public health crisis must continue to be contained, if not solved.

As for FY22, I am hopeful that once we reach the holidays, the staff can get back on a regular budget schedule. I am hopeful we can begin the FY22 budget process after the tax rate is set on December 2nd. I am optimistic as the new year begins, the Town can pivot to the FY22 budget in January and get back on a regular budget cycle.

TOWN OF FRANKLIN
FY 2021 REVENUE AND CONTROL SHEET

	FINAL FY 2019	FINAL FY20	PROPOSED FY21	UPDATED FY21	INCREASE (DECREASE)
TAX LEVY					
Prior Year Levy Limit plus 2 1/2%	\$ 71,922,237	\$ 75,273,658	\$ 79,066,528	\$ 79,066,528	\$ -
New Growth	1,515,478	1,864,418	650,000	1,650,000	1,000,000
	73,437,715	77,138,076	79,716,528	80,716,528	1,000,000
DEBT EXCLUSIONS					
Horace Mann Issue #1	112,830	109,980	106,180	106,180	-
Lincoln Street	457,110	438,885	423,695	423,695	-
Horace Mann Issue #2	335,850	323,050	315,400	315,400	-
High School Issue #1	2,876,588	2,878,388	2,876,663	2,876,663	-
High School Issue #2	122,357	152,438	149,438	149,438	-
	3,904,735	3,902,741	3,871,376	3,871,376	-
TOTAL POTENTIAL TAX LEVY	77,342,450	81,040,817	83,587,904	84,587,904	1,000,000
STATE REVENUE					
Chapter 70 School Aid	28,248,881	28,416,161	28,581,491	28,416,161	(165,330)
Charter School Reimbursements	372,947	936,532	938,542	512,605	(425,937)
Unrestricted Aid	2,554,858	2,623,839	2,697,306	2,623,839	(73,467)
All Other Net of Offsets	359,562	382,048	360,767	360,527	(240)
	31,536,248	32,358,580	32,578,106	31,913,132	(664,974)
OTHER REVENUES					
Local Receipts - General Fund	9,800,000	9,742,246	8,361,711	8,647,269	285,558
Host Community Agreement		300,000	300,000	300,000	-
	9,800,000	10,042,246	8,661,711	8,947,269	285,558
OTHER AVAILABLE FUNDS					
Net Budget Stabilization / Other Transfers	612,000	390,000			
Enterprise Fund (Indirects)	1,103,000	1,122,000	1,173,000	1,173,000	-
	1,715,000	1,512,000	1,173,000	1,173,000	-
TOTAL REVENUES & OTHER FUNDS	120,393,698	124,953,643	126,000,721	126,621,305	620,584
ASSESSMENTS & OTHER VOTES					
School Choice	306,964	348,048	320,388	324,599	4,211
State Assessments	440,717	446,412	472,623	474,209	1,586
County Assessment	232,215	229,340	235,073	235,073	-
Charter School Assessment	3,971,960	5,043,650	5,379,974	4,990,567	(389,407)
Provision for Abatements & Exemptions	652,525	654,166	649,648	650,000	352
Subsequent Votes	600,000	1,028,000	-	-	-
	6,204,381	7,749,616	7,057,706	6,674,448	(383,258)
TOTAL NET REVENUE	114,189,317	117,204,027	118,943,015	119,946,857	1,003,842
LESS: TOTAL GENERAL FUND BUDGET	(114,154,485)	(117,124,552)	(118,943,015)	(118,943,015)	-
UNUSED LEVY	\$ 34,832	\$ 79,475	\$ -	\$ 1,003,842	\$ 1,003,842
					(150,000)
					(853,842)
				UNUSED LEVY	\$ -

FY2021 Preliminary Cherry Sheet Estimates
Franklin

PROGRAM	FY2020 Cherry Sheet Estimate	FY2021 Governor's Budget Proposal	FY2021 Governor's Revised Budget Proposal
Education Receipts:			
Chapter 70	28,416,161	28,581,491	28,416,161
School Transportation	0	0	0
Charter Tuition Reimbursement	936,532	938,542	512,605
Smart Growth School Reimbursement	0	0	0

Offset Receipts:			
School Choice Receiving Tuition	10,000	5,000	5,000
Sub-Total, All Education Items:	29,362,693	29,525,033	28,933,766

General Government:			
Unrestricted Gen Gov't Aid	2,623,839	2,697,306	2,623,839
Local Share of Racing Taxes	0	0	0
Regional Public Libraries	0	0	0
Veterans Benefits	133,194	99,527	99,527
Exemp: VBS and Elderly	112,822	125,931	125,931
State Owned Land	136,032	135,309	135,069

Offset Receipts:			
Public Libraries	40,481	41,201	41,201
Sub-Total, All General Government:	3,046,368	3,099,274	3,025,567

Total Estimated Receipts:			
	32,409,061	32,624,307	31,959,333

PROGRAM	FY2020 Cherry Sheet Estimate	FY2021 Governor's Budget Proposal	FY2021 Governor's Revised Budget Proposal
County Assessments:			
County Tax	229,340	235,073	235,073
Suffolk County Retirement	0	0	0
Sub-Total, County Assessments:	229,340	235,073	235,073

State Assessments and Charges:			
Retired Employees Health Insurance	0	0	0
Retired Teachers Health Insurance	0	0	0
Mosquito Control Projects	127,274	131,868	131,843
Air Pollution Districts	10,837	11,030	11,030
Metropolitan Area Planning Council	17,750	17,838	17,838
Old Colony Planning Council	0	0	0
RMV Non-Renewal Surcharge	25,680	24,980	24,980
Sub-Total, State Assessments:	181,541	185,716	185,691

Transportation Authorities:			
MBTA	0	0	0
Boston Metro. Transit District	0	0	0
Regional Transit	250,363	256,623	256,623
Sub-Total, Transp Authorities:	250,363	256,623	256,623

Annual Charges Against Receipts:			
Multi-Year Repayment Program	0	0	0
Special Education	14,508	30,284	31,895
STRAP Repayments	0	0	0
Sub-Total, Annual Charges:	14,508	30,284	31,895

Tuition Assessments:			
School Choice Sending Tuition	348,048	320,388	324,599
Charter School Sending Tuition	5,043,650	5,379,974	4,990,567
Sub-Total, Tuition Assessments:	5,391,698	5,700,362	5,315,166

Total All Estimated Charges:			
	6,067,450	6,408,058	6,024,448

Town of Franklin
Local Receipts / Enterprise Funds Revenues
Budget vs Actual
Through 10/31/2020

Account	FY2020 Received	2021 Budget	Received Through 10/31/20	Percentage Collected
Motor Vehicle Excise Tax	4,908,181	4,157,712	540,763	13.01%
Meals Tax	506,649	239,173	105,422	44.08%
Room (Hotel) Tax	447,032	285,558	75,803	26.55%
Penalties and Interest	248,073	250,000	111,558	44.62%
Payment in Lieu of Taxes	25,292	34,000	24,000	70.59%
Fees	1,935,192	1,753,314	841,265	47.98%
Rentals	175,621	264,742	30,583	11.55%
Departmental Revenue Recreation	431,465	349,210	99,241	28.42%
Licenses and Permits	1,274,073	871,533	366,338	42.03%
Special Assessments / Cannabis Fee	301,807	302,140	300,000	99.29%
Fines and Forfeits	95,080	82,887	10,185	12.29%
Investment Income	355,110	151,000	25,348	16.79%
Medicaid Reimbursement	400,239	200,000	42,325	21.16%
Miscellaneous	68,178	6,000	11,215	186.92%
General Fund (0100)	11,171,991	8,947,269	2,584,046	28.88%
Water Usage Charges	5,985,659	5,993,267	2,426,018	40.48%
Other Departmental Services	263,118	236,806	40,130	16.95%
Investment Income	14,575	13,118	-	-
Water Enterprise Fund (6000)	6,263,352	6,243,191	2,466,148	39.50%
Sewer Usage Charges	5,469,002	5,112,255	2,099,855	41.07%
Other Departmental Services	165,875	149,288	15,263	10.22%
Investment Income	11,175	10,058	-	0.00%
Sewer Enterprise Fund (6500)	5,646,052	5,271,601	2,115,118	40.12%
Solid Waste Charges	2,286,373	2,550,515	759,490	29.78%
Other Departmental Services	19,191	17,272	8,591	49.74%
Investment Income	2,300	2,070	-	-
Solid Waste Enterprise Fund (6900)	2,307,864	2,569,857	768,081	29.89%
Enterprise Funds	14,217,267	14,084,649	5,349,347	37.98%

Town of Franklin

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OFFICE OF THE TOWN ADMINISTRATOR

November 5, 2020

To: Finance Committee
From: Jamie Hellen, Town Administrator

RE: CARES Act/FEMA & Federal COVID-19 Reimbursement Summary

The following is an overview on revenue the Town has received from various federal sources for COVID-19 Relief. These revenues by state are required to be in special revenue accounts and are outside the Town's operating budget.

CARES ACT

The Town was awarded approximately \$2.9 million in CARES Act money. These funds are floated through the state A&F agency and were apportioned based on population. There are 2 rounds of CARES Act funding applications, in the first round the Town applied for and received \$1,091,416, in the second round the Town maxed out its apportionment and applied for the remaining \$1,838,397 in funding, this final apportionment is still pending approval.

CARES	Department	COVID-19 Related Expenditures	Amount
ROUND #1	IT & School	4,000 K-8 Chromebooks for remote learning and 2021 MCAS	\$964,000
	IT	Dell & Acer Laptops, Aspen online registration, Monitors - Support municipal and school staff transition to remote workstations.	\$47,875
	Facilities, Fire, DPW, Police, School	PPE, sanitization materials - Protect employees and clean facilities.	\$38,404
	Fire/Police/School	Personnel costs - COVID related reimbursements for staff training and overtime during the peak.	\$41,137
ROUND #2	Fire & Police Departments	First responder direct staffing costs - Overtime, additional hires, and/or backfilling staff who test positive	\$13,342
	IT & Schools	Accelerated telework capacity - infrastructure, subscriptions for meeting services, hardware (laptops)	\$148,944
	Fire & Police Departments	Hiring and training, including training for employees and contractors hired for COVID-19 response	\$335
	Facilities, Fire, DPW, Police, School	PPE, including first responders, grocery store employees, gas station attendants and others who interact with the public	\$46,425

	Facilities	Cleaning/disinfection of public buildings	\$33,913
	Facilities	Social Distancing measures in public buildings (plexiglass barriers, stanchions, small building modifications)	\$175,072
	IT & Schools	School distance learning: Planning and development, including IT costs	\$100,631
	Schools	School distance learning: Food for families that rely on food through the school system	\$70,916
	DPW	Costs of debt financing related to COVID-19 investments - short-term borrowing and construction carrying costs	\$19,301
	Schools	Legal fees	\$1,940
	Facilities	UV Lighting Retrofit - School & Municipal HVAC Systems	\$949,102
	Facilities & DPW	PPE - Not Covered after September 15th for FEMA Reimbursement	\$254,211
	Fire/Police/Facilities	Other Requests	\$24,265
		TOTAL CARES ACT FUNDS	\$2,929,813

The remaining approximately \$1.8 million dollars in CARES Act money was applied for on October 30, 2020 (Round #2). This allocation will cover PPE, building modifications, personnel costs and technology through December 30, 2020.

FEMA Reimbursement

The Town receives a 75% reimbursement for PPE and sanitizing supplies from FEMA. In July the Town applied for \$209,493.62 to be reimbursed at a rate of 75% so approximately \$157,120.22. In September the Town applied for an additional \$269,670.30 to be reimbursed at 75% so approximately \$202,252.73. The Town will continue to apply for FEMA reimbursements for the length of the State of emergency in Massachusetts as costs come in. Up until December 30, 2020 the remaining 25% is funded through the CARES Act.

FEMA	Department	COVID-19 Related Expenditures	Amount
ROUND #1	Facilities, Fire, Police, School, DPW	PPE, sanitization materials, Equipment - Protect employees and clean facilities	\$166,841.01
	Fire/Police/School	Personnel Salaries - COVID related training/support/overtime	\$42,652.61
ROUND #2	Facilities, Fire, Police, School, DPW	PPE, sanitization materials, Equipment - Protect employees and clean facilities	\$218,692.53
	Fire/Police/School	Personnel Salaries - COVID related training/support/overtime	\$50,977.77
		TOTAL FEMA FUNDS (Prior to 75% adjustment)	\$479,163.92
		TOTAL FEMA FUNDS (Accounting for 75% adjustment)	\$359,372.94

Department of Elementary and Secondary Education (DESE)

The School Department was given \$1,156,275 in grant money to allocate towards the school reopening process including instructional/professional staff salaries, support staff salaries, technology and PPE. The schools also received \$123,235 primarily allocated towards meeting the unique needs of special student populations.

MicroEnterprise Grants

The Town was part of a consortium of six local communities who applied for a regional microenterprise grant program for small businesses of 5 or fewer employees in Franklin. The application period is underway and we expect approximately \$90,000 in revenue granted to small businesses later this fall. As of November local businesses have applied for approximately \$35,000 of the \$90,000 in available funds. The grant also assured the Franklin Food Pantry with \$9,000 dollars in direct assistance.

Additional Grants

Department	Grant	Purpose	Amount
Senior Center	Greater Milford Community Health Network (CHNA6)	To continue the Senior Center’s Curbside Meal program until the Spring	\$10,000
Treasurer's Office	Center for Tech and Civic Life Grant	Used for the purchase of election related supplies and to supplement election workers salaries	\$11,630
TOTAL			\$21,630



TOWN OF FRANKLIN
RESOLUTION 20 - 65

APPROPRIATION: REQUEST FOR FY21 SUPPLEMENTAL APPROPRIATIONS

WHEREAS, The Town of Franklin adopted the FY2021 Budget on June 18, 2020;

PURPOSE: To amend said FY21 Budget from \$131,800,664 to \$131,950,664; to raise and appropriate funds as outlined below:

SOURCES:	Raise and Appropriate	\$150,000
USES:	01164100 Elections Personnel	\$75,000
	01630100 Recreation Personnel	\$37,500
	01630200 Recreation Expenses	<u>\$37,500</u>
		\$150,000

Be It Moved and Voted by the Town Council to amend said FY21 Budget from \$131,800,664 to \$131,950,664; that the sum of One Hundred-Fifty Thousand Dollars (\$150,000) be raised and appropriated; and that the total be transferred to the above named accounts.

This Resolution shall become effective according to provisions of the Franklin Home Rule Charter.

FINANCE COMMITTEE ACTION

Meeting Date: November 9, 2020

Vote: 7-0

Recommended Amount: \$150,000

DATED: _____, 2020

VOTED:
UNANIMOUS: _____

A True Record Attest:

YES: _____ **NO:** _____

ABSTAIN: _____

ABSENT: _____

RECUSED: _____

Nancy Danello
Temporary Town Clerk

Glenn Jones, Clerk
Franklin Town Council