

# **TOWN OF WINCHENDON**

## **OFFICE OF THE TOWN MANAGER**

**109 Front Street, Dept. 1, Winchendon, MA 01475-1758**

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**Telephone (978) 297-0085 Fax: (978) 297-1616**  
**[jsultzbach@townofwinchendon.com](mailto:jsultzbach@townofwinchendon.com)**

To: Board of Selectmen  
Finance Committee  
From: Justin B. Sultzbach, Town Manager  
Date: March 28<sup>th</sup>, 2023  
Re: Fiscal Year 2024 Budget Message

I respectfully submit the Town Manager's recommended budget for Fiscal Year 2024 beginning July 1, 2023 to the Board of Selectmen and Finance Committee. My proposed budget details expenditures and revenues for the General, Water, Wastewater, and Transfer Station Funds. Over the past year we have witnessed complex geopolitical issues unfold abroad that have resulted in real word financial implications here in Winchendon. While energy costs have been softening, we continue to take a conservative approach in the proposed FY24 budget when allocating resources for fuel and electricity. Global economic destabilization and the subsequent recovery triggered by the COVID-19 pandemic also continues to be a significant factor. These inflationary hurdles echo throughout the proposed FY24 budget, displayed most prominently in the form of rising staffing costs and crucial material expenses.

Two of the larger impacts we are bracing for in the coming year are 1. Healthcare costs and 2. State mandated (but locally supported) investments in education. Much like many other organizations in both the private and public sector, rising healthcare costs continue to burden both our organization and employees alike. MIIA informed the Town of a 10.5% increase in FY24, a figure we negotiated down to 7.19%. This figure represents a nearly \$160,000 additional expense to the General Operating Budget between active employees and retirees. On the education side of things, we continue to see the financial impact of the Student Opportunity Act. This has resulted in an 18% increased investment from the State and an additional 11% allotment from the Town over the past three years. This significant investment in the Winchendon Public Schools has spurred renewed conversations between the Town and Schools regarding revenue sharing, a topic that you will find covered extensively in the side letter attached to this document from the Town/Schools working group. Lastly, an additional change worth highlighting is the proposed creation of a PEG Media Enterprise Account, a financial move that will increase transparency and ensure regular maintenance of our broadcasting assets.

As forecasted in my 5 year projection, costs continue to rise at a faster pace than our revenue – a national problem that requires local solutions. While as a community we cannot control many of the circumstances that create these increases, we can control how we react to or prepare for these challenges. This ultimately comes down to fiscal discipline coupled with creative solutions for our operations. One example of this is an extensive review of an opportunity to combine the oversight of Town and School facilities under one administrative position rather than two (Facilities Director and DPW Director). This would result in a small increase in cost to the Schools, a mirrored savings in cost to the Town, and would result in long term savings to the Winchendon taxpayer. Most notably, this plan will allow us to cut out wasteful spending through duplicative equipment purchases (ie lawnmowers, trucks), reducing up front purchase costs and long term maintenance costs in the process.

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As always, we remain committed to making the tough decisions today for better outcomes tomorrow. This is a practice that requires consistency and discipline, the benefits of which we are beginning to see in our Water and Wastewater Enterprise accounts. After years of unchecked deficits that eroded our reserves, I am happy to report for the first time in over half a decade we are accumulating modest retained earnings in our Water and Wastewater Enterprise Accounts. I am also proud to point out that as a direct result of this discipline, our team is proposing FY24 budgets for these operations that stand on their own two feet without the assistance of subsidies for the first time in three fiscal years. This is a testament to the hard work of our staff, my office, our Boards and Committees, and more importantly our residents who dug deep over the past year to help right the financial ship. To round things out, our Transfer Station Enterprise remains healthy, although a review of fees is recommended in FY24.

### GENERAL FUND

Below you will find a detailed reconciliation of my recommended FY24 General Fund Budget. The total funding requested (appropriations) is reflective of the revenue sources identified to support the recommended budget without relying on stabilization funds.

### BUDGET RECONCILIATION

Real and Personal Property Taxes	\$14,647,139
Prior Override w/ Inflation Adjust. 2 ½	\$324,659
Less: Property Tax Levy Surplus	
State Aid	\$16,291,299
Local Receipts	\$3,168,909
Indirect Charges	\$380,674
Transfers From Other Funds	\$40,191
Homeless transport	\$20,000
<b>Total Budget Sources</b>	<b>\$34,872,870</b>
Total Town Appropriation	\$17,889,644
Total School Appropriation	\$16,983,226
<b>Total Appropriations</b>	<b>\$34,872,870</b>
	\$0



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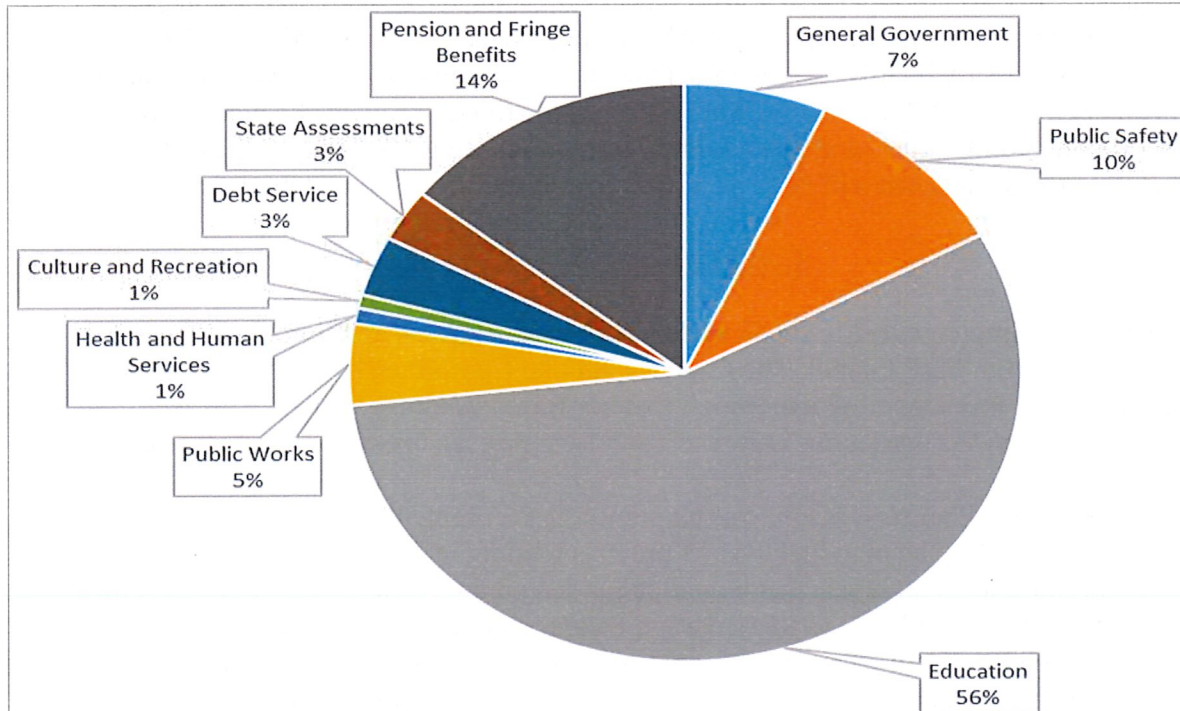
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### Departmental budget breakdown lookback for FY23 and proposed FY24

	FY 23	FY 24	Change	Percent
General Government	\$ 2,136,193.00	\$ 2,362,009.00	\$ 225,816.00	10.57%
Public Safety	\$ 3,500,477.00	\$ 3,541,026.95	\$ 40,549.95	1.16%
Education	\$ 17,812,719.00	\$ 19,345,236.56	\$ 1,532,517.56	8.60%
Public Works	\$ 1,379,241.00	\$ 1,560,671.56	\$ 181,430.56	13.15%
Health and Human Services	\$ 578,416.00	\$ 304,202.49	\$ (274,213.51)	-47.41%
Culture and Recreation	\$ 245,046.00	\$ 258,686.48	\$ 13,640.48	5.57%
Debt Service	\$ 804,564.02	\$ 1,153,595.96	\$ 349,031.94	43.38%
State Assessments	\$ 1,150,030.00	\$ 1,006,083.00	\$ (143,947.00)	-12.52%
Pension and Fringe Benefits	\$ 4,735,639.00	\$ 4,936,962.00	\$ 201,323.00	4.25%
Other	\$ -	\$ -	\$ -	
Amount to be Raised	\$ 32,342,325.02	\$ 34,468,474.00	\$ 2,126,148.98	6.57%
Cherry Sheet Offsets	\$ 292,158.00	\$ 319,396.00	\$ 27,238.00	9.32%
Overlay	\$ 80,000.00	\$ 85,000.00	\$ 5,000.00	6.25%
Total Appropriation	\$ 32,714,483.02	\$ 34,872,870.00	\$ 2,158,386.98	6.60%

### Use of Town Resources



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### **PERSONNEL**

This past year our budget was impacted by a particularly tight labor market, a global trend that we anticipate to carry through FY24. In response to this a salary survey was commissioned by UMass Boston to help better inform the FY24 Budget Process. This data will help us more fairly compensate our hardworking employees and assist the town in retaining existing talent without having to needlessly pay costly consultant fees in periods of turnover. The final report is attached to this document, the results of which will provide support for modest increases for many Town Hall roles. This also includes increases of 3.5% for Library and Council on Aging Employees, with an additional review of their salaries to occur over this upcoming fiscal year.

Another change in staffing is the recommended removal of the non-union Planning and Economic Development Director role through attrition. Having been vacant for nearly a year now, duties that traditionally fell under this role have been organically assigned elsewhere. The \$90k+ salary will be returned to the budget, allowing us to more fairly compensate our existing employees. The planning duties will fall to our Planning and Development Coordinator role which will include a permanent increase in salary. Economic Development duties will elevate to the Town Manager's Office. This move is good for the Town and our Employees, and supported by the Planning and Zoning Boards.

Lastly in a collaboration between the Town and Schools we are recommending an organizational restructuring that will create a "Director of DPW and School Maintenance" role. The timing of this move, if supported by all necessary boards, would coincide with the retirement of our existing Schools Maintenance Director this August 2023. This role would not be backfilled, however the plan would call for the creation of two "point" roles (one School, one Town). This would have no additional cost to the town. A more detailed breakdown will be reviewed as part of the FY24 Budget process.

### **CAPITAL**

The Capital Planning system implemented in FY23 was called out as a significant upgrade in our recent credit rating increase from S&P Global. The Capital Planning Committee has continued to build on this growth and success by implementing a thorough Criteria Based Ranking System. This is a financial best practice and helps the committee better sort and fund projects based on merit and need.

The FY24 Capital Improvement Plan seen below was unanimously recommended by the Capital Planning Committee in a 5-0 vote. The plan includes 14 projects totaling in \$2,480,394. Of note is a bold \$1,000,000 appropriation for road repair that would be funded predominantly through the use of FY23 Cannabis Revenue and Maybardy Road Remediation Funds with the remainder to be covered through a 5 year bond (which itself will be paid using a future conservative amount of Cannabis Revenue – about \$95,000 a year). These funds, paired with Chapter 90 funds and other resources would represent one of the largest one-year investments in Winchendon Roads in recent memory.



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### FISCAL YEAR 2024 CAPITAL IMPROVEMENT PLAN

	Department	Project Description	Source	Project Cost	Annual Cost (if borrowed)
1	BOS/TM	Blair Sq Phase 3 Pre-Design	Free Cash	\$130,000	
2	BOS/TM	TH Repairs Phase 1 (East)	5 Yr Borrow	\$250,000	\$52,500
3	DPW	6 Wheel Dump (Mack)	5 Yr Borrow	\$244,181	\$51,278
4	DPW	Grove St Parking Lot	Free Cash	\$21,750	-
5	DPW	Road Paving	Paving Plan	\$1,000,000	-
6	DPW	Salt Brine System	Free Cash	\$30,000	-
7	DPW	Generator House	Free Cash	\$17,000	-
8	Water	Water Service Truck	Water Ent.	\$98,884	-
9	Cemetery	Leaf Loader	Perp. Care	\$12,250	-
10	Transfer Sta.	Transfer Station Roll off truck	TS Ent. 5yr	\$223,411	\$47,500
11	Fire	SCBA Replacement Phase 1-6	Free Cash	\$26,000	-
12	Police	Police Cruiser Replacement	911 Grant	\$136,918	-
13	Rec.	WCP Barn Exterior	5 Yr Borrow	\$140,000	\$29,400
14	Schools	<u>Highschool Parking Lot</u>	<u>5 Yr Borrow</u>	<u>\$150,000</u>	<u>\$31,500</u>
		<b>Fiscal Year Totals</b>		<b>\$2,480,394</b>	

### FISCAL YEAR 2024 CAPITAL IMPROVEMENT PLAN FUNDING SOURCES

Grants	\$136,918
Water Enterprise	\$98,884
Transfer Station Enterprise	\$223,411
Cemetery Perpetual Care	\$12,250
5 Year Borrowing	\$784,181
Free Cash	\$224,750
Paving Plan*	1,000,000
	<b>\$2,480,394</b>

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### OTHER FUNDING SOURCES

Our team continues to build a strong partnership with the Robinson Broadhurst Foundation. Their support has been instrumental in defraying costs in the community that typically would be shouldered exclusively by the residents of Winchendon. While it is unknown at the time of this report what will be funded, a list of our requests for FY23 to be awarded for FY24 is as follows:

			Amount
<u>Requesting Department</u>	<u>Purpose</u>		<u>Requested</u>
Fire Department	5- Self Contained Breathing Apparatus replacements		\$251,547.00
Public Works	2023 Volvo Backhoe		\$82,420.00
Schools	Dual Enrollment Grades 11-12 and Enrichment Activities Grades 3-8		\$177,000.00
Library	Phase Two – Modernize Electrical & Sprinkler System at the Beals Library		\$ 10,840.00
Recreation Department	Holiday decorations for new Streetlight poles and expand summer concert series		\$14,500.00
Recreation Department	Amphitheater Grand Opening June 2023 Fireworks show		\$ 20,000.00
Council of Aging	New Transportation van for Meals on Wheels program		\$35,000.00
Town Moderator	2 -Granite benches for Grout Park		\$12,110.00
Public Works	New LED electronic message board		\$41,131.00
Public Works	Security system at the Amphitheater		\$35,000.00
Planning & Land Use	Fall festival entertainment, activities and detail costs		\$10,000.00
Town Manager	Beech St Gateway Park – demolition of contaminated building		\$100,000.00
Town Manager	Blair Square Infrastructure Design		\$ 270,000.00
Town Manager	Public Buildings Elevator Safety		\$19,000.00
Town Manager	Community Preservation Act Match for 5 Yrs.		\$90,000.00
Town Manager	Full Time Recreation Coordinator (Staff Support for Amphitheater)		\$45,032.00
Town Manager	Barn at Winchendon Community Park Exterior Rehabilitation		\$ 125,000.00
Town Manager	Winchendon Water Main Transmission line -3 yrs		\$1,020,000.00
<b>Total Requests for 2023</b>			<b>\$2,358,580.00</b>



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Over the past two years our team has prided ourselves on developing a strong “grant culture”. The efforts to secure grants, previously a more centralized endeavor, have been spread out throughout our ranks. These much needed resources support projects town wide that otherwise would go unfunded. Thanks to our collective efforts, our team has brought in an additional \$2,178,907 to date - eclipsing our FY22 total of \$1,754,649 by nearly half a million dollars. FY23 Grants funds to date include:

### FY2023 Grant Awards (to date)

<i>Department</i>	<i>Description</i>	<i>Award</i>
DPW	Storm Water Asset Management	\$135,625
DPW	DEP Mattress Grant	\$10,000
DPW	Transfer Station Grant	\$4,300
DPW	MIIA Wellness Grant	\$10,000
DPW	Small Bridges Grant	\$100,000
Town Manager/DPW	Congressional Community Initiative	\$494,950
Town Manager	CHII Grant	\$12,000
Town Manager	DLTA - Housing Production Plan	\$25,000
Town Manager	MassDevelopment - 4 Summer Drive	\$200,000
Town Manager (EA)	Rewards Credit/Flex Program	\$4,556
Town Manager/Planning	DOER Green Communities - Town Hall Heating/Cooling	\$66,449
Town Manager	Office of Dam Safety	\$740,250
Fire Department	MA Department of Fire Services	\$18,982
Fire Department	MA Department of Fire Services	\$3,781
Fire Department	MA Department of Fire Services	\$2,077
Fire Department	Automated External Defibrillator	\$2,272
Health	MEMA	\$3,500
Recreation	Cultural Council Initiatives	\$2,575
Police Department	State 911 Grant (3)	\$342,590
		<b>\$2,178,907</b>

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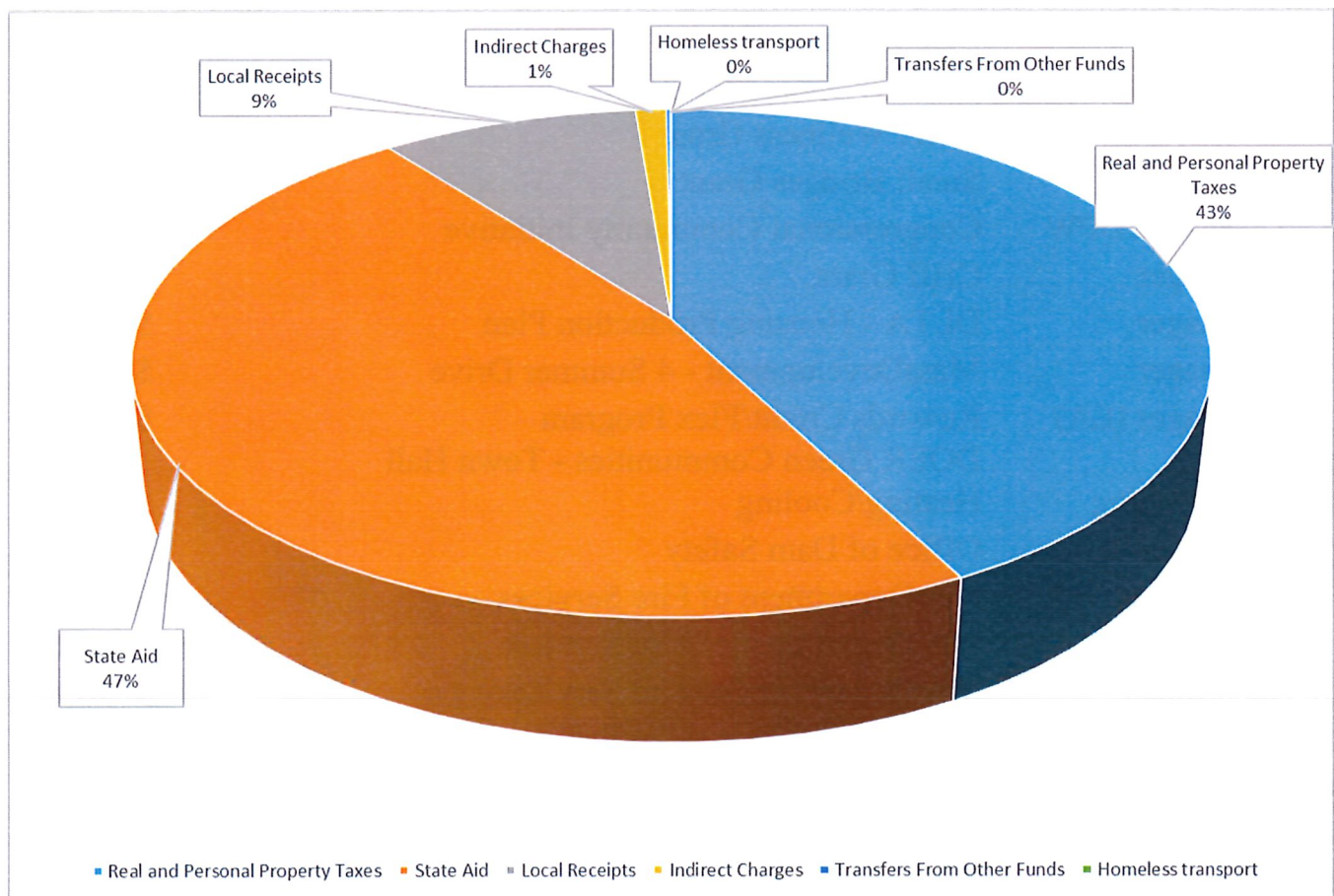
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### REVENUES

Revenues for FY24 have been estimated in a conservative manner and are largely based on FY22 actuals. Given global economic instability over the past couple years, we are seeing slowed revenue growth across the board. Revenue from the sale of Cannabis has become a reality however we continue to stress caution in building this revenue into the general operating budget. At most I would recommend a small sum to supplement capital expenses through the debt service line as is considered a best practice to use cannabis revenue for one-time expenses such as capital. Beyond this line, we are recommending the use of cannabis revenue to invest in our roads and stabilization accounts.





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### WATER FUND

Our water fund is projected to accumulate retained earnings for the first time in recent memory. It remains our long term goal as a financial best practice to build this reserve into a figure representative of 5-7.5% of operating costs. The April 11<sup>th</sup>, 2022 vote of the board of Selectmen established rate increases for water in FY24 in the amount of 8.5%. Increases for future years will need to be determined for FY25, with the water main project being central to that conversation.

	FY 23	FY 24
Personnel	\$ 241,085.00	\$ 244,076.00
Expenses	\$ 559,600.00	\$ 628,950.00
Debt Service(existing Debt)	\$ 165,519.00	\$ 139,516.48
Indirect Costs	\$ 145,328.00	\$ 193,815.15
New Debt Service ( BAN)		
3 year ban- 200K for 10 years		
Funding Request	\$ 1,111,532.00	\$ 1,206,357.63
Connection Fees	\$ 10,000.00	\$ 10,100.00
Clean Water Assessment	\$ 1,500.00	\$ 1,515.00
Lien Revenue	\$ 30,000.00	\$ 30,300.00
Interest & Penalties	\$ 5,500.00	\$ 5,555.00
Miscellaneous Revenue	\$ 10,000.00	\$ 10,100.00
Subsidy		
Amount to Be Raised by Water Rate	\$ 1,024,705.00	\$ 1,184,700.00
Total Revenue	\$ 1,081,705.00	\$ 1,242,270.00
Surplus(Deficit)	\$ (29,827.00)	\$ 35,912.37

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### WASTEWATER FUND

Wastewater operations were supplemented using ARPA funds for FY23. We are happy to report that this enterprise fund is projected to run in the positive for FY24. This is in part due to a rate increase in FY23, with a more modest increase of 3% to land in FY24. It is our recommendation to continue these increase in modest increments to avoid large catch up increases in future years.

SEWER				
			FY 23	FY 24
Personnel			\$ 13,518.00	\$ 16,476.00
Expenses			\$ 948,852.00	\$ 1,159,745.00
Debt Service(existing Debt)			\$ 457,582.00	\$ 271,313.00
Indirect Costs			\$ 135,363.00	\$ 173,097.40
New Debt Service ( BAN)				
3 year ban- 200K for 10 years				
Funding Request			\$ 1,555,315.00	\$ 1,620,631.40
Connection Fees			\$ 20,000.00	\$ 20,200.00
Lien Revenue			\$ 30,000.00	\$ 30,300.00
Interest & Penalties			\$ 5,000.00	\$ 5,050.00
Betterments			\$ 439,000.00	\$ 443,390.00
Betterment Interest and Penalties			\$ 2,000.00	\$ 2,020.00
Subsidy				
Amount to be Raised By Wastewater Rate			\$ 1,083,820.00	\$ 1,140,086.40
Total Revenue			\$ 1,579,820.00	\$ 1,641,046.40
Surplus (Deficit)			\$ 24,505.00	\$ 20,415.00



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### TRANSFER STATION FUND

The transfer station fund remains healthy. It is a best practice to build a fund of retained earnings equal to the cost of a large capital need or representative of at least 5% of the operating budget. While the transfer station is profitable for now, we have not attained this goal. Rates have been held steady for several years, a review of this should be examined in FY 24.

Town of Winchendon			
FY24 Transfer Station Budget			
Estimated Revenues			
Revenue Sources		FY23	Budget
		<u>Actual</u>	<u>FY24</u>
Trash Bag Sales-Large		\$ 72,457.99	\$ 74,375.00
Trash Bag Sales-Small		\$ 34,198.00	\$ 31,500.00
Landfill Decals		\$ 57,726.25	\$ 97,500.00
Demolition Materials		\$ 63,614.00	\$ 66,500.00
DPW Roadside Trash Fees		\$ 3,900.00	\$ -
Recycling		\$ 1,029.00	\$ -
Sale of Truck and Roll Off Containers			
General Fund Subsidy			
Total Actual/Anticipated Revenue		\$232,925.24	\$269,875.00
Approved/Proposed Budget		\$212,051.00	\$256,098.00
Difference		\$ 20,874.24	\$ 13,777.00

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### ACKNOWLEDGEMENTS

I would like to thank our Town Staff for all of their hard work in exploring potential cost saving measures. Their support in our mission to provide excellent services while maintaining a fiscally conservative budget does not go unrecognized. Additionally, I am grateful for the strong partnership we have fostered with the Winchendon Public Schools as we work together to craft a budget that is reflective of our community's needs. I would like to thank the Board of Selectmen, Finance Committee, and all of our elected and appointed boards and committees for their unwavering dedication to bettering the lives of their fellow residents. Most importantly, a thank you to our citizens who have entrusted us with the opportunity to build a stronger and brighter future for Winchendon and the good people that call it home.

Respectfully Submitted,



Justin B. Sultzbach  
Town Manager