



Scan QR Code for  
additional budget  
detail on Advisory  
Committee's website



## Report to 2025 Annual Town Meeting April 7, 2025

In fulfillment of the Massachusetts statutory requirement, the Advisory Committee (Advisory) submits a report at the Annual Meeting (ATM) each year. This document summarizes Advisory's review and analysis of Town budgets and operations, completed as part of the annual budgeting process. Please note that some information contained herein may change between the date of publication and Town Meeting.

### Outline

- Role of the Advisory Committee
- Advisory Committee Membership
- FY26 Recommended Town Budget
- Commentary on Various ATM Articles
- Long Term Planning
- Additional Advisory Items of Note and Comments

### Role of the Advisory Committee:

The Advisory Committee is established by State law and Town bylaw. The Committee functions as a sub-committee of Town Meeting. The seven members are appointed by the Town Moderator for a 3-year term. Advisory is a legislative committee and has no executive authority. Advisory members may not serve on any other town committee, with the exception that an Advisory member may serve on one other ad-hoc committee appointed by a Town board or official, or one other committee appointed by the Town Moderator. In either situation, the Advisory Committee must vote to approve the appointment. Advisory members also may not hold any elected office.

### Advisory has four principal functions:

- **Develop/Present a Balanced Budget to the Town** – Advisory is the sole body in the Town with this statutory responsibility.
- **Warrant Article Review** – Advisory is responsible for reviewing both money and non-money warrant articles and making an approval or disapproval recommendation to Town Meeting.
- **Oversight** – Advisory has a specific set of powers with respect to its ability to review all aspects of the Town's operations.
- **Custodian of the Reserve Fund** – The Reserve Fund is the Town's allocation of financial resources that is available for addressing extraordinary and/or unexpected expenses. The Reserve Fund was funded with \$180,000 for FY25. Through the date of the 2025 ATM, we have not committed to making any reserve fund transfers. We have been made aware that there are a few outstanding requests that may come before the committee later this year that include: ~\$6,000 for copy paper due to increased use (such as the September 2024 Special Town Meeting and the Presidential election), ~\$60,000 towards Town Clerk expenses related to the May 2025 Special Town Meeting for the Neary building project.

### Advisory Committee Membership:

Current members of the Advisory Committee are Andrew Pfaff, Timothy Martel, Marci Jones Salow, Howard Rose, Larry Samberg, Barry Rubenstein and Adam Nodiff. For the 2025-2026 term, Advisory members elected Andrew Pfaff as Chair and Marci Jones Salow as Vice-Chair.

### Recommended Town Budget for FY26:

The budget that Advisory recommends to the Annual Town Meeting is projected to increase a residential homeowner's annual real estate tax bill by approximately 7.36%. The Advisory

recommended budget is expected to increase the tax rate to \$14.43 per \$1,000 from the current \$13.81 per \$1,000. The projected tax increase on the estimated mean value of a Southborough house on 1/1/25 (\$983,796) is expected to be approximately \$974 (or about \$243 per quarterly tax bill).

Our goal is to keep the budget increase at or below inflation. We tried hard to do that this year, but in the current inflationary environment, we didn't achieve that goal. Thank you to all the various Town boards, committees, department heads, and the finance team that worked hard to keep costs low while not sacrificing any services for residents. We still have work to do in the future in order to drive better cost management. **It is important to note that all amounts included here are estimated, as the Town Assessor has not finalized the 1/1/25 property valuations, and there are other factors beyond the approved FY26 budget that determine the final tax bills for FY26. Advisory felt it was prudent to be conservative and provide the most accurate forecast we could.**

The most significant causes of the budget increase are the salaries and benefits for Town employees. The majority of employee salaries are determined by collective bargaining agreements, which are outside of the control of the Advisory Committee. The overall increase in compensation and benefits year-over-year is 6.12%, which makes up 81% of the total year-over-year budget increase. Personnel increases are almost always the primary driver of the year-over-year increases in the overall Town budget. One of the largest increases was in the cost of this year's health insurance quotes (17% increase YoY). This high health renewal quote was a result of several things: additional FTEs receiving benefits, poor claims history this past year and a sharp increase in weight loss drug usage which tend to be very expensive. Southborough is not alone in seeing a large increase in health insurance costs, this is common amongst many other municipalities. For example, Berkshire Health Group, which includes 25 towns, and 6 regional school districts, estimates a 16% increase.

The main non-salary and benefit drivers of the year over year tax increase are the increased cost for bus transportation at Algonquin (\$236K) and K-8 Schools (\$189K), debt service on the new ladder truck (\$181K), and the debt service on the Breakneck Hill dump remediation project (\$192K).

The most significant individual Town department budget is always the K-12 school system. The cost of operating the entire public school system represents 64% of the total Town budget. The school districts proposed what we feel are reasonable year-over-year budget increases for FY26 – 4.95% for K-8 and 5.83% for Algonquin. Although we feel these increases are reasonable, it is worth noting that this year's increases are higher than prior years. This is due mostly to outside factors like the large increase in health insurance costs, increases in special education costs, and busing transportation expenses which are mandated by the state.

**FY26 Estimated Average Single-Family Tax Bill Calculation:**

\$957,546.74	Avg House Value FY25
\$13,223.08	FY25 Taxes
\$983,796.42	Avg House Value FY26
\$14,196.74	FY26 Taxes
<b>\$973.66 Dollar increase</b> <b>7.36% % increase</b>	

**FY26 Detailed Revenue and Expense Estimate:**

	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	
<b>Fiscal Year</b>				
LEVY	50,172,301	52,147,244	54,062,823	3.7%
2 1/2	1,254,308	1,303,681	1,351,571	3.7%
NEW GROWTH	720,635	611,898	550,000	-10.1%
<b>LEVY</b>	<b>52,147,244</b>	<b>54,062,823</b>	<b>55,964,394</b>	<b>3.5%</b>
DEBT-CAP EXEMPT	1,932,522	1,917,820	1,908,284	-0.5%
<b>TOTAL LEVY LIMIT</b>	<b>54,079,766</b>	<b>55,980,643</b>	<b>57,872,678</b>	<b>3.4%</b>
<b>TAX RATE</b>	<b>13.91</b>	<b>13.81</b>	<b>14.43</b>	<b>4.49%</b>
<b>ASSESSED VALUE</b>	<b>3,566,871</b>	<b>3,788,329</b>	<b>3,907,815</b>	<b>3.2%</b>
CERTIFIED FREE CASH	1,602,386	2,339,466	2,536,158	8.4%
LOCAL RECEIPTS	4,208,600	4,488,600	4,880,600	8.7%
COMM. PRESERV. FUNDS	919,243	1,380,654	121,000	-91.2%
LOCAL AID	3,771,119	3,935,183	4,045,079	2.8%
OTHER AVAILABLE	1,379,488	1,444,561	1,438,297	-0.4%
<b>TOTAL OTHER REVENUES</b>	<b>11,880,836</b>	<b>13,588,464</b>	<b>13,021,134</b>	<b>-4.2%</b>
<b>TOTAL REVENUE</b>	<b>65,960,602</b>	<b>69,569,107</b>	<b>70,893,812</b>	<b>1.9%</b>
	<b>2024 RECAP</b>	<b>2025 RECAP</b>	<b>2026 RECAP</b>	
OTHER	983,607	1,515,422	184,173	-87.8%
STATE- COUNTY CHARGES	234,445	270,886	251,260	-7.2%
OVERLAY	446,742	454,996	450,000	-1.1%
<b>TOTAL CHARGES</b>	<b>1,664,794</b>	<b>2,241,304</b>	<b>885,433</b>	<b>-60.5%</b>
<b>TOWN</b>				
TOWN BUDGET	14,108,403	15,129,349	16,027,339	5.9%
EMPLOYEE BENEFITS	4,275,591	4,682,027	4,959,452	5.9%
LEASE DEBT G-FUND	35,659	55,114	129,160	134.4%
GEN. LIABILITY INSURANCE	153,770	175,601	159,610	-9.1%
BUDGET ARTICLES	313,000	416,115	911,812	119.1%
DEBT & INTEREST	1,825,245	1,943,665	2,366,797	21.8%
CAPITAL ARTICLES	1,222,621	883,743	1,524,005	72.4%
<b>TOTAL TOWN</b>	<b>21,934,290</b>	<b>23,285,614</b>	<b>26,078,175</b>	<b>12.0%</b>
<b>SCHOOL</b>				
SCHOOLS BUDGET	32,448,469	34,338,758	35,738,871	4.1%
EMPLOYEE BENEFITS	5,158,458	5,601,425	6,334,891	13.1%
GEN. LIABILITY INSURANCE	230,656	263,401	239,414	-9.1%
DEBT & INTEREST	59,350	174,786	136,350	-22.0%
<b>TOTAL SCHOOL</b>	<b>37,896,933</b>	<b>40,378,370</b>	<b>42,449,526</b>	<b>5.1%</b>
<b>TOTAL EXPENDITURES</b>	<b>61,496,016</b>	<b>65,905,288</b>	<b>69,413,134</b>	<b>5.3%</b>
<b>LEVY BALANCE</b>	<b>4,464,586</b>	<b>3,663,819</b>	<b>1,480,677</b>	

**Likely future Proposition 2 ½ Tax Levy Override and Budget Forecast:**

We have seen a significant increase in expenses versus revenue this year, which is causing the town's excess levy capacity to be reduced much more year-over-year than it has in the past. Furthermore, the inclusion of a significant amount of one-time funding (ARPA, Free Cash) in prior year's budgets has resulted in an accelerated reduction of our excess levy capacity, thereby exacerbating the challenge in the future. **This is a worrisome trend and is critical for all taxpayers to understand. Most likely the town will have to seek a levy limit override at the ballot box next year to avoid having to reduce town services or staffing.** The town has not had to have an override since 2006. We are currently forecasting a **\$1,292,399 levy capacity shortfall** in FY27.

This is something that we need to address prior to approving the FY27 budget in the spring of 2026.

<b>ESTIMATED 5 YEAR BUDGET</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>
<b>Fiscal Year</b>						
LEVY	52,147,244	54,062,823	55,964,394	59,330,902	62,364,065	64,648,167
2 1/2	1,303,681	1,351,571	1,399,110	1,483,273	1,559,102	1,616,204
NEW GROWTH	611,898	550,000	675,000	800,000	725,000	625,000
Estimated Override	0	0	1,292,399	749,890	0	194,596
<b>LEVY</b>	<b>54,062,823</b>	<b>55,964,394</b>	<b>59,330,902</b>	<b>62,364,065</b>	<b>64,648,167</b>	<b>67,083,967</b>
DEBT-CAP EXEMPT	1,917,820	1,908,284	1,431,076	1,392,001	1,375,251	1,359,951
<b>TOTAL LEVY LIMIT</b>	<b>55,980,643</b>	<b>57,872,678</b>	<b>60,761,978</b>	<b>63,756,066</b>	<b>66,023,418</b>	<b>68,443,918</b>
<b>TAX RATE</b>	<b>13.81</b>	<b>14.43</b>	<b>14.79</b>	<b>14.75</b>	<b>14.41</b>	<b>14.37</b>
<b>ASSESSED VALUE</b>	<b>3,788,329</b>	<b>3,907,815</b>	<b>4,107,931</b>	<b>4,323,074</b>	<b>4,542,471</b>	<b>4,764,545</b>
CERTIFIED FREE CASH	2,339,466	2,536,158	1,950,000	1,800,000	1,800,000	1,800,000
LOCAL RECEIPTS	4,488,600	4,880,600	4,929,406	4,978,700	5,028,487	5,078,772
LOCAL AID	3,935,183	4,045,079	4,146,206	4,249,861	4,356,108	4,465,010
OTHER AVAILABLE	2,825,215	1,438,297	1,250,000	1,260,000	1,275,000	1,295,000
<b>TOTAL OTHER REVENUES</b>	<b>13,588,464</b>	<b>12,900,134</b>	<b>12,275,612</b>	<b>12,288,561</b>	<b>12,459,595</b>	<b>12,638,782</b>
<b>TOTAL REVENUE</b>	<b>69,569,107</b>	<b>70,772,812</b>	<b>73,037,590</b>	<b>76,044,627</b>	<b>78,483,012</b>	<b>81,082,700</b>
	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>
OTHER	1,515,422	63,173	70,629	70,629	70,629	70,629
STATE- COUNTY CHARGES	270,886	251,260	256,285	261,411	266,639	271,972
OVERLAY	454,996	450,000	450,000	450,000	450,000	450,000
<b>TOTAL CHARGES</b>	<b>2,241,304</b>	<b>764,433</b>	<b>776,914</b>	<b>782,040</b>	<b>787,268</b>	<b>792,601</b>
<b>TOWN</b>						
TOWN BUDGET	15,129,349	16,027,339	17,134,186	17,918,158	18,738,049	19,595,508
LEASE DEBT G-FUND	55,114	129,160	118,127	118,127	74,046	74,046
GEN. LIABILITY INSURANCE	175,601	159,610	172,379	186,169	201,063	217,148
BUDGET ARTICLES	416,115	911,812	282,000	282,000	282,000	282,000
DEBT & INTEREST	1,943,665	2,366,797	3,034,404	3,574,714	3,785,949	3,861,259
CAPITAL ARTICLES	883,743	1,524,005	1,778,972	1,867,921	1,961,317	2,059,382
<b>TOTAL TOWN</b>	<b>18,603,587</b>	<b>21,118,723</b>	<b>22,520,068</b>	<b>23,947,089</b>	<b>25,042,423</b>	<b>26,089,343</b>
<b>SCHOOL</b>						
SCHOOLS BUDGET	34,338,758	35,738,871	37,749,173	38,658,069	38,747,602	40,097,816
GEN. LIABILITY INSURANCE	263,401	239,414	258,567	279,252	301,593	325,720
DEBT & INTEREST	174,786	136,350	0	0	0	0
<b>TOTAL SCHOOL</b>	<b>34,776,945</b>	<b>36,114,635</b>	<b>38,007,740</b>	<b>38,937,322</b>	<b>39,049,194</b>	<b>40,423,536</b>
EMPLOYEE BENEFITS ALL DEPT	10,283,452	11,294,343	11,732,869	12,378,177	13,058,976	13,777,220
<b>TOTAL EXPENDITURES</b>	<b>65,905,288</b>	<b>69,292,134</b>	<b>73,037,591</b>	<b>76,044,627</b>	<b>77,937,862</b>	<b>81,082,700</b>
<b>LEVY BALANCE</b>	<b>3,663,819</b>	<b>1,480,677</b>	<b>0</b>	<b>0</b>	<b>545,150</b>	<b>0</b>



**Commentary on Various ATM Articles**

In addition to the above narrative on the budget article, Advisory’s position is explained on several of the more complicated warrant articles as listed below – specifically Article 14 (Capital Budget Borrowing), Articles 28 & 29 (Amend Town Code – ADU & Amend Town Code - Unprotected ADU) and Article 37 (Citizen Petition Counsel for Breakneck Hill).

**Article 14 (Capital Budget (borrowing)):**

Advisory Committee vote on this article: **SUPPORT** (unanimous)

Discussion: Advisory supports this article unanimously because these are critical and important capital items for the town, and which have been exceptionally well-vetted by the Capital Improvement & Planning Committee (CIPC). It is our opinion and suggestion that these items be bonded.

## **Articles 28 & 29 (Amend Town Code – ADU & Amend Town Code - Unprotected ADU**

Advisory Committee vote on this article: **NOT SUPPORT** (unanimous)

Discussion: Advisory does not support these articles as we believe the language being added to the Town Code is overly complex and too restrictive. Existing building codes, state law and zoning laws already ensure safety and compliance, making these additional rules redundant and burdensome on homeowners.

## **Article 37 (Citizen Petition – Counsel for Breakneck Hill):**

Advisory Committee vote on this article: **NOT SUPPORT** (unanimous)

Discussion: Advisory does not support this article unanimously because we believe that this is not a good use of taxpayer funds. This issue has been looked at multiple times by various boards and committees and it was determined that there is not a legal avenue to recoup the costs of cleaning up Breakneck Hill Farm dump. Hopefully, the Town has learned from this situation so as to avoid any repeat in the future. We believe this article goes too far by incurring a significant cost to litigate past grievances without a path forward. Additionally, please note that only the Select Board has authority in this particular matter. As such, this article is entirely advisory in nature and any related discussion would be better served within a Select Board meeting. Considering that a typical Town Meeting runs for several hours if not days, and that this article cannot enforce any action, we suggest that Town Meeting attendees' time may be better spent on other topics. Town meeting could assign a funding source for this article, but the Select Board is not compelled to spend the money and execute and perform the tasks being requested.

## **Additional Commentary on Citizen's Petition Articles in General:**

Advisory wanted to take this opportunity to discuss a concerning trend we are seeing regarding citizens petitions at Town Meeting. For those that may not know, any citizen can add a warrant article to the ATM warrant with only 10 signatures of registered voters, and to a Special Town Meeting (STM) warrant with 100 signatures of registered voters. While we would never try to prevent any citizen from bringing forth a warrant article, we have seen an uptick in the number of non-binding articles that are advisory only in nature, with the purpose of asking/instructing another Town entity to do or act upon something. Many of these topics are complex and controversial and may require much discussion during an already lengthy meeting. We suggest that proponents meet with the authorities they wish to instruct prior to submitting a warrant article via a citizen's petition. We believe many of these issues can and should be addressed outside of a Town Meeting.

Attendance at Town Meeting has been declining in the past few years, and we have heard anecdotal feedback that some voters are frustrated by these types of articles, which often extend the meeting late into the night or even to an additional day. Moreover, when Town Meeting must extend to a second day, the Town incurs approximately \$10,000 in incremental expenses for each additional meeting day. We hope that residents who wish to submit a citizen's petition warrant article will consider the valuable time of their fellow voters at Town Meeting, and whether a different path toward a resolution or response would be more appropriate.

## **Long Term Planning:**

There are several areas worthy of ongoing attention besides Advisory's continual work on our annual town budget. These include (i) the Town's unfunded pension and healthcare liabilities (in the tens of millions of dollars but we are starting to make progress); (ii) the need for infrastructure investment (also in the tens of millions of dollars – hence the appointment of the Capital Improvement Planning Committee); (iii) the decision whether or not to close one of the four K-8 schools and if so, how to re-purpose the closed school; (iv) the impact of State or Federal unfunded mandates; (v) how to find additional sources of non-real estate tax revenue to help ease the burden on the property tax payers. These issues and others all deserve careful attention and planning, and Advisory will continue to address them.

On the topic of sources of non-real estate tax revenue, one such additional source of revenue is the optional local meals tax, that was passed at the May 2021 ATM and became operative on 1/1/2022. We received \$124,718 for FY24 and \$82,725 for the first three quarters of this fiscal year and expect the last quarter of the year to be similar, which is a great additional revenue stream for the town. Advisory advocated for this local option meals tax as a means to increase local revenue outside of the tax levy. In addition, the current proposal of Governor Healey's Municipal Empowerment Act,

which we hope will pass, would provide an option that allows cities and towns to further increase local option meals taxes from .75% to 1%. This is something that the Advisory Committee has on its list of items to research further, in order to see if we would support bringing it to Town Meeting for approval in the future. The new Empowerment Act, in addition to the meals tax increase, also allows for increasing the local lodging tax ceiling from 6% to 7% and adding a new 5 percent local option Motor Vehicle Excise surcharge. Both are items that we will discuss during our summer meetings.

Another revenue opportunity that Advisory is in the process of researching is the potential to adopt a stormwater usage fee and associated enterprise fund, which would move the costs associated with stormwater management in the town from the general fund to an enterprise fund. That funds expenses would then be assessed to all residents of town by percentage of total impervious surface. This method has been implemented in multiple Massachusetts towns and is quite common elsewhere in the country. This would most likely shift some of the burden of these costs from the residential tax base to the commercial and non-profits in town that have larger amounts of impervious surfaces (buildings, parking lots, other non-porous surfaces).

As part of the Town's long-term financial planning and improvements, the Select Board, by request and in support of Advisory, asked for a financial policy and overall financial management review of the town. The State Department of Revenue (DOR) provides this service at no charge to assist communities with their financial management practices. The evaluation is a comprehensive operational review of local accounting, treasury, collection, assessing, and overall administrative functions. It is designed to improve day-to-day management practices and procedures through specific hands-on tools, guidance, and strategies for improving local government. The financial policy review provides guidance in formalizing the town's existing financial processes and adopting best practices to better govern town operations. Based on the reports received, the process of updating some of the policy recommendations has begun and will continue, with more proposed changes coming. In addition, we are reviewing the financial management review document and putting together some recommendations to be implemented in the town.

#### **Additional Advisory Items of Note and Comments:**

##### **Budget Process:**

Under the direction of Town Administrator (Mark Purple) and the Town's Finance Director (Brian Ballantine), the budgeting review process initially implemented for FY14 has been continuously improved through this FY26 budget process. Future enhancements to be looked at include the addition of a budgeting tool and/or additional Town Finance team resources – designed to help Advisory achieve our goals. These needs will be analyzed after town meeting with the possible outcome of adding an additional staffing request to a future town meeting. The Town Finance team is tasked with preparing the initial budget proposal for review by both the Select Board and the Advisory Committee. While the budgeting process (from an efficiency perspective) continues to improve, it is still very taxing on the committee volunteers. Thus, the need as explained above for better tools or resources to utilize technology.

##### **Additional Advisory Comments:**

We invite those with an interest in any topic to attend upcoming Advisory meetings and express their viewpoints. We have a busy summer planned with many interesting topics to tackle. Advisory will continue to work to ensure that our residents receive the services that they want and need at an affordable and sustainable cost.

**Respectfully submitted,**

**Andrew Pfaff, Chair**

**Marci Jones Salow, Vice Chair**

**Timothy Martel**

**Adam Nodiff**

**Howard Rose**

**Barry Rubenstein**

**Larry Samberg**