

State of the Town: Grafton, Massachusetts
January 14, 2020

Proposition 2 ½ and Revenue:

In 1980 the state of Massachusetts passed a law known as Proposition 2 ½ which limits the amount any municipality can increase the tax levy in a given fiscal year. The tax levy is the amount of real and personal property taxes a municipality can raise in one fiscal year. It is the largest source of revenue for Grafton.

For the town of Grafton, the current allowance under Proposition 2 ½ amounts to an increase of approximately **\$980,000**. In addition to the levy increase, the town is also allotted new revenue attributed to new growth. New growth consists of any new addition to a community's tax base, whether that be residential, commercial/industrial or personal property. New growth is estimated ahead of any fiscal year. In FY21, new growth is estimated at **\$550,000**, which is equal to \$33.3 million in new value to the tax base. Any additional new growth beyond the estimate is certified in the Fall and can be raised prior to setting the tax rate in November. In FY20, the town was able to raise an additional \$200,000 in the Fall at October Town Meeting after new growth came in higher than initially estimated.

State aid and departmental revenue account for the remaining increases to a municipality's revenue in each year. State aid increases are estimated at about 1% for FY21 (an increase of about **\$120,000**). Departmental revenue is made up of a variety of accounts, but the majority comes from motor vehicle excise and permit fees. All departmental revenue is estimated to increase about **\$100,000** in FY21. Aside from permitting revenue, the largest increase in departmental revenue is slated to come from marijuana host agreement fees and taxes in the amount of **\$360,000**.

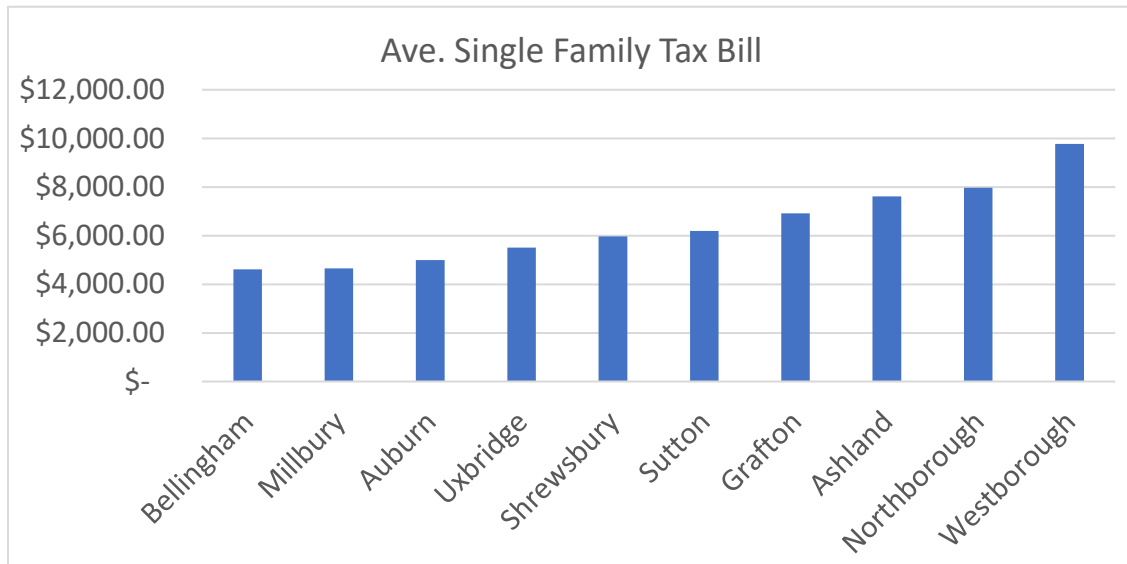
Revenue	Increase Amount
Proposition 2.5 Allowance	\$980,000
New Growth	\$550,000
State Aid	\$120,000
Departmental Revenue	\$100,000
Marijuana Host Community Fees & Taxes	\$360,000
Total New Revenue FY21	\$2.1 million

The only way to increase the amount raised in the levy is to request a Proposition 2.5 override. The school department has requested an additional \$2.1 million of new money for FY21. The only way to provide the school with the increase that they have requested is to ask the taxpayers to approve an override, which permanently increases the tax levy by the amount requested.

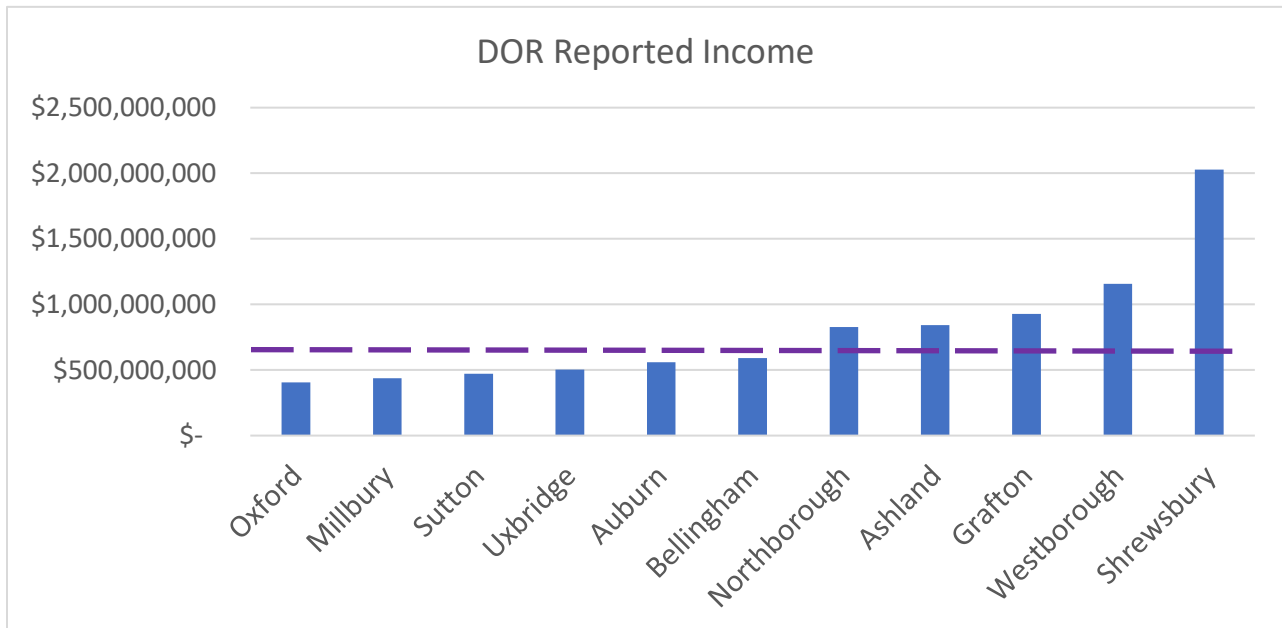
Affordability Compared to Surrounding Communities:

Comparably, Grafton residents are getting a very good deal for the services that they receive, both on the town and school side. Below are a few charts comparing affordability and value of Grafton to other communities.

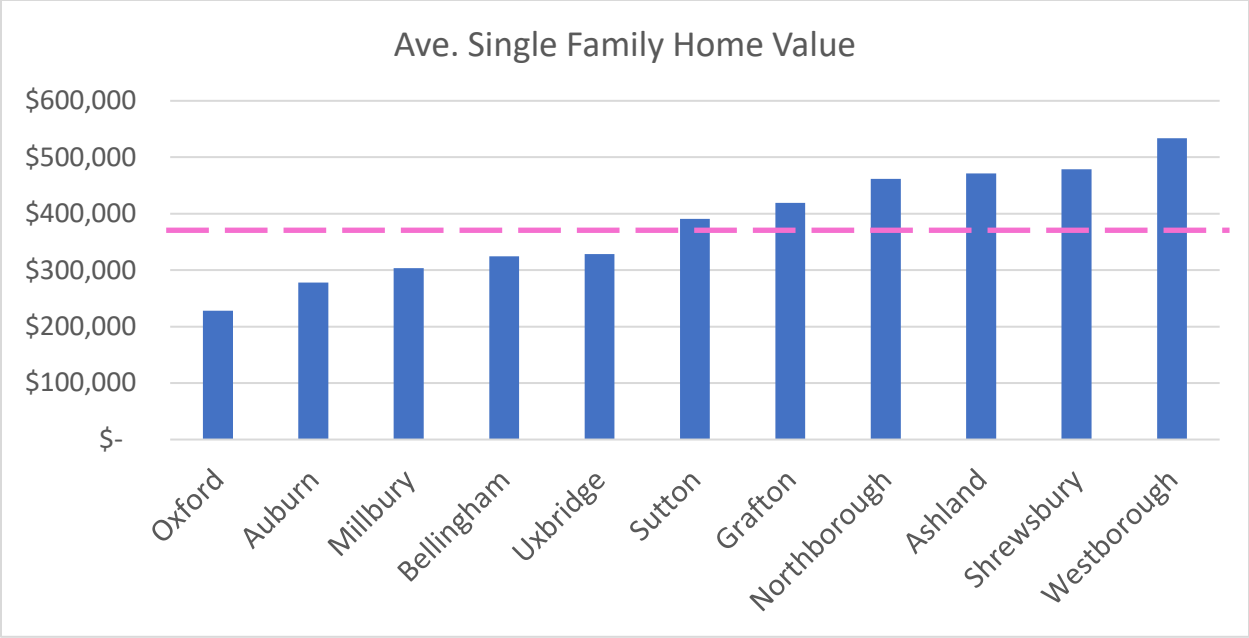
Average Single-Family Tax Bill: Grafton’s average single-family tax bill is 4th from the top of these 10 communities surveyed. The current average single-family tax bill in Grafton is \$6,920 of which \$641 goes to pay debt service.



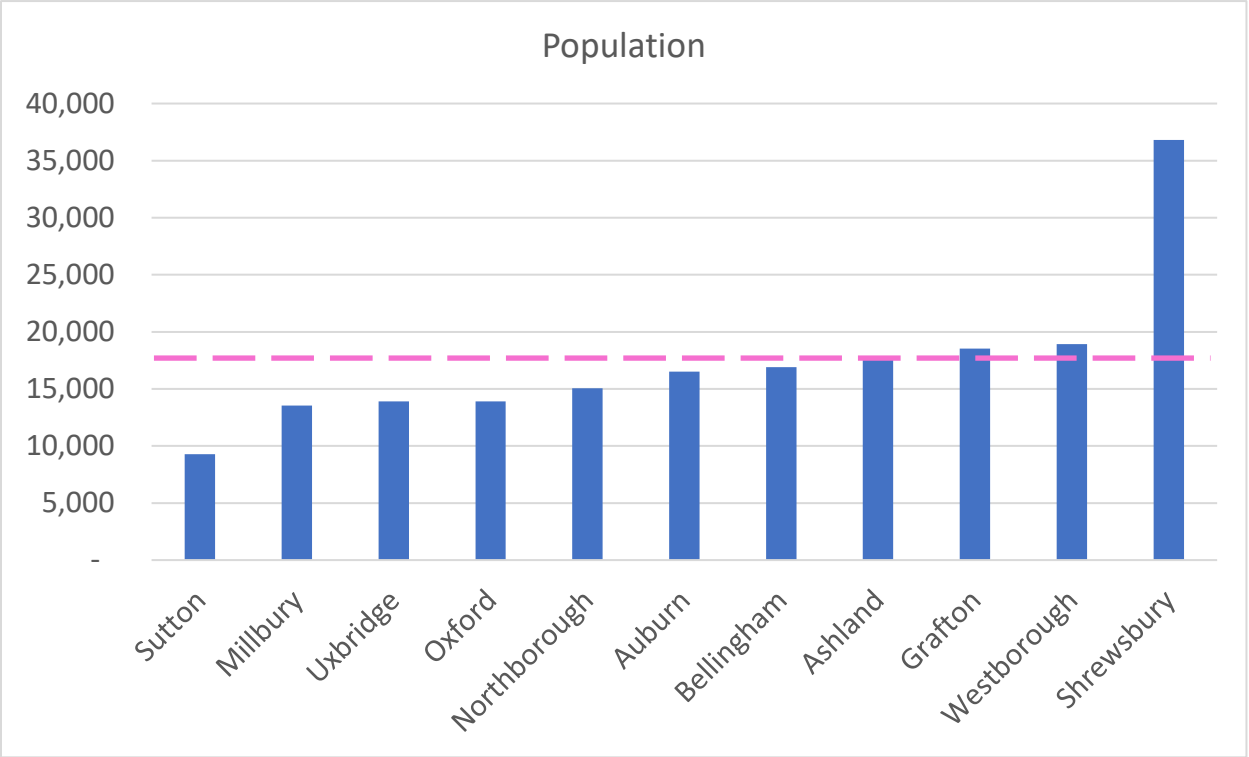
DOR Reported Income: The Department of Revenue tracks the reported income of each community. As seen in the chart below, Grafton is in the top 3 of these 11 communities for reported income, surpassed only by Westborough and Shrewsbury.



Average Single-Family Home Value: The average single-family home value in Grafton is currently \$419,388. Grafton's values sit in the middle of the range of these 11 communities but is higher than the average of all the communities, as shown by the pink dashed line.



Population: Grafton's population according to the state is about 18,500, as displayed in the chart below. Based on the towns surveyed, Grafton's population is slightly higher than the average of these 11 communities. The average is 17,356, and Grafton is just over 1,000 higher.



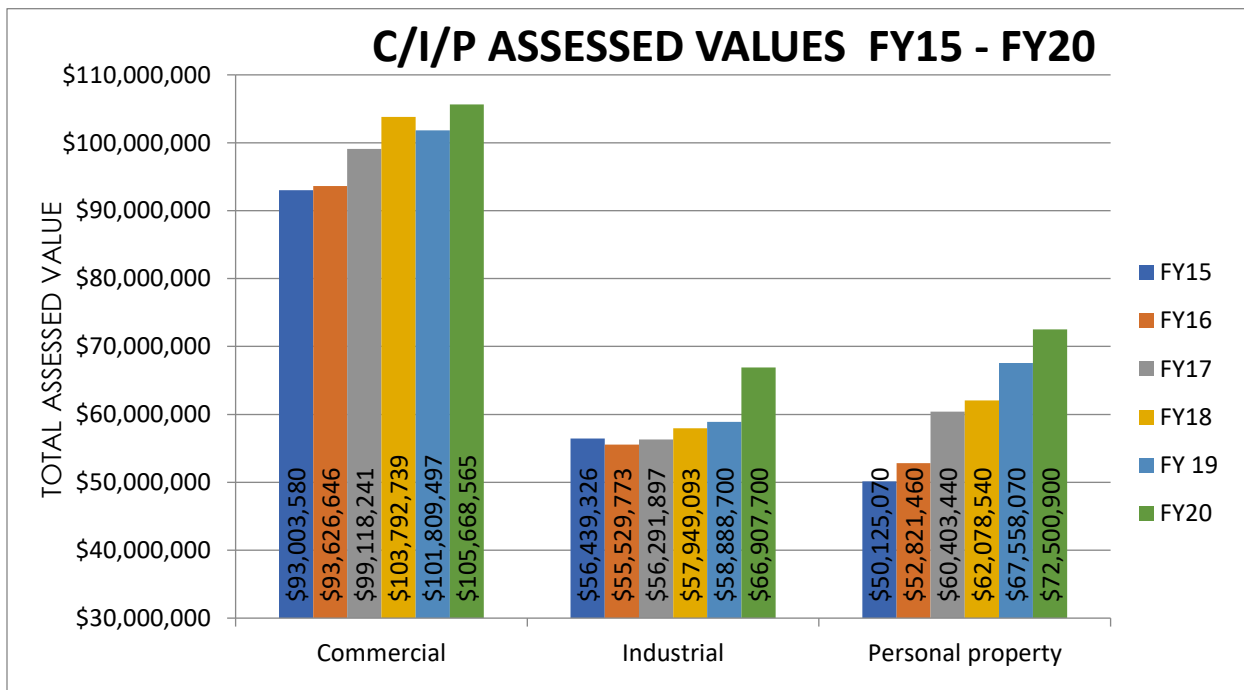
Economic Development:

Economic Development has been identified as one of the most important goals for Grafton as a community moving forward. In order to sustain growth and development of services for residents, it is critical that we expand the tax base beyond just residential ownership.

We have taken numerous steps in the last several years to encourage and foster as much commercial/industrial economic growth in Grafton as possible. This includes steps ranging from organizing weekly Development Team Meetings to quickly proposing zoning changes at Special Town Meeting to accommodate potential development. In FY18, the town hired its first Economic Development Coordinator to assist with both maintaining existing retail relationships in Grafton as well as attracting new developers for our many priority development sites.

Recent Success: Recently, the town has seen more commercial/industrial growth than ever before. Below are a few examples of commercial/industrial growth in the last few years.

Address	Purpose	Previous Value	Current Value	+/-
105 Westboro Road	UPS	\$750,000	\$3 million	\$2.25 million
100 Milford Road	Storage Facility	\$168,000	\$2.3 million	\$2.1 million
103 Worcester Street (existing TIF)	Dentist/Retail	\$310,000	\$611,550	\$301,550
1 Grafton Common	Retail Rental	\$299,400	\$596,300	\$296,900



In some cases, the town has chosen to rent out buildings to private/non-profit entities. Examples of this include One Grafton Common and the South Grafton Community House. In doing so, the town reduces

carrying costs as well as maintenance costs, and places those buildings back on the tax roll, thereby increasing revenue to the town.

The Town has also seen major interest in the development in the marijuana business throughout town. The Board has executed several host community agreements and many of those businesses are in the beginning stages of planning and construction. In FY21, we are anticipating revenue from those businesses in the amount of \$360,000. These are above and beyond property taxes and are based on the host community agreements.

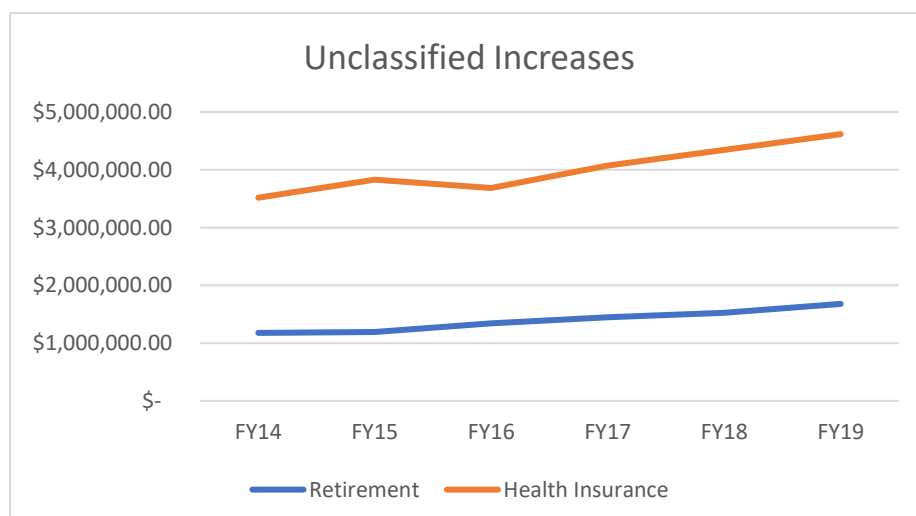
This year, the town was able to secure a MassWorks grant to install a sewer line along Route 30 which will compliment several major developments along that road and encourage development to other sites. In the next several years, Route 30 is poised to become a fully developed route through Grafton, with mixed-use housing and retail components at 100 Westboro Road and the redevelopment of the old Grafton State Hospital through a sales partnership with the State of Massachusetts.

Municipal Budget Growth & Staffing Changes - FY14-Current

Health Insurance:

The town's most significant cost driver (aside from reaching our educational goals) has been and will continue to be health insurance. Since FY14, the health insurance budget has grown over \$1 million (**\$1,100,000**). This is the portion of the budget that covers health insurance for employees and eligible retirees. The remainder of the unclassified budget, which includes retirement, town insurance, etc., has also grown almost \$1 million since FY14 (**\$740,000**).

The increases to health insurance are largely driven by the market, and somewhat by claims. We continue to find ways to curb the cost of health insurance, both by shopping the market (joining the GIC and then leaving GIC when costs were anticipated to skyrocket), and through training programs provided by MIIA to decrease town insurance costs. As a result of moving to the GIC and then ultimately to Harvard Pilgrim, the Town avoided **\$3.5 million** in health insurance costs from FY14 to now.



Public Safety:

As a percent of the total budget (not including debt or schools) the next largest category is public safety. The municipal public safety budgets are comprised of Police, Fire, Building, Gas, Plumbing, Sealer, Wiring, Emergency Management, and Animal Control/Inspector.

From FY14 to FY20, the public safety budgets have increased a total of **\$248,495**. 86% of that cost is attributed to personnel and 14% to expenses.

In FY14 the police department had 18 sworn officers (including the Chief). A full time SRO was added in FY15 after receipt of the COPS grant. The SRO position is dedicated to working with the schools and cannot take part in patrol as it did previously. In FY16, the Police Department added one additional officer, bringing the total today to 20 sworn officers including the Chief.

The national average is 1.8-2.6 officers per thousand residents. At 1.8 per thousand, Grafton should have at least 32 sworn officers. In FY21, it costs approximately \$65,500 to add an additional officer, not including health insurance (at Step 2). To add an additional 12 officers, it would cost \$786,000. Including health insurance at an additional \$138,000, a total increase of \$924,000.

The Chief continues to reiterate that adding officers is needed due to the increase in population, crime rate, shift in staffing levels and officer safety concerns. There is increased demand for police services, localized crime concerns, community policing expectation, and an expanded community caretaker role to follow up with citizens who have mental health challenges. In addition to all of this, the police department is currently working towards becoming an accredited and certified department with the state. This takes lots of additional resources to achieve.

The only additional staffing change since FY14 is the change to a regional service delivery model for the Animal Control services. That change was made in FY19 (+\$15,000).

From FY19 to FY20, Public Safety categories were reduced overall by 5%, and public safety as a percent of the total budget has been reduced from 6.37% in FY14 to 5.22% in FY20.

Public Works:

Public works accounts for 4.2% of the total budget. Public works include the Engineering Department, Highway Department, Sanitation, Snow & Ice, Streetlights, and Parks & Cemeteries.

Public works is one of the only categories of the budget where expenses outweigh personnel costs (39:61). The public works budget has grown a total of **\$219,664** since FY14, \$120,576 in personnel costs and \$99,088 in expenses.

Staffing for each of the departments in the public works categories has remained level or reduced since FY14. Highway maintenance staff maintain over 100 lane miles of road throughout Grafton.

In order to curb staffing costs, we have taken creative measures – merging our Sewer Superintendent with the DPW Director position so that the salary costs can be split between Sewer Enterprise and general operating dollars. Many times, we have coordinated shared resources to complete projects.

General Government:

General Government accounts for 3.7% of the total operating budget. In FY14, General Government accounted for 4.73% of the budget, a reduction from FY14 to now.

Included in this category is the Moderator, Select Board, Town Administrator, Finance Committee, Reserve Fund, Accounting, Treasurer/Collector, Assessing, Legal, Human Resources, Copiers, Town Clerk, Elections, Cable Access, Conservation, Planning, Appeals Board, EDC, South Grafton Community House, and the Municipal Center (including utilities).

Since FY14, all General Government category operations have grown by **\$171,426**. Personnel make up the majority of the cost in those categories, accounting for 65% of the total budget, and 35% spent on expenses.

Staffing levels throughout those departments have been reduced from FY14 levels.

- The Select Board Admin was reduced to a part-time position last fiscal year.
- In FY14, the Treasurer/Collector had 5FT staff members. Today, the Treasurer/Collector's Offices has 3.5FT staff.
- Municipal Maintenance staff was reduced in FY20 from 3FT staff to 2.5 staff.
- In FY14, the Planning Dept had 3FT staff and the Conservation Dept had 2 FT staff. Today, Planning and Conservation combined have 4 staff and a PT EDC Coordinator has been added.

The General Government operations budgets have been reduced in FY19, FY20, and are slated to be reduced again in FY21. (FY19: -1.33%, FY20: -2.01%, FY21: -0.3%)

Culture & Recreation

Culture & Recreation make up 1.9% of the total operating budget and includes the Library, Recreation, and Nelson Park & Library. This is one of the only municipal operating categories that has grown as a percentage of the total budget from FY14 to now (was 1.69% in FY14).

Since FY14, the Culture & Recreation budget has grown **\$228,748**, \$221,363 of that in personnel costs and \$7,385 in expenses. These budgets have grown an average of 7% since FY14.

The Library has seen staffing increases since FY14. In FY14, the Library had 18 FTE. Currently, the Library has a total of 25.5 employees. While staffing has grown at the Library, so have services, programming, and participation. The Library Trustees have established policies around minimum staffing levels, which the town is working to achieve.

Recreation has had no change in staffing since FY14 but continues to be a largely self-sustaining department through their programming revenue. We are proposing to add a PT staff person in FY21 for the Recreation Department, but that position will be fully funded through the revolving account and paid for by fees from the programs.

In FY19, the Recreation Department brought \$47,705 into the general fund in beach stickers and through the swim program. Those funds go directly towards funding general operations for all town and school departments.

In addition to the beach and swim program, Recreation runs several programs throughout the year, most of which regularly have waiting lists. Those additional programs are deposited into revolving accounts which are used to continue to fund additional programming and events.

In FY19, the Recreation Department brought \$383,300 into revolving accounts, bringing the total recreation revenue in FY19 to \$431,005. In FY19, the total recreation budget was \$263,588. A small portion of that goes towards the general fund while the balance goes to programming.

Health & Human Services:

Health & Human Services is the smallest slice of the budget, aside from non-appropriated expenses. It accounts for 0.9% of the total budget and is comprised of Board of Health, Council on Aging, and Veteran Services.

Since FY14, the Health & Human Services portion of the budget has grown a total of **\$86,334**, accounting for exactly 0.14% of the operating budget in FY20.

The Health & Human Services category is split 60% for personnel costs and 40% for expenses. Since FY14, personnel costs have increased \$41,086, and expenses have increased \$45,248.

The Council on Aging budget has increased a total of **\$34,075** since FY14. Contained within the department are 3FT staff (Director, Admin Staff, and Transport Coordinator), 2 PT staff (Outreach Counselor and Activities Coordinator). Additionally, there are 2 PT van drivers who are paid for by a WRTA grant that the Director secures for the town each year.

In FY14, the Senior Center provided 5,108 rides for qualifying residents. In FY19, that number increased by nearly 3,000 per year to 7,916. That increase has been managed without additional staff by the Council on Aging.

The number of seniors in town has increased 20% since FY14, and the total number of seniors serviced by the department has also increased 20% since FY14, with no increase in staffing and only an average of \$6,000 increase each fiscal year to keep up growing demand for services.

The last two departments in the Health & Human Services Category – Board of Health and Veteran Services – are both departments that have been regionalized in the last ten years.

In FY15, the town moved to the Central MA Regional Health Alliance and saw a reduction of \$33,986 from the town's operating budget as a result of that change. Since implementation of the Alliance in FY16, the Town has saved over \$100,000 in health services due to that change. Even in FY20 with the inclusion of the Title V services, it is still more affordable today than it would have been had we kept an agent and PT nurse on staff.

	Board of Health with Inspector	Board of Health Alliance	Budget Savings
FY14	\$ 151,944		
FY15	\$ 155,019		
FY16	\$ 158,379	\$ 128,503	\$ 29,876
FY17	\$ 163,593	\$ 133,653	\$ 29,940
FY18	\$ 166,084	\$ 137,992	\$ 28,092
FY19	\$ 170,004	\$ 152,509	\$ 17,495
FY20	\$ 173,338	\$ 167,767	\$ 5,571

Veteran Services has seen the largest growth in the Health & Human Services Category since FY14. However, Grafton is a member of the Central MA Veteran’s Service District, which means our costs are shared by 3 other communities – Westborough, Shrewsbury and Northborough. As a result, we only pay 21% of the cost of the total budget. The Town budgets for Chapter 115 benefits for Veterans in town and are reimbursed 75% of that cost from the state. Even though the Veteran Services budget has increased, there is a revenue that offsets those increases and is collected from the other towns within the district.

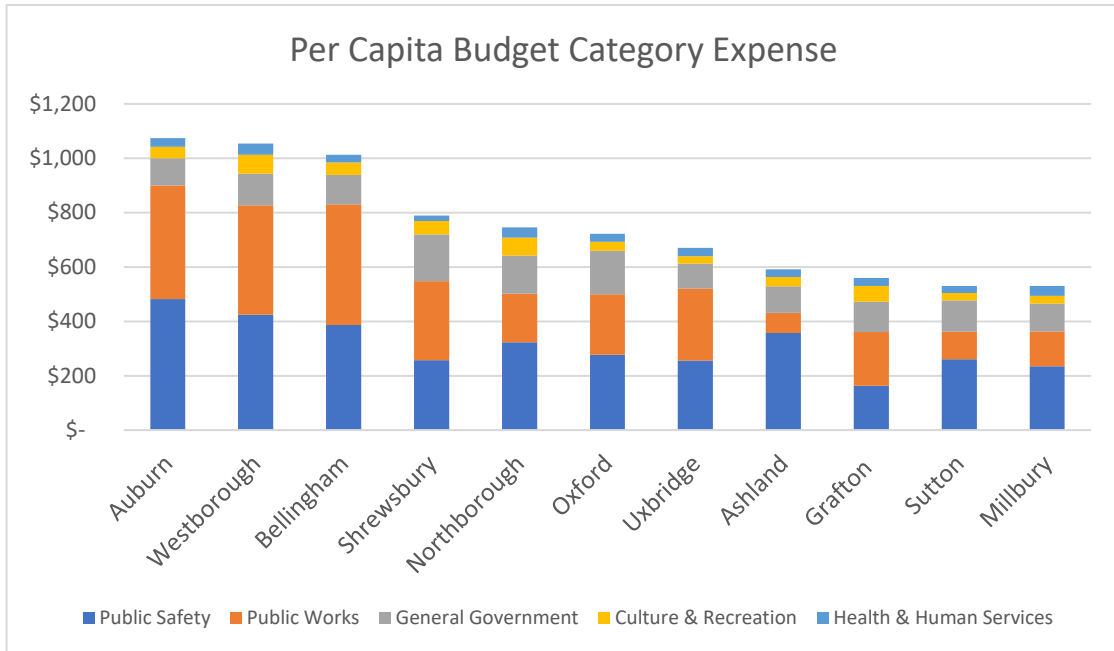
Debt Service:

Debt service has increased a total of **\$2,113,559** since FY14. Since FY14, the Town has voted on several major capital building projects. Not all of these have been permanently financed yet and as a result, this debt number will increase in future years. About \$640 of the average single-family tax bill goes to pay debt.

Since FY14, the Town has approved the building of both a new DPW Facility and new Library. The new Library will be partially funded by a grant through the Massachusetts Board of Library Trustees. Additionally, the town has completed a \$45 million wastewater treatment facility upgrade to be funded completely by sewer user fees. The bonds for the sewer loan are at 0% through the Massachusetts Clean Water Trust, obtained by town staff. Most of the \$2.1 million increase to debt service is attributable to the Wastewater Treatment Facility project. The debt service for that project is transferred from the enterprise fund to the general fund to cover the payment each fiscal year.

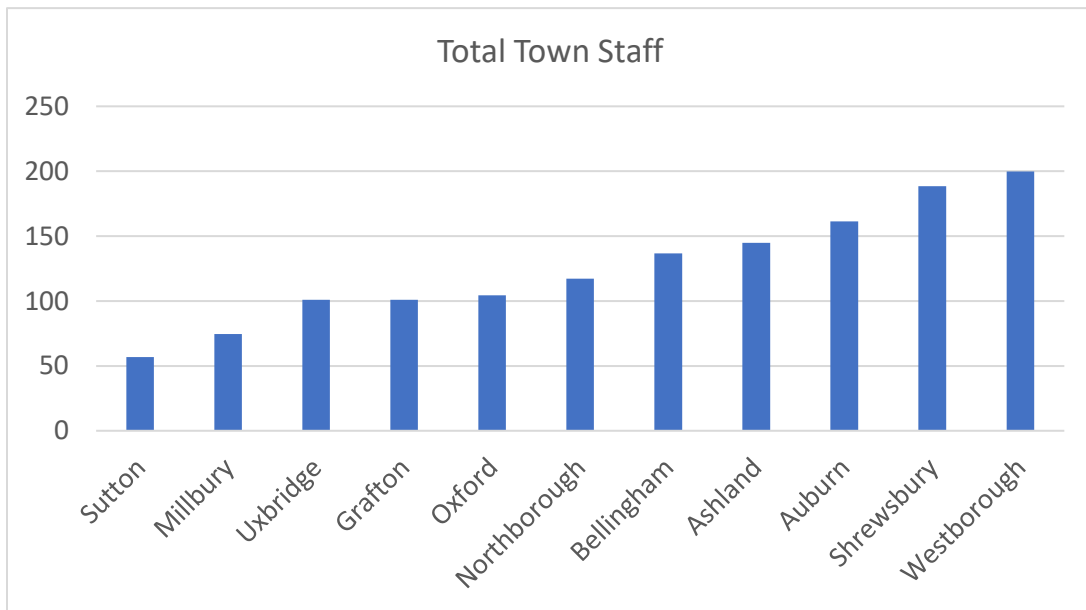
Per Capita Value of Services:

The below graphs indicate the operational cost of the town per capita or resident. These categories are: Public Safety, Public Works, Sewer, General Government, Health and Human Services, and Culture and Recreation.

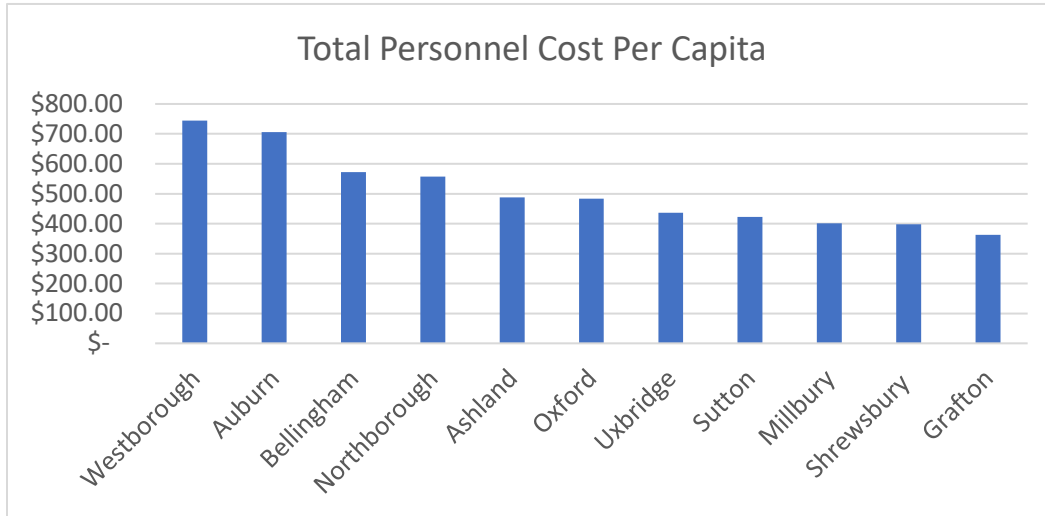


As indicated from the chart above, Grafton is consistently on the low end of budget category expense per capita compared to its surrounding communities. Cumulatively, Grafton spends less on expenses and personnel combined than 8 of the 11 communities surveyed.

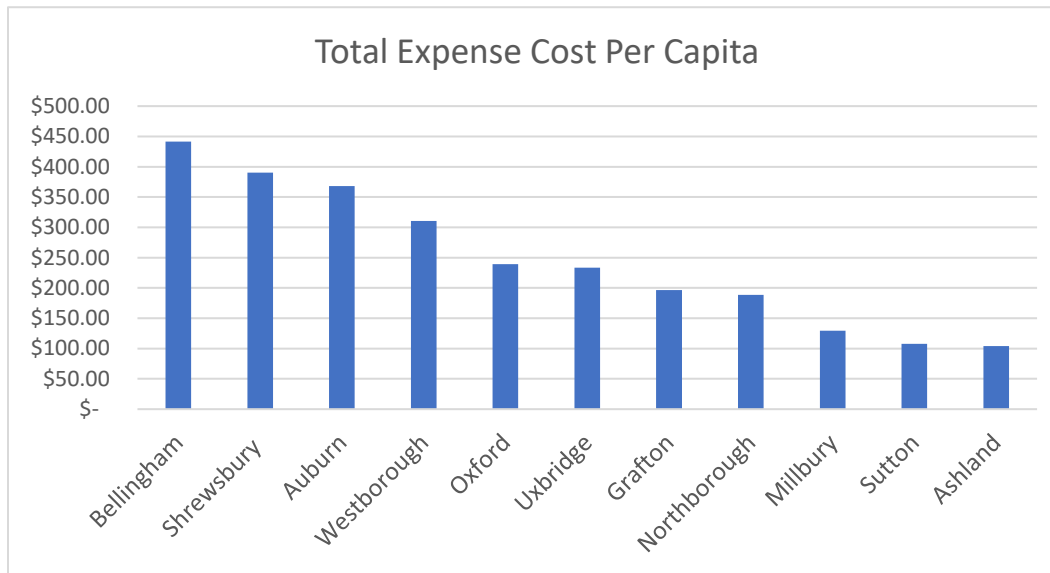
Grafton also has significantly less staff on the Town side compared to its surrounding communities, with half of the total staff that Westborough has.



Below you can see, Grafton spends less per capita on personnel than any of the other communities surveyed.



When comparing the cost of expenses per capita to surrounding communities, Grafton is situated closer to the middle, spending more than 4 surrounding communities.



In Considering an Override:

There are several town departments that need additional personnel. While town operations have grown conservatively for the last 5 years to accommodate the increase in health insurance and the schools, the demand for services will soon outpace the town’s ability to provide with current staffing levels. Below is a list of positions to consider and their approximate cost to the budget.

Department/Staff	Explanation	FY2021	FY2022	FY2023	FY2024	FY2025
FT Recreation Coordinator	Expand programming and provide residents with alternative programs/activities.	\$57,000				
Police Department Requests	Increase in workload, demand for community policing, 911 wireless dispatch.	\$133,131 (1 Detective, 1.5 Dispatch)	\$63,996 (1.5 Dispatch)	\$67,303 (1 Officer)		
Full Time Selectboard Admin	Position cut to accommodate other increases in FY19. FT staff is needed to keep up with demand of office.	\$25,000				
IT Network Specialist	Agreement with current contractor ends FY21. Need onsite support to handle day to day issues.	\$75,000				
Staff Planner	Requested during FY21 budget cycle by planning. To accommodate increasing workflow and demand from Stormwater requirements.	\$50,000				
PT Economic Development Coordinator	Fund with general fund dollars.	\$30,000				
Grants Administrator	Provide support in applying for various grants throughout various town departments and assist in administering.	\$65,000				
Full Time Fire Captain	Anticipated need based on Fire Study.		\$100,000			
PT Municipal Custodian	Position cut in FY20. Will need additional personnel to accommodate new library.		\$25,000			
Facilities Director	Aging infrastructure requires more diligent oversight to prevent failure and increased costs.		\$92,000			
Town Engineer	To review plans internally. Save on consulting services			\$90,000		
Senior Center (2 PT Van Drivers)	To run added 3 rd van needed to accommodate growth in senior population and demand for rides.				\$27,000	
Finance Director	Per audit recommendations				\$90,000	
Human Resources Director	HR duties currently split between Assistant Town Administrator and a part-time analyst. Growth in staff and increasing mandates will require a full-time director.					\$85,000
Total Personnel Impact		\$450,131	\$281,000	\$307,300	\$117,000	\$85,000

In addition to the above staffing needs, there are also operational expenses to consider within the operating budget that are not currently being funded. Many of these requests were cut during the FY21 budget process to balance the FY21 budget. If the town were to consider an override in FY21, the below expenses should be included.

Department	Need	FY2021	FY2022	FY2023	FY2024	FY2025
Police	Cruiser Replacement	\$ 98,000.00				
Fire	Equipment	\$ 80,000.00				
Municipal	Repointing, Locker Removal, Carpets		\$ 15,000.00			
Overlay Reserve	Increase	\$ 200,000				
Snow & Ice	Increase based on history	\$ 150,000				
Total		\$ 528,000.00	\$ 15,000.00	\$ -	\$ -	\$ -

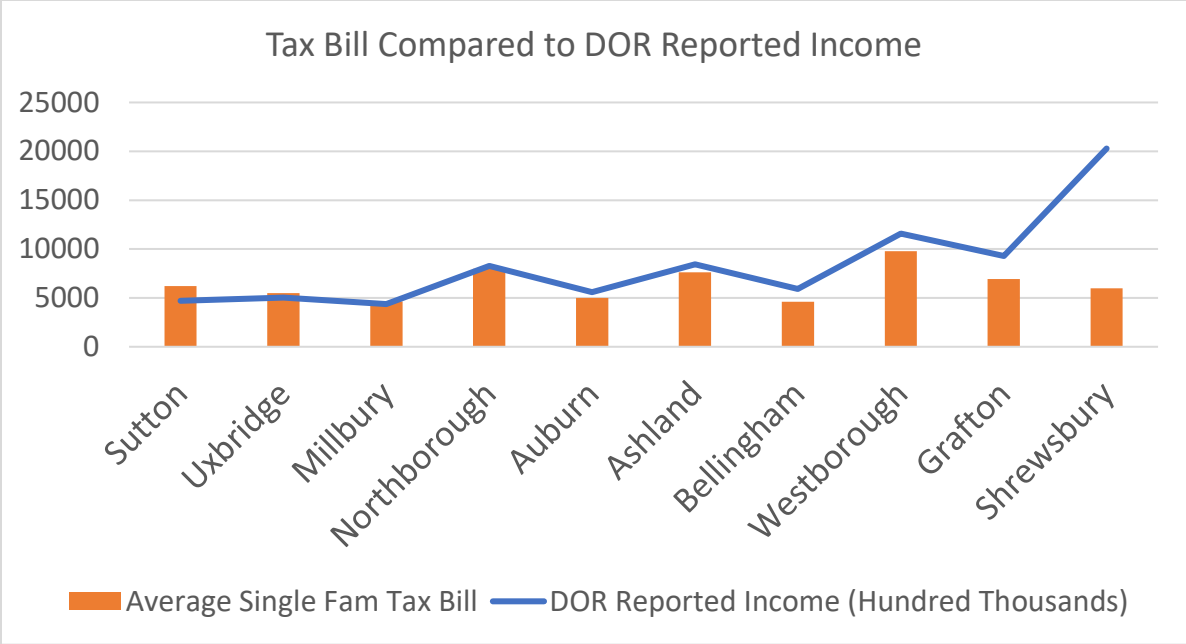
As indicated by the chart below, the cumulative operating need for both town and school over the next five years is **\$5,530,319**.

	FY2021	FY2022	FY2023	FY2024	FY2025
Town Request	\$ 978,131.00	\$ 296,000.00	\$ 307,300.00	\$ 117,000.00	\$ 85,000.00
School Request	\$ 877,974.00	\$ 714,328.00	\$ 628,518.00	\$ 788,567.00	\$ 737,501.00
Total Need/Raised Each Year	\$1,856,105.00	\$ 1,010,328.00	\$ 935,818.00	\$ 905,567.00	\$ 822,501.00

Cost of Override – What can residents afford?

With the current tax rate and average single-family home value, it costs the average Grafton taxpayer approximately \$151 for each \$1 million additional raised through taxation. In FY20, to raise an additional \$1 million, the average single-family tax bill would go up to \$7,071, nearly \$500 less than the next highest surrounding community tax bill.

When assessing a community’s ability to pay for an increase in taxes, or an override, one factor to look at is tax bills compared to income. The chart below compares the DOR reported income for each community against the average single-family tax bill.



Based on the information in the chart above, the two communities with the most elasticity are Shrewsbury and Grafton. The greater the distance between the bar indicating the tax bill and the line showing the reported income, the greater the ability to pay.

Override Options and Impact to Tax Bill:

In addition to town and school needs, Grafton is currently facing about \$15 million in capital needs over the next five years. These capital needs are a combination of school and town projects. Currently, capital is funded using certified “Free Cash” which is undesignated fund balance at the end of the fiscal year. We spend about \$1 million in capital needs each year. If we continue to only spend \$1 million each year, by 2025, we will have a backlog of \$8.4 million in capital needs. If we were to increase the amount spent in each year to \$2 million, that same backlog slashed to \$3.4 million in 2025.

Fiscal Year	Total Capital Need	Balance with Unspent from Previous (\$1 million)	Balance after \$1 million spent	Balance with unspent from Previous (\$2 million)	Balance after \$2 million spent
2020	1,862,478	862,478			
2021	1,524,500	2,386,978	1,386,978	386,978	
2022	3,260,000	4,646,978	3,646,978	3,646,978	1,646,978
2023	3,275,000	6,921,978	5,921,978	4,921,978	2,921,978
2024	1,549,000	7,470,978	6,470,978	4,470,978	2,470,978
2025	2,935,000	9,405,978	8,405,978	5,405,978	3,405,978

Like the Road Stabilization Override account created in FY14 during the last override, the town could authorize a Capital Stabilization Override account in order to adequately address the capital needs of the community.

The below chart shows the cost to average single-family home for each option presented.

Ave. Tax Bill	FY20	FY21	FY22	FY23	FY24	FY25
No Override	\$6,920	\$7,096	\$7,206	\$7,376	\$7,547	\$7,739
With Override Full \$5.5 and \$1 million capital	\$6,920	\$7,531	\$7,789	\$8,093	\$8,392	\$8,663
With Override Full \$5.5 – No Capital Stabil.	\$6,920	\$7,378	\$7,638	\$7,944	\$8,244	\$8,516
With Override School Only \$3.8 million	\$6,920	\$7,229	\$7,445	\$7,707	\$7,992	\$8,288
Capital Stabilization Only	\$6,920	\$7,247	\$7,356	\$7,524	\$7,694	\$7,885

Sample Ballot:

Shall the Town of Grafton be allowed to assess an additional \$6,500,000 in real estate and personal property taxes for the purposes of funding the town and school operating budgets (\$5,500,000) and the municipal capital stabilization fund (\$1,000,000) for the fiscal year beginning July 1, 2020?

If the town were to vote to approve this override, the full amount would not be raised in the first year. The amount raised would be staggered over 5 years to support the operating needs of town and school and limit the impact to the taxpayer. Below is the amount raised in each year.

	FY2021	FY2022	FY2023	FY2024	FY2025
Amount Raised Each Year	\$1,856,105	\$1,010,328	\$935,818	\$905,567	\$822,501

Timing for Override in FY21:

Approval for an override is a 2-step process. The residents must vote in favor both at Town Meeting (to appropriate the funds) and at the ballot. There is no rule for which vote must come first. Only the Selectboard can vote to place an item on the ballot.

This year, there are two ballot votes already planned prior to the start of FY21. The first is the national primary vote, happening in March. While the Board cannot place the question on the actual state ballot, the Board can call for another special election with its own ballot. If the Board wished to have the ballot vote in March, we would recommend calling for the same day as the primary to save on personnel costs, but have a separate ballot handed out for the override question.

In order to meet the March timeline, **on or before January 28**, the Board would need to:

1. Call a special election for 3/3/2020 and change hours to 7am-8pm to match primary hours.
2. Vote on language for override question(s) on the ballot.

If the Board were to wait until the May ballot, the town would prepare two budgets for May Town Meeting – an override success budget and a contingency budget if the override were to fail.

If you have questions about any information presented here, or about the override process, please don't hesitate to contact me at: 508-839-5335 x1180 or at mcinerneyt@grifton-ma.gov.