

**Town of Hopkinton
Fiscal Year 2026 Budget
Initial Discussion Information
October 1, 2024**

This document provides background to support the launch of the fiscal year 2026 (FY26) budget process for the Town. There is a level of uncertainty at the beginning of every budget process, and increasing debt service payments and increasing operating costs may be the main challenges this year. The Town’s practice has been to complete a review of available funding and a bottom-up budget review of the cost and value of services delivered each year. The Town’s budget translates the Town’s needs and priorities into services.

Projected FY26 Revenues

The following table summarizes current **initial estimates** of FY26 General Fund sources of funding compared to budgeted funding estimates for FY25 under a 2.5% tax impact scenario:

Table 1: Sources of Funds

Sources of Funds		FY25 Budgeted Sources of Funds	FY26 Estimated Sources of Funds	% Change FY25 - FY26
1	Levy Base	\$88,530,256	\$92,350,199	4.31%
2	New Growth	\$1,567,500	\$1,489,125	-5.00%
3	Debt Exclusions	\$8,254,669	\$11,144,330	35.01%
4	Less - Provision for tax abatements/exemptions	\$0	\$0	
5	Estimated Net Property Tax Revenue	\$98,352,425	\$104,983,654	6.74%
6	State Aid	\$11,647,323	\$11,938,506	2.5%
7	Less - Regional and State Program Charges	-\$416,881	-\$427,303	2.5%
8	Estimated Net State Aid	\$11,230,442	\$11,511,203	2.5%
9	Excise Tax, Licenses, other Local Receipts	\$6,172,867	\$6,666,696	8.00%
10	Cost Share from Enterprise Funds	\$799,578	\$819,567	2.5%
11	Ambulance, misc. sources	\$1,255,835	\$550,000	-56.20%
Total Recurring Sources of Funds		\$117,811,147	\$124,531,120	5%
12	Non-Recurring Sources: Cert. Free Cash	\$5,700,036	\$10,417,166*	82.76%
Total Sources of Funds		\$123,511,183	\$134,948,286	9.26%

*Pending certification by State; will include a transfer from Overlay and excess cash from FY24.

When the budget appropriation votes are taken at the May Annual Town Meeting, they are based on conservative estimates of anticipated revenues. Actual State Aid numbers, for example, are not known until the State budget is signed by the Governor, often in the summer.

Almost all of the Town's revenue comes from a few sources. Residential property tax is the Town's dominant revenue source. Home values in Hopkinton have risen in recent years and this is anticipated to continue; the other continuing trend is a drop in new residential construction. We are anticipating New Growth to be less than FY25, but the actual numbers will be available in 6-8 weeks. The Town's tax collection rate is excellent, about 99% and is expected to continue in FY26.

The Town's second largest revenue stream is from Local Aid from the Commonwealth, and we continue to see minimal change in State revenue, which may impact the Governor's proposal for Local Aid. Local Aid increased 5% between FY23 and FY24, but only 1.25% between FY24 and FY25. While it is too early to tell, we based our budget on a 2.5% increase in Local Aid from FY25.

In FY25, the Town negotiated a settlement with Hopkinton LNG d/b/a Eversource Energy. The Town has processed a real estate tax abatement in the amount of \$100,000 that covers 16 outstanding cases at the Appellate Tax Board on both real estate and personal property for Fiscal Years 2017, 2018, 2019, 2020, 2021 and 2022. The value difference between our assessed values and what Hopkinton LNG was telling us their property was worth for all of those cases for all of those years was some \$266.4 million dollars with a potential tax liability of \$4.5 million dollars, that we have been holding in the Overlay Account. All of those cases have now been withdrawn and at this time there are no additional pending cases with Hopkinton LNG because they did not file any real estate or personal property appeals in Fiscal Year 2023 or Fiscal Year 2024. On September 24, the Board of Assessors voted to release \$4,000,000 from the Overlay Account to Overlay Surplus. This amount is reflected in the Free Cash estimate of \$10.4 million.

Local receipts have increased steadily 8-10% year over year from FY22-FY25. We have calculated the FY26 number based on an 8% increase from FY25. As reported in our quarterly investment updates, the Town has benefited from the high interest rates with earning on deposits placed with the State-sponsored Massachusetts Municipal Depository Trust, Bartholomew and other commercial banks. With the decrease in interest rates, we are expecting a slight decrease in our interest income for FY26.

Certified Free Cash is one-time funding available to support priorities in the coming year. The exact amount of Certified Free Cash available for use in the FY26 budget will not be known until the end of the calendar year, when it is Certified by the State. Town Financial Policy calls for paying for recurring expenses with recurring funds. The one time use of funds proposed in Table 2 (row 27) represents a subset of the FY26 capital plans submitted by department heads. Some of the proposed projects include a Public Safety Radio System upgrade, a number of new vehicles, and upgrades to the Police and Fire Station, as examples. The proposals have not been reviewed by the Town Manager, Capital Improvement Committee or the Select Board. The reviews are scheduled to take place over the next few months.

Projected FY26 Expenditures

Generally, the Town Manager’s priorities are to advance the Town’s vision and mission, informed by needs expressed by the community and strategic planning initiatives, for example. The budget process should:

- Sustain and maintain Town services and prioritize finding efficiencies and focusing spending on key service outcomes and impacts; with a priority on collaborative efforts and supporting those most vulnerable in the community.
- Sustain and improve the Town’s capital infrastructure.
- Ensure long term fiscal stability by supporting adequate reserves, funding of long-term liabilities, and adherence to the Town’s Financial Policies.

Table 2: Uses of Funds

Uses of Funds		FY25 Budgeted Uses of Funds	FY26 Estimated Uses of Funds	% Change FY25 - FY26
13	Tax lien administration costs	\$50,000	\$50,000	0%
14	State funded Library spending	\$28,335	\$31,481	11.10%
15	Repayment of Debt Principal and Interest	\$9,022,379	\$13,083,920	45.02%
15a	<i>Repayment of Existing Debt P&I, Excluded</i>		\$11,173,287	
15b	<i>Repayment of Existing Debt P&I, In Levy</i>		\$1,910,633	
16	Deficits and Judgments	\$0	\$0	0%
17	Snow and Ice Surge Costs	\$0	\$0	0%
18	General Government	\$5,603,683	\$93,073,248	4.57%
19	Public Safety	\$8,414,571		
20	Education	\$64,881,625		
20a	<i>Hopkinton Public Schools</i>	63,144,790		
20b	<i>Special Education Reserve Fund</i>	\$1,094,024		
20c	<i>Regional Vocational Technical School</i>	\$642,811		
21	Public Works	\$7,288,137		
22	Health and Human Services	\$1,530,959		

23	Culture and Recreation	\$1,285,324		
24	Employee Benefits and Insurance	\$19,106,134	\$20,634,625	8%
Sub-Total Departmental Expenses		\$108,110,433	\$113,707,873	5.18%
Total Recurring Uses of Funds		\$117,211,147	\$126,873,274	8.24%
25	Transfer to OPEB (post-retirement health care)	\$853,671	\$875,012	2.5%
26	Transfer to Stabilization	\$700,000	\$700,000	0%
27	Town Meeting Capital Articles, free cash	\$4,746,366	\$6,500,000*	30.16%
Total Non-Recurring Uses of Funds		\$6,300,037	\$8,075,012	28.2%
Total Uses of Funds		\$123,511,184	\$134,948,286	9.26%

The presentation in Table 2 shows the potential distribution of FY26 expenditures based on adherence to our financial policies. As a reminder, the Town’s policy is for all recurring costs to be paid for with recurring sources of revenue. As you can see, our expenses continue to increase disproportionately to our sources of revenue, so there is a projected shortfall at this time.

We will need to refine our numbers over the next few weeks to deliver a budget based on confirmed projects and certified balances, not estimates. We intend that with further scrutiny of capital items, a review of departmental budgets and a review of our debt payment schedule, we will be comfortable with our FY26 revenue and expense numbers.

Attached in Table 3 is our proposed principal and interest schedule based on our current debt, including the projected school construction expense. You will see the repayment amount almost doubling from FY25.

U.S. employers expect health insurance costs to rise an average 5.8% in 2025, largely due to increased cost of medical services as well as higher use, according to a survey released by Mercer. In an article from Reuters in September 2024, employers with workforces sized between 50 to 499 employees reported the highest cost increase in health insurance, by 9%. As you can see from Table 2, row 24, we are planning an 8% increase for FY26.

(<https://www.reuters.com/markets/us/us-employers-expect-nearly-6-spike-health-insurance-costs-2025-mercere-says-2024-09-12/>)

Tax Impact

Table 2 above shows an initial anticipated amount available for recurring costs across all departments of \$93 million, which is 4.57% above the amount provided in the FY25 budget. With school contractals being negotiated and union contract commitments, we will be limited with any further reduction in this area. In the coming months, we will look for reductions in all areas across the Town, including paying down our debt with unused historical balances. Information about aggregate tax impact will be developed as part of the FY26 budget process

and will be communicated in the Town Manager's 2025 Budget Transmittal and in the Appropriation Committee Report to be delivered in April, 2025.

Additional Discussion Items

There are uncertainties in any budget, especially this early in the fiscal year. Multiple factors could impact the Town in FY26:

- Inflation: The Federal Reserve's preferred measure of inflation, the PCE deflator, came in at 2.5% year over year in July, inching closer to the Federal Reserve's target. However, the pace of PCE inflation decrease remains slow, indicating that inflation may not cross the 2.0% threshold for some time. Inflation has a direct impact on project costs, wage inflation, and overall operating budget.
(<https://www2.deloitte.com/us/en/insights/economy/us-economic-forecast/united-states-outlook-analysis.html>)
- Energy Cost Escalation: With the continued conflict between Ukraine and Russia and the emerging situation in the Middle East, both regions have major petroleum production, and so one likely outcome of escalation could come in the form of higher oil prices. This price increase could impact our town vehicles and transportation costs.
- Contract Negotiations: Contracts with School unions (teachers, custodian/maintenance, nurses and cafeteria), Dispatch, Police, Fire and DPW all expire in June 2025.

As stated in the Town's Financial Policies, it shall be the goal of the Town to achieve and maintain a balance in the Free Cash/Stabilization Fund of 5% of the Operating Budget. With a proposed operating budget of \$126.8 million, our balance should be \$6.3 million. As of 8/2024, the Stabilization Fund has a balance of \$5,701,205. As noted in Table 2, we plan to contribute another \$700,000 to the Fund, which will ensure we comply with our policy.

Other Postemployment Benefits Plan (OPEB) continues to be an area of focus for the Town. We are committed to increasing our contribution to the Plan by 2.5% year over year to ensure we reduce our liability. As of June 2024, the Town is projected to be fully funded in the year 2048.

As part of ongoing revenue risk analysis, Town Treasurer Charles Paquette has completed a review of collections across Town Accounts. The news continues to be positive. Over 90% of the bills issued by the Town, including most water and sewer bills, are ultimately lienable against real property, which puts the Town in a very strong position to eventually collect the money. Interest rates on the debt which is owed to the Town range from 12% to 16%, depending on the statute governing the specific category of billing; and those high rates support prompt payment. Motor Vehicle Excise Tax is not lienable, but the Registry of Motor Vehicles supports collections by withholding license and registration renewal for Excise Tax delinquent payers. A measure of risk exists when people move from the State or give up driving while owing Excise Tax. Overall, Mr. Paquette's review shows that across categories collections are well over 99% current by dollar value, validating the soundness of both the Town's collection practices and the stability of the Town revenue estimates.

Table 3 - Principal and Interest Paydown Schedule - Current Debt

Principal and Interest Paydown Schedule			
Fiscal Year	Principal	Interest	Total
2025	5,507,216.12	2,100,128.69	\$7,607,344.81
2026	\$7,797,429.00	\$5,286,492.00	\$13,083,920.00
2027	\$8,903,455.00	\$6,668,540.00	\$15,571,996.00
2028	\$9,439,710.00	\$7,146,684.00	\$16,586,394.00
2029	\$9,256,764.00	\$6,764,982.00	\$16,021,746.00
2030	\$9,177,088.00	\$6,410,855.00	\$15,587,944.00
2031	\$8,927,627.00	\$6,048,640.00	\$14,976,266.00
2032	\$8,549,515.00	\$5,700,581.00	\$14,250,096.00
2033	\$8,553,960.00	\$5,354,893.00	\$13,908,853.00
2034	\$8,260,000.00	\$5,016,843.00	\$13,276,843.00
2035	\$8,090,000.00	\$4,705,599.00	\$12,795,599.00
2036	\$8,050,000.00	\$4,407,415.00	\$12,457,415.00
2037	\$7,380,000.00	\$4,117,280.00	\$11,497,280.00
2038	\$7,340,000.00	\$3,848,223.00	\$11,188,223.00
2039	\$6,170,000.00	\$3,598,695.00	\$9,768,695.00
2040	\$6,165,000.00	\$3,366,245.00	\$9,531,245.00
2041	\$5,780,000.00	\$3,135,275.00	\$8,915,275.00
2042	\$5,780,000.00	\$2,910,233.00	\$8,690,233.00
2043	\$5,610,000.00	\$2,685,190.00	\$8,295,190.00
2044	\$5,610,000.00	\$2,466,310.00	\$8,076,310.00
2045	\$5,610,000.00	\$2,247,430.00	\$7,857,430.00
2046	\$5,600,000.00	\$2,028,550.00	\$7,628,550.00
2047	\$5,595,000.00	\$1,809,860.00	\$7,404,860.00
2048	\$4,795,000.00	\$1,605,870.00	\$6,400,870.00
2049	\$4,795,000.00	\$1,416,380.00	\$6,211,380.00
2050	\$4,795,000.00	\$1,226,890.00	\$6,021,890.00
2051	\$4,655,000.00	\$1,037,400.00	\$5,692,400.00
2052	\$4,655,000.00	\$851,200.00	\$5,506,200.00
2053	\$4,655,000.00	\$665,000.00	\$5,320,000.00
2054	\$4,655,000.00	\$478,800.00	\$5,133,800.00
2055	\$4,655,000.00	\$292,600.00	\$4,947,600.00
2056	\$1,995,000.00	\$106,400.00	\$2,101,400.00
2057	\$665,000.00	\$26,600.00	\$691,600.00
			\$313,004,847.81

Benchmarks and Comparisons with Other Communities

Below are financial benchmarks, and comparisons with other communities.

Table 4: Population - Building Permits Issued - Fiscal Year Revenues 2018 - 2023

Calendar Year	Population	Building Permits Issued, by Calendar Year (Commercial & Residential New Structures)	Fiscal Year Revenues (excluding Enterprise & CPA Funds)
2023	19,540	41	\$113,744,928 (FY24)
2022		61	\$111,871,919 (FY23)
2021		144	\$100,630,065 (FY22)
2020	18,763	162	\$93,901,472 (FY21)
2019		119	\$91,259,887 (FY20)
2018		130	\$85,834,241 (FY19)

Note: Municipal Fiscal Years run from July 1 to June 30; for example, fiscal year 24 ran from July 1, 2023 to June 30, 2024.

Data Sources:

Population - American Community Survey

Building Permits - Hopkinton Building Dept. Reports

Revenues - Mass. Dept. of Revenue, Division of Local Services

Table 5: Number of Town Employees

	2024	2023	2022	2021	2020	2019	2018	2017
Full Time and Part Time	179	167	168	188	184	183	176	170
Seasonal and Per Diem	328	231	174	172	80	111	111	84

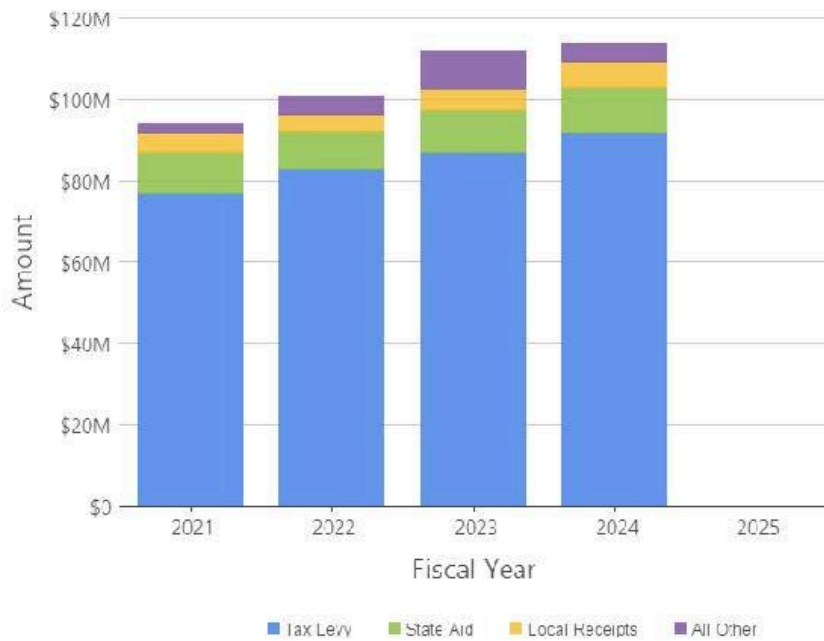
Source: Annual Town Reports and Hopkinton Human Resources Dept.

Revenue by Source (Without Enterprise & CPA Funds)



Data Analytics and Resources Bureau
 Revenue by Source Without Enterprise and CPA Funds
 Data current as of 09/22/2024

Town of Hopkinton



Revenue Source	2021	2022	2023	2024	2025
Tax Levy	76,889,411	82,597,623	86,983,989	91,540,225	
State Aid	10,093,419	9,452,905	10,307,265	11,501,720	
Local Receipts	4,632,973	4,340,307	4,935,630	6,165,918	
All Other	2,285,669	4,239,229	9,645,035	4,537,065	
Total Receipts	93,901,472	100,630,065	111,871,919	113,744,928	

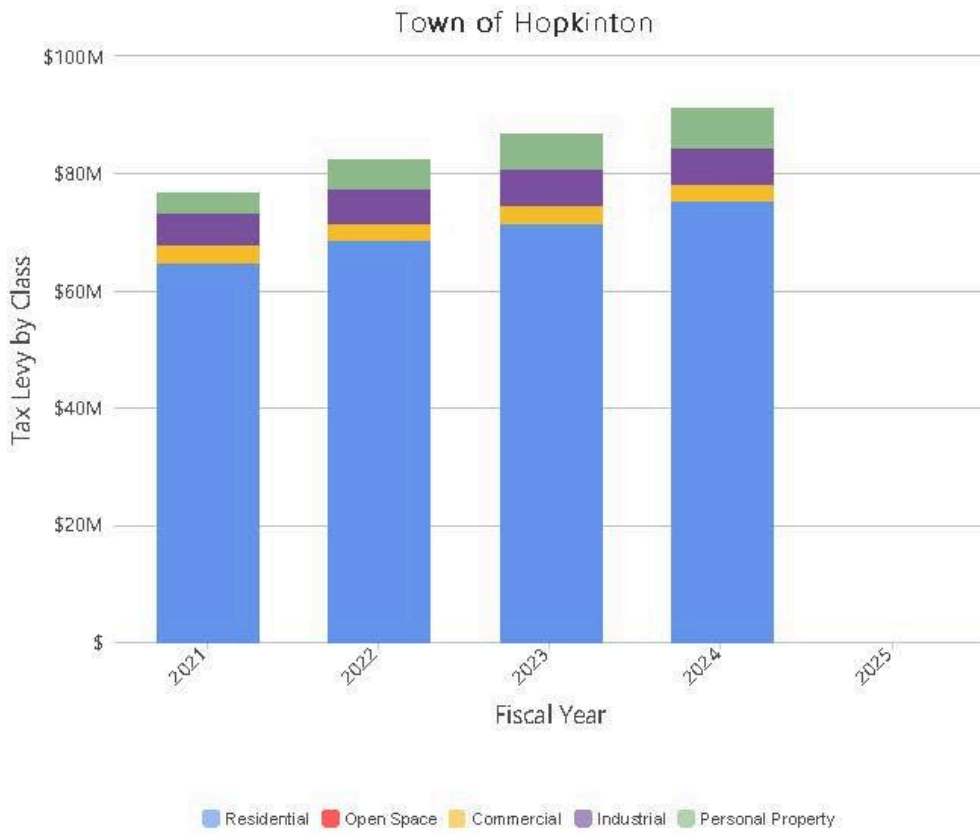
Tax Levy by Class



Data Analytics and Resources Bureau

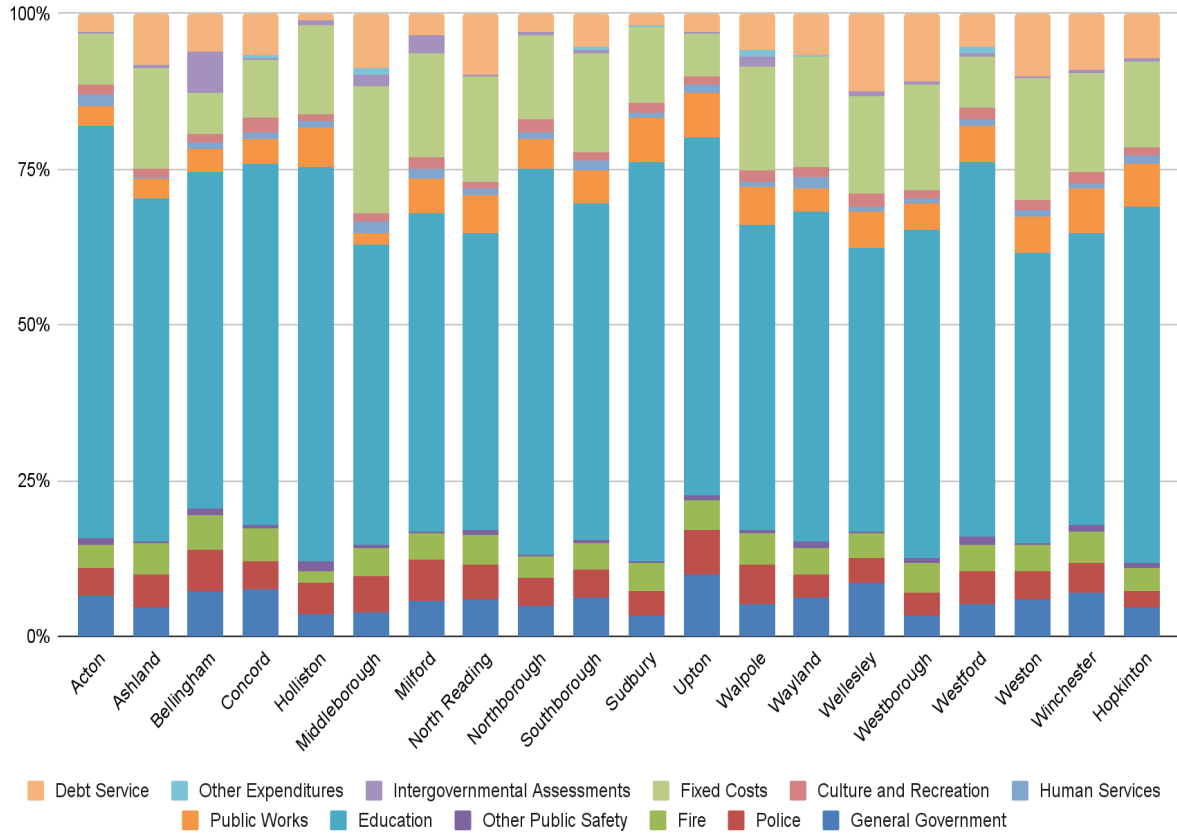
Tax Levy By Class

Data current as of 09/22/2024



Fiscal Year	Residential Levy	Open Space Levy	Commercial Levy	Industrial Levy	Personal Property Levy	Total Levy
2021	64,772,311	0	3,053,922	5,522,864	3,540,314	76,889,411
2022	68,558,508	0	3,054,824	5,902,641	5,081,649	82,597,623
2023	71,418,454	0	3,114,712	6,267,286	6,183,538	86,983,989
2024	75,274,544	0	2,881,412	6,219,845	7,164,424	91,540,225
2025						

Other Communities FY23 - Percent of Budget by Category



Source: Mass. Dept. of Revenue, Division of Local Services

Town of Hopkinton															
Changes to Budgeted Sources and Uses of Funds:															
	FY20 Budgeted Sources of Funds	FY21 Budgeted Sources of Funds	FY22 Budgeted Sources of Funds	FY23 Budgeted Sources of Funds	FY24 Budgeted Sources of Funds	FY25 Estimated Sources of Funds	FY26 Estimated Sources of Funds	FY 20 - 26 % Change	Average 6 Year % Change	FY20 - 21 Change	FY21 - 22 Change	FY22 - 23 Change	FY23 - 24 Change	FY24 - 25 Change	FY25 - 26 Change
Sources of Funds															
Levy Base	\$64,507,095	\$68,844,684	\$72,765,433	\$78,088,438	\$83,567,525	\$88,530,256	\$92,350,199	43.2%	6.17%	6.72%	5.70%	7.32%	7.02%	5.94%	4.31%
New Growth	\$2,316,574	\$1,900,000	\$2,000,000	\$2,000,000	\$1,650,000	\$1,567,500	\$1,489,125	-35.7%	-5.29%	-17.98%	5.26%	25.00%	-34.00%	-5.00%	-5.00%
Debt Exclusions	\$5,250,063	\$5,938,971	\$6,367,657	\$6,191,346	\$6,725,617	\$8,254,669	\$11,144,330	112.3%	13.99%	13.12%	7.22%	-2.77%	8.63%	22.73%	35.01%
Less - Provision for tax abatements/exemptions	-\$500,000	-\$500,000	-\$500,000	-\$2,500,000	-\$500,000	\$0	\$0	-100.0%	36.67%	0.00%	0.00%	400.00%	-80.00%	-100.00%	0.00%
Estimated Net Property Tax Revenue	\$71,573,732	\$76,183,655	\$80,633,090	\$84,279,784	\$91,443,142	\$98,352,425	\$104,983,654	46.7%	6.60%	6.44%	5.84%	4.52%	8.50%	7.56%	6.74%
Excess from Prior Fiscal Year (Cert. Free Cash)	\$2,255,429	\$1,427,494	\$2,645,278	\$3,348,753	\$3,545,463	\$5,700,036	\$10,417,166	361.9%	37.43%	-36.71%	85.31%	26.59%	5.87%	60.77%	82.76%
State Aid	\$8,164,292	\$8,603,524	\$9,427,975	\$10,172,326	\$11,490,752	\$11,647,323	\$11,938,506	46.2%	6.61%	5.38%	9.58%	7.90%	12.96%	1.36%	2.50%
Less - Regional and State Program Charges	-\$596,486	-\$581,354	-\$472,521	-\$483,315	-\$398,619	-\$416,881	-\$427,303	-28.4%	-4.90%	-2.54%	-18.72%	2.28%	-17.52%	4.58%	2.50%
Estimated Net State Aid	\$7,567,806	\$8,022,170	\$8,955,454	\$9,689,011	\$11,092,133	\$11,230,442	\$11,511,203	52.1%	7.34%	6.00%	11.63%	8.19%	14.48%	1.25%	2.50%
Mass School Building Authority Reimbursement	\$1,487,086	\$1,487,086	\$0	\$0	\$0	\$0	\$0	-100.0%	-16.67%	0.00%	-100.00%	0.00%	0.00%	0.00%	0.00%
Excise Tax, Licenses, other Local Receipts	\$4,733,443	\$4,709,436	\$4,595,805	\$4,900,026	\$5,650,050	\$6,172,867	\$6,666,696	40.8%	6.04%	-0.51%	-2.41%	6.62%	15.31%	9.25%	8.00%
Cost Share from Enterprise Funds	\$689,589	\$662,177	\$698,595	\$757,355	\$780,076	\$799,578	\$819,567	18.8%	2.99%	-3.97%	5.50%	8.41%	3.00%	2.50%	2.50%
Ambulance, misc. sources	\$1,113,663	\$1,090,677	\$1,196,506	\$845,584	\$688,643	\$1,255,835	\$550,000	-50.6%	-2.35%	-2.06%	9.70%	-29.33%	-18.56%	82.36%	-56.20%
Total Sources of Funds:	\$89,420,748	\$93,582,696	\$98,724,728	\$103,820,513	\$113,199,507	\$123,511,183	\$134,948,286	50.9%	7.12%	4.65%	5.49%	5.16%	9.03%	9.11%	9.26%
Uses of Funds															
Tax lien administration costs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State funded Library spending	\$17,579	\$18,900	\$28,736	\$28,736	\$35,070	\$28,335	\$31,481	79.1%	12.48%	7.51%	52.04%	0.00%	22.04%	-19.20%	11.10%
Transfer to Parks and Recreation	\$148,981							-100.0%	-20.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Repayment of Debt Principal and Interest	\$8,439,226	\$8,991,366	\$7,532,399	\$7,194,987	\$7,417,184	\$9,022,379	\$13,083,920	55.0%	2.11%	6.54%	-16.23%	-4.48%	3.09%	21.64%	45.02%
Snow and Ice Surge Costs	\$58,000			\$0	\$0	\$0		-100.0%	-20.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General Government	\$4,777,494	\$4,775,461	\$4,875,550	\$5,358,535	\$5,410,449	\$5,613,682	\$5,799,810	21.4%	3.34%	-0.04%	2.10%	9.91%	0.97%	3.76%	3.32%
Public Safety	\$6,601,642	\$6,975,145	\$7,359,365	\$7,674,460	\$8,191,856	\$8,414,571	\$8,624,935	30.6%	4.98%	5.66%	5.51%	4.28%	6.74%	2.72%	2.50%
Regional Technical Vocational School	\$599,556	\$676,913	\$597,379	\$565,876	\$565,876	\$642,811	\$642,811	7.2%	1.90%	12.90%	-11.75%	-5.27%	0.00%	13.60%	0.00%
Hopkinton Public Schools Education	\$48,044,950	\$51,206,402	\$53,966,911	\$55,522,404	\$59,937,752	\$63,144,790	\$66,302,029	38.0%	5.63%	6.58%	5.39%	2.88%	7.95%	5.35%	5.00%
Special Education Reserve Fund	\$0	\$0	\$0	\$1,094,024	\$1,094,024	\$1,094,024	\$1,094,024	0.0%	20.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%
Public Works	\$5,674,765	\$5,997,212	\$6,214,621	\$6,549,584	\$6,868,502	\$7,288,136	\$7,652,542	34.9%	5.14%	5.68%	3.63%	5.39%	4.87%	6.11%	5.00%
Health and Human Services	\$959,875	\$1,092,214	\$1,239,862	\$1,327,435	\$1,465,230	\$1,530,959	\$1,607,507	67.5%	9.85%	13.79%	13.52%	7.06%	10.38%	4.49%	5.00%
Culture and Recreation	\$585,798	\$780,612	\$854,534	\$1,053,435	\$1,162,724	\$1,285,324	\$1,349,590	130.4%	17.38%	33.26%	9.47%	23.28%	10.37%	10.54%	5.00%
Employee Benefits and Insurance	\$11,465,448	\$12,618,470	\$13,752,451	\$14,852,647	\$17,570,377	\$19,106,134	\$20,634,625	80.0%	10.82%	10.06%	8.99%	8.00%	18.30%	8.74%	8.00%
<i>Sub-Total Departmental Operating Funding</i>	<i>\$78,709,528</i>	<i>\$84,122,429</i>	<i>\$88,860,673</i>	<i>\$93,998,400</i>	<i>\$102,266,790</i>	<i>\$117,221,145</i>	<i>\$126,873,274</i>	<i>61.2%</i>	<i>8.34%</i>	<i>6.88%</i>	<i>5.63%</i>	<i>5.78%</i>	<i>8.80%</i>	<i>14.62%</i>	<i>8.23%</i>
Transfer to OPEB (post-retirement health care)	\$400,000	\$400,000	\$410,000	\$420,250	\$832,850	\$853,671	\$875,012	118.8%	21.14%	0.00%	2.50%	2.50%	98.18%	2.50%	2.50%
Transfer to Stabilization	\$208,000	\$0	\$0	\$0	\$700,000	\$700,000	\$700,000	236.5%	-20.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town Meeting Capital Articles, free cash	\$1,389,434	\$0	\$1,842,930	\$2,128,140	\$1,897,613	\$4,746,366	\$6,500,000	367.8%	10.95%	-100.00%	0.00%	15.48%	-10.83%	150.12%	36.95%
Total Uses of Funds:	\$89,420,748	\$93,582,695	\$98,724,738	\$103,820,513	\$113,199,507	\$123,521,182	\$134,948,286	50.9%	6.69%	4.65%	5.49%	5.16%	9.03%	9.12%	9.25%

FY26 Budget Discussion Information

Oct. 1, 2024 Select Board Meeting

Revenues by Source

Sources of Funds	FY25 Budgeted	FY26 Estimated	% Change
Levy Base	\$88,530,256	\$92,350,199	4.31%
New Growth	\$1,567,500	\$1,489,125	-5%
Debt Exclusions	\$8,254,669	\$11,144,330	35.01%
Est. Net State Aid	\$11,230,442	\$11,511,203	2.50%
Excise Tax, Licenses, other Local Receipts	\$6,172,867	\$6,666,696	8.00%
Cost Share from Enterprise Funds	\$799,578	\$819,567	2.50%
Ambulance, misc. sources	\$1,225,835	\$550,000	-56.20%
Total Recurring Sources of Funds	\$117,811,147	\$124,531,120	5%
Non-Recurring Sources: Certified Free Cash	\$5,700,036	\$10,417,166	82.76%
Total Sources of Funds	\$123,511,183	\$134,948,286	9.26%

Recurring and Non-Recurring Revenues and Expenditures

FY26 Estimated Recurring Revenues and Expenditures

- \$124,531,120 Est. Revenues
- \$126,873,274 Est. Expenditures

FY26 Estimated Non-Recurring Revenues and Expenditures

- \$10,417,166 Est. Revenues
- \$8,075,012 Est. Expenditures

Areas of Risk in FY26 Budget

1. Health Insurance expense may be more than 8%
2. Contract Negotiations
 - a. School: Teachers, Custodians/Maintenance, Nurses and Cafeteria
 - b. Dispatch
 - c. Fire
 - d. Police
 - e. Public Works
3. Inflation - still steady
4. Energy costs

Special Town Meeting Timeline
November 18, 2023 Special Town Meeting

Date	Action
Oct. 1	1) Select Board calls a STM and sets the date and time at a public meeting; opens warrant. 2) Select Board sets the date for a special election (if needed)
Oct. 3	Publish Notice of STM to a local news medium and send Notice to all boards and committees. (<i>Charter Sec. 2-3(c)</i>)
Oct. 18	Articles due to Select Board by close of business on the 10th business day following the publication. (<i>Charter Sec. 2-3(c)</i>)
Oct. 21 - Oct. 24	Prepare Warrant
	Select Board sets ballot questions, if needed (Deadline 35 days before the election (<i>MGL c.54 §42C</i>))
Oct. 29	Select Board votes to sign Warrant at a Select Board meeting
Nov. 4	Post Warrant at the Town Hall, post offices, Library, Senior Center & at least one public safety building at least 14 days before the STM date. (<i>Bylaw §47-1</i>)
Nov. 18 (Monday)	Special Town Meeting date
	Special Election, if needed

Last day to register to vote for the Special Town Meeting and Special Town Election (10 days before Town Meeting/Election M.G.L. c.51 §F)

Oct. 14 and Nov. 11 are holidays

Articles/petitions may be submitted by:

1. Department Heads
2. Boards and committees by majority vote
3. 100 voters

References: Charter Sec. 2-3; Bylaw Ch. 47-1; MGL Ch. 42 Sec. 42C



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE

DATE: September 27, 2024
TO: Select Board
FROM: Elaine Lazarus, Town Manager
RE: Staff Report - October 1, 2024 Select Board Meeting

- a. *Main Street Corridor Project*: Please see the attached update from Michelle Murdock, Project Specialist, and Dave Daltorio, Town Engineer/Facilities Director. Highlights are:
- As long as the utility companies continue to stay on schedule, the transfer of existing overhead utility lines from the old utility poles to the new poles should be completed by the end of October. When this work is complete, Verizon can schedule the removal of the old utility poles west of the Police Station and east of Ash Street. Verizon may elect to remove the old poles concurrently with their overhead transfer work.
 - Existing utility poles located between the Police Station and Ash Street will be removed once the new underground infrastructure is operational and all utility services for the properties within this area have been transferred to the new underground utility systems.
 - The installation of the bricks commenced on September 9th. Work started at the west end of the project across from Hopkinton Lumber and is now underway on the east side of the project and nearing completion.
 - Landscaping is planned for the fall. Landscaping plan changes are under review by MassDOT which may result in some of the landscaping for the project being pushed out to next year. An onsite meeting with Amorello, Town staff, and VHB is being scheduled to review the landscaping plans as well as outstanding work items.
- b. *Town Department Position Vacancies*: In accordance with the Board's adopted temporary process, I will report on any current or anticipated vacancies in Town Departments. There were none as of this writing.
- c. *Former Center School Playground Closure*: Since the closure of Center School, there has been some continued use of the playground behind the building. The playground has deteriorated over time, with equipment and fencing in disrepair and the surface degraded. It is estimated that it would cost \$50,000 to bring the playground into compliance with standards, and there would continue to be ongoing maintenance. These costs are not budgeted. Therefore, I am working with the Engineering/Facilities Department to close the playground due to the safety and liability reasons. We realize this may be an inconvenience for those who use it, but there are serious safety concerns and without a plan for the property, additional investments in the playground do not appear to be warranted at this time.

- d. *Town Counsel and Labor Counsel Annual Appointments:* In accordance with the Town Bylaws, the Select Board must annually, on or before the first day of July, appoint Town Counsel. The Board previously asked about its options in this regard, and I noted that a new selection process could take some months, and recommended that if the Board intended to go through that process, it should begin in late winter/early spring. For this fiscal year, I recommend that the Board reappoint Harrington Heep LLP as Town Counsel and Mirick O'Connell as Labor Counsel, from July 1, 2024 to June 30, 2025.

TO: Select Board

FROM: Michelle Murdock, Dave Daltorio

Michelle Murdock *Dave Daltorio*

VIA: Elaine Lazarus, Town Manager

DATE: September 26, 2024

SUBJ: Select Board Update: Main Street Corridor Project Date: October 1, 2024

A Construction Meeting was held on October 1, 2024

Eversource/Dagle Electric

- All 12 transformers have been delivered and installed.
- Eversource has completed its overhead transfer work.
- Overhead electric infrastructure to the underground electric infrastructure continues. Connections into buildings on the east side of the project are expected to begin on 10/2/2024 - waiting for final confirmation.

Overhead Transfer Work

- As long as the utility companies continue to stay on schedule, the transfer of existing overhead utility lines from the old utility poles to the new poles should be completed by the end of October. When this work is complete, Verizon can schedule the removal of the old utility poles west of the Police Station and east of Ash Street. Verizon may elect to remove the old poles concurrently with their overhead transfer work.
- Existing utility poles located between the Police Station and Ash Street will be removed once the new underground infrastructure is operational and all utility services for the properties within this area have been transferred to the new underground utility systems.

Traffic Poles and Peeling Paint

Polar Vortex has completed the painting repairs on the mast arms throughout the project except for the pole at the 135/Wood Street intersection. They may return at a future date for final touch ups.

A.F. Amorello

Amorello's new project manager, John Smith, was introduced to the town's project team and MassDOT at the September 17th construction meeting.

Brickwork and Landscaping

The Town completed a walk-through on Friday, August 2nd with Amorello to review brickwork (east and west side of the project) and additional landscaping. MassDOT has approved all the

brickwork changes for the project and the Brick Extra Work Order has been approved. The brick mockup was completed at Town Hall and approved on August 12th.

The installation of the bricks commenced on September 9th. Work started at the west end of the project across from Hopkinton Lumber and is now underway on the east side of the project and nearing completion.

Landscaping is planned for the fall. Landscaping plan changes are under review by MassDOT which may result in some of the landscaping for the project being pushed out to next year. An onsite meeting with Amorello, Town staff, and VHB is being scheduled to review the landscaping plans as well as outstanding work items.

MassDOT has signed a Contract Extension for utility work through July 1, 2025.

MassDOT provided the Town with contractual unit price bid item cost increases (asphalt, diesel fuel, etc) that they have paid Amorello on the project. The information was provided for informational purposes. The Town is not responsible for paying any of the increased costs. The cost increase to date is in the range of \$2,000,000.

To Date Construction Cost and Quantities through 9/30/23 (prices include cost changes)

Paid By	Contract Total	As of September 2023	Percent Completed
MassDOT/TIP	\$11,600,000	\$8,000,000	69%
Paid By Town	\$10,000,000	\$8,000,000	80%
Total Cost	\$21,600,000	\$16,000,000	74%

Items to be Completed - (does not include every work item)

Item	Estimated Percent Remaining
Landscaping	75%
Final Paving and Striping	100%
Sidewalks	20%
Separated Bike Lane	5%
Curbing	10%
Brickwork	100%
Street and Traffic Lights	50%

OH Utility Transfers	100%
UG Transformers	10%
UG Conduit and Vaults	5%
UG Wiring in Public ROW	75%
UG Wiring Private Property	100%

Community Contact (9-12-24 to 9-27-24)

Construction Advisory 97 was distributed on September 20, 2024.
 Construction Advisory 98 was distributed on September 27, 2024.

- A total of 8 issues/concerns from the general public and project abutters were received, reviewed and researched, and an email response was sent to the individual(s) who reported an issue or asked a question. Issues reported/questions asked included:
 1. Email from the store manager at Hopkinton Lumber (118 Main) to ask if anything can be done to prevent water runoff into the parking lot which results in turning the parking lot into a skating rink.
 2. Email from project abutter at 5 East Main to report work taking place at her property and asks if entrance into the building will be required; responded that will occur later.
 3. Email from project abutter at 35 Main to ask if there will be power disruption during installation of conduit; advised not at this time and that a notice will be sent out when power will be shut down for connections into the building.
 4. Email from project abutter at 1 West Main to report “open dirt” is everywhere on her property as a result of new wall work. Responded that no landscaping work is scheduled at this time and there is a mandatory water restriction in place.
 5. Phone call from resident at 4 Claffin Ave. to ask for update on water runoff issues;
 6. Email from resident to share photo of unpainted traffic pole at Wood St, intersection and asks when it will be fixed; responded the utility wires on the poles are in the way but it will be painted; no confirmed date at this time.
 7. Right of Entry forms emailed to property owners where entry into buildings will be required for upcoming electrical work.
 8. Notice of Electrical Service Interruption sent to property owners to allow for the new underground electrical service wires to be connected and the existing overhead electrical service wires to be removed.

Miscellaneous

- The Project website will continue to be updated throughout the Project. Visit the website to sign up for Project Updates. A QR Code has been developed for quick access.

- Time-lapse video has been added to the homepage of the project website.
- Project photos and drone coverage of the 135/85 reconstruction have been added to the website <https://hopkintonmainstreet.com/construction-photos.htm>