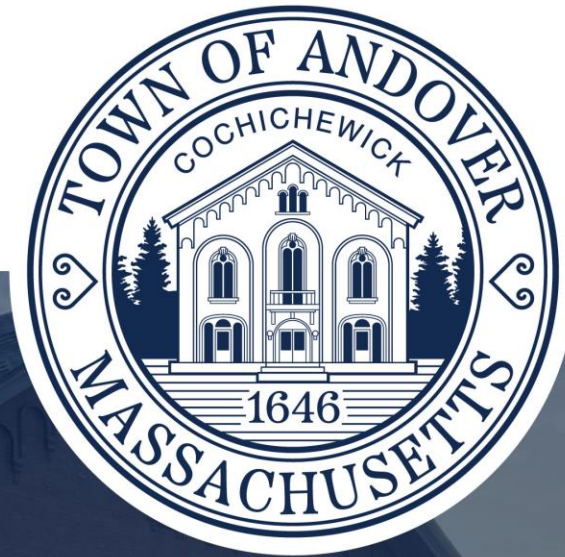


Proposed Goals for FY 2025



July 22, 2024

ANDOVERMA.GOV

Agenda

- Lowering the Rate of Increase of the Average Tax Bill
- Town Manager Proposed Goals
- Select Board Member Proposed Goals
- Discussion

Lowering the Rate of Increase of the Average Tax Bill

- **The annual increase of the average tax bill is subject to the following:**
 - The growth in value of each classification of property (residential, commercial/industrial, personal property).
 - The Select Board's application of the tax shift.
 - Approved appropriations and debt exclusions.
- **The most straight forward approach to “manually” lowering the rate of increase of the annual tax bill would be to increase excess levy capacity.**
 - Example: Looking ahead to FY 2026, the projected annual increase in the average tax bill would be less if the Town budgeted \$400,000 in excess levy capacity, rather than \$300,000.
 - This approach is not without budget and mechanical challenges.

Lowering the Rate of Increase of the Average Tax Bill – Budget Challenges

Anticipated Budget Challenges – FY 2026 & beyond:

- Overall increase in demand for services.
- Multi-Year School Department deficit.
- Collective bargaining agreements with all Town unions expire on June 30, 2025.
- Major changes to solid waste and recycling disposal.
- Unknown economic conditions and associated impacts on real estate investment.

Key Factors:

- Andover has never relied on a Proposition 2 ½ Override.
- Andover is one of the few AAA rated communities that “budget” excess levy capacity.
- Why this matters? Andover is expected to provide comparable services to AAA rated communities that either tax to the levy limit and/or have increased the levy through the override process.

Lowering the Rate of Increase of the Average Tax Bill – Mechanical Challenges

Using excess levy capacity to back into a targeted increase is complicated due to timing and the real estate market.

- **Example:** The budget is approved in late April or early May. Values for each classification of property and the calculation of new growth are through June 30th of each year. Varying shifts in market values across the different classes of property can cause unanticipated swings in the annual growth of the residential tax bill.

Excess Levy capacity is available for appropriation.

Fiscal Year	% Increase in Average Res. Tax Bill	\$ Increase in Average Res. Tax Bill	
2003	9.60%	\$480	Residential values increased 9% more than all other classifications
2005	5.20%	\$298	Residential values increased 6.12% while all other classifications realized a decrease in values
2006	6.50%	\$392	Residential values increased 8.61% while all other classifications realized a decrease in values
2008	2.10%	\$141	Residential values increased 3% while personal property values increased 23.62%
2010	2.62%	\$185	Residential values increased 2.97% while personal property values increased 14.18%
2017	2.52%	\$225	Residential values increased 3.67% while personal property values increased by 20.99%
2020	2.50%	\$250	Residential values increased 3.28% while personal property values increased by 25.43%
2022	4.30%	\$459	Residential values increased by 8.80% while commercial values decreased by 1.13% and personal property values decreased by 14.48%

Lowering the Rate of Increase of the Average Tax Bill – Relevant Suggested Goals

- Increase Excess Levy Capacity as % of Budget.
- Establish Capital Stabilization Fund / Increase Capacity of CIP.
- Increase Free Cash balance to that of comparable communities.
- Develop budget alternative limiting all-in average single-family residence tax growth to 3.5% (including exempt debt service or other overrides).
- **Understanding the relationship between this goals will be critical.**

Administration & Finance

- **Work with the Select Board to further define the relationship between the budget and the annual tax increase.**
 - **Deliverable:** *Prior to setting the FY2025 tax rate, facilitate tax information session for the purposes of illustrating the mechanics of the annual tax increase and how it relates to the budget and service delivery. At the Board's direction, identify impacts of reducing the rate of growth of the average tax bill.*
- **Evaluate Phase 1 of the Public Safety staffing plan, continue to assess staffing levels and identify additional needs that may be incorporated in Phase 2 of the plan.**
 - **Deliverable:** *Based on evaluation of phase 1, make recommendations for a phase 2 in the FY2026 budget recommendation.*
- **Identify funding plan to appropriately resource the Town's cybersecurity efforts.**
 - **Deliverable:** *Make recommendation in the FY2026 budget recommendation, or prior to the release of the budget, providing resources are available.*

Administration & Finance

- **Hold Financial Summit with the Select Board, Finance Committee and School Committee in Fall of 2024.**
 - **Deliverable:** *The purpose of the summit will be to review the Long-Range Financial Plan and to receive feedback on longstanding assumptions. Through working groups, modify the plan to better align with current revenue expectations and the needs of the organization and community. Finalize updated LRFP by end of 2024.*
- **Begin to negotiate successor contracts for all Town collective bargaining agreements expiring in FY2025.**
 - **Deliverable:** *Develop a framework for bargaining agreements that promotes innovation, efficiencies, and a potential expansion of services consistent with the principles of the Long-Range Financial Plan.*
- **Utilize funds from the opioid settlement to advance the recommendations of the Community Health Improvement Plan (CHIP).**
 - **Deliverable:** *Explore providing enhanced access to mental health resources through utilization of opioid funding. Develop plan and present to the Select Board.*

Administration & Finance

- **Develop communication plan and prepare for changes to solid waste and recycling disposal.**
 - ***Deliverable:*** Launch effective communication strategy to inform residents of potential changes to solid waste and recycling disposal and prepare for a July 1, 2025 transition. (Note: a pay-to-throw model is not being considered at this time)
- **Create a standing Select Board agenda item: Town Manager's Report.**
 - ***Deliverable:*** The Town Manager will provide a report via a standing agenda item at every Select Board meeting. The report shall include, but not be limited to, the following information as it is available:
 - Updates on Town projects and initiatives.
 - Information on community events.
 - Updates on key vacancies and the status of hiring and appointments
 - Updates on grants, including information on grants received, projects funded and/or proposed.
 - Updates on achievements, recognitions and professional development activities.
 - Quarterly financial reports.

Administration & Finance

- **Continue to develop approaches and programs designed to promote the Town's effort to recruit and retain a talented workforce.**
 - ***Deliverable:*** *Work with the Andover Independent Employee Association as part of pilot program to identify opportunities to position and maintain Andover as a competitive employer that meets the evolving needs of the workforce. Work with AIEA to explore the framework for an employee survey.*

Capital Improvements

- **Complete the capping of the Ledge Road Landfill.**
 - **Deliverable:** Complete the project in compliance with the administrative consent order.
- **Develop plan for reuse of Shawsheen School.**
 - **Deliverable:** Develop process for evaluating the Shawsheen School and identifying potential reuses. Develop recommendations by the end of FY2025.
- **Develop phasing plan and financing model for the Chandler Road property.**
 - **Deliverable:** Acknowledging that the site may be developed in phases, build a plan and corresponding financing model to advance a potential project within the next CIP period of FY2026-FY2030.
- **Coordinate the process for advancing the Interim Plan, including engaging the community, Select Board, Finance Committee and School Committee.**
 - **Deliverable:** Select firm to complete design work for the Interim Plan. Share with stakeholders and make decision on next steps.

Capital Improvements

- **Complete the Facility Master Plan Study.**
 - **Deliverable:** Facilitate the study of all Town and school buildings to identify and prioritize long-term major capital needs.
- **Identify a funding source for a Capital Stabilization Fund.**
 - **Deliverable:** Identify and recommend a funding source for a Capital Stabilization Fund integrated within the Long-Range Financial Plan.

Communications & Resident Engagement

- **Improve public information regarding ongoing and planned Town capital projects.**
 - **Deliverable:** *Explore platforms to maintain information about projects, including solutions that may be external from the website. Implement project information solution by early 2025 and convene a cross-functional working group with representation from the Town Manager's Office, Facilities, Public Works, Planning and Administration & Finance to ensure that project information remains current and relevant.*

Economic Development & Housing

- **Monitor and manage the permitting process for development of 11 Lewis Street.**
 - **Deliverable:** *Ensure compliance with deliverables and timelines established in the executed Land Disposition Agreement.*
- **Provide information to the Board on Town-owned parcels that could be disposed of to support affordable housing in Andover.**
 - **Deliverable:** *Provide analysis to the Board on available parcels, the process required to authorize disposition, the conditions that could be attached to disposition(s), and potential uses for proceeds generated by disposition(s). Facilitate action determined by the Board.*
- **Monitor real estate activity at Brickstone Square, collect data as necessary and facilitate neighborhood discussions about potential future uses.**
 - **Deliverable:** *Closely monitor potential sale of Brickstone Square. Depending on the outcome, collect data and facilitate a neighborhood discussion about future reuse of the property.*

River & Open Space Access

- **Complete the Merrimack River Access Project along the Heffron Right of Way and the Greater Lawrence Technical School easement that will provide public safety and public access to the Merrimack River.**
 - ***Deliverable:*** Complete access road by end of 2024.

Energy & Sustainability

- **Collaborate with the Andover Green Advisory Board on shared goals and initiatives.**
 - ***Deliverable:*** Advance opt-in specialized code in preparation of consideration at the 2025 Annual Town Meeting, promote and market the Andover Ultimate opt-Up option of Andover Community Power, and host a regional climate summit.

Past goals in the areas of Active Transportation, DEI and Communications have been incorporated into the Town's work program.

Proposed Goals (suggested by Board members)

Proposed Goal	Potential Approach
Increase the Town's reserves (free cash). Develop best practices of peer AAA communities.	Discuss as part of Financial Summit/LRP update.
Increase the excess tax levy reserve to a % of total budget from \$300K. The goal is to increase the excess capacity as the budget grows.	Discuss as part of Financial Summit/LRP update & Tax Info Session.
Provide SB with method to review departmental spending, spending from discretionary/grant accounts.	Incorporate into Town Manager's Report.
Propose a FY26 budget alternative with all-in property tax growth 3.5% or less.	Discuss as part of Tax Info Session & include alternative analysis in anticipation of budget release.
Establish Capital Stabilization Fund	Incorporate as part of proposed goal.
Update Board Policy Manual	Work with Town Counsel & sub committee of Select Board to achieve this goal in FY25.