

**Winthrop Finance Commission
Town Hall
Winthrop, MA 02152**

June 2, 2025

James Letterie
Winthrop Town Council President
Town Hall
1 Metcalf Square
Winthrop, MA 02152

Re: Finance Commission FY26 Budget Report to the Town Council

Dear Council President,

The Finance Commission is pleased to present the following report to the Town Council's for their review and consideration when adopting the Town's Fiscal Year 2026 budget, as proposed by the Town Manager.

The Commission's report is presented in the following sections:

- I. Context and Background
- II. Summary of Town Manager's FY26 Budget Recommendations and Goals
 - a. FY26 Revenues
 - b. FY26 Expenses
- III. Finance Commission's FY26 Observations and Recommendations

Context and Background

The Finance Commission, established by Town charter, consists of the seven-member Citizens' Advisory Finance Committee, which serves as a resource to the Town Council on all matters involving Town finances, and the three-member Finance Committee of the Town Council, which is referred all financial matters requiring a vote by the Council. Combined, the 10-member Finance Commission is required to file a report with the Town Council, prior to the adoption of the annual Town budget. Because the Town Council must adopt the budget 15 days prior to the start of the fiscal year, which is July 1st, the Finance Commission set a deadline for June 3rd to deliver its report to the Town Council.

The Finance Commission began its FY26 budget deliberations with a briefing by the Town Manager, Assistant Town Manager, Finance Director and Assistant CFO on the recommendations presented to the Town Council. Following the briefing, the Commission set up a meeting schedule and invited

departments in the Town to provide testimony on its budget and held public meetings for the Town's largest departments. Town departments are required by the Town Charter to fully disclose to the Finance Commission all pertinent information related to their budget, including accomplishments for the current fiscal year, goals for the upcoming fiscal year, line-item breakdowns of revenues and expenditures for the same, in a format enabling analysis by the Finance Commission (Excel spreadsheet, etc.). At each meeting we had the Town's Finance team present to help answer questions and provide additional information and context when requested by the Commission. Each meeting was posted on the Town's website with a Zoom link for the public to join. Minutes were kept, reviewed and approved at each meeting. Below is a list of the Town departments that provided testimony to the Commission:

- Finance Department – CFO
- Treasurer and Collector
- Town Assessor
- Superintendent of Schools (on two separate days)
- Police Chief (including the Harbormaster)
- Fire Chief
- Director of the DPW (including the water/sewer and solid waste enterprise funds)
- Director of Public Health
- Director of Inspectional Services
- Council on Aging
- Veterans Services

Our discussion with each department head focused on the operating budget, enterprise funds and the Town's 5-year capital plan. Additionally, we discussed each department's goals and accomplishments as they were outlined in the FY26 budget. This year the Commission focused much more on grant funds and requested additional information to help support our review.

The Commission would like to thank all the department heads that provided testimony and followed up with additional requests for information. Every department head came prepared, and the testimony provided was insightful. We especially want to thank Town Manager Anthony Marino, Superintendent Howard; Assistant Town Manager Cheryl McCormick, Finance Director Sarah Johnson, and Assistant CFO Robbie Powers for all their support during our deliberations – their contributions were greatly appreciated.

Town Manager's FY26 Budget Recommendations and Goals

After reviewing the FY26 budget recommendations as presented to the Town Council, the Finance Commission supports the Town Manager's proposed FY26 budget and is only recommending one minor change in the funding levels being proposed by the Town Manager, which we have discussed with him and agree. The budget presented to the Town Council is structurally balanced relying on reoccurring revenues to support operations and it adheres to sound budgeting practices. While every department that provided testimony to the Commission said they would be able to carry out their core responsibilities and advance their planned goals for the year with the proposed budget, it is important

to know that the FY26 budget, is a “maintenance” level budget; meaning that it essentially supports the same level of services that have been provided in the past years – this is true for the School Department as well. Even though some department budgets grow year-over-year, the increase mostly covers anticipated contractual obligations and increases resulting from inflation and other fixed costs. All the Town’s collective bargaining units are up for renegotiation starting in FY26 and these costs are accounted for in the proposed budget.

The Finance Commission acknowledges that annual increases in health insurance, increased charges from Northeast and Essex Technical Schools, union contracts, building and vehicle insurance, and retirement and pension funding take up more than what the Town can generate from a 2 ½ % increase on property taxes and new growth – the Town’s main sources of revenue. As a result, it is challenging to fund new staff, deploy the latest software and make other types of investments, let alone launch new initiatives when much of the budget grows at a rate that exceeds 2.5%.

The Override:

It is, in part, for those reasons noted above that the residents of Winthrop came out in April and voted to make historic investments in the Town of Winthrop. Specifically, they voted for:

1. A \$3.5M Property Tax Override to level-fund Winthrop Public Schools for FY26 to preserve current levels of staffing, programs and services. This funding is critical for the school to meet its current obligations and avoid devastating cuts, including layoffs. It also prevents cuts to Town Departments which would be necessary if more of the Town’s budget had to go towards supporting the school budget.
2. A \$1.45M Stabilization Fund to ensure the schools can continue to provide level services in subsequent fiscal years. This is a fund that, subject to an annual vote of the Town Council, will grow overtime helping to ensure the School Department has the resources it needs in future fiscal years. It should also be noted that this fund will benefit from additional funding that will come from the Town’s free cash policy which is being amended so that 3% will be dedicated to the fund annually. Furthermore, the fund will benefit from any turn-backs from the school department at the end of the fiscal year. Combined, these sources of funds will provide future stability and predictability for the School Department and will benefit the Town departments as well because it will reduce the pressure that comes from the limitations of only being able to grow revenues by 2 ½% annually . Most importantly it will ensure that another override will not be needed in the near future.
3. 25-year/\$38.5M Debt Exclusion for the construction of a new Winthrop Firehouse at the old Middle School property.

Implementation of the Override:

The approximate annual tax increase, based on current average Winthrop home value of \$700,000 will be approximately: \$1,392 annually (~\$348 quarterly or ~\$116 monthly)

1. Firehouse: \$488 annually (~\$122 quarterly)
2. School Override: \$640 annually (~\$160 quarterly)
3. School Stabilization Fund: \$264 annually (~\$66 quarterly)

The School Override and Education Stabilization Fund apply to taxes starting this July 2025 (FY26), while the Firehouse applies to taxes starting in July 2027 (FY28):

- FY26 (July 2025-June 2026): School Override + Stabilization Fund: \$904
- FY27 (July 2026-June 2027): School Override + Stabilization Fund: \$904; may include a small amount for the initial work on the firehouse (approximately \$30)
- FY28 (July 2027-June 2028): School Override + Stabilization Fund + Firehouse (likely to be done in 2 installments \$244 on 7/1 and \$244 on 1/1): \$1,392

Prior Year Accomplishments & Approach to Budget Development

Despite this reality and the many budget challenges facing the school and other town departments, there are many notable highlights in the Town Manager’s proposed FY26 budget presented to the Town Council:

- This budget is structurally balanced relying on reoccurring revenues to support operations; it does not rely on free cash or one-time funding as previous budget have.
- Closes a structural budget gap that resulted from the use of ARPA (American Rescue Plan Act) funds over the past few years. The FY26 budget does NOT rely on any one-time revenues.
- Maintains a “Base Budget Document” to the Town of Winthrop. This budget is designed to place all the associated expenses for the Town and School in each of the respective budgets. This is important as we monitor how the recent override supports the School Department
- Includes a 15% increase over the prior year for employee health insurance through the GIC. Currently the town contribution for employee health insurance is 85% .
- Reduces General Fund support to the Solid Waste fund by \$200K for FY26 and reduces reliance on retained earnings.
- Continuing subsidies to parks & recreation and skating rink funds by \$30K respectively.

This budget also adheres to the long-term financial stability and sustainability goals shared by the Finance Commission and the Town Council. In addition to their updated long-term Capital Planning goals, the Council has made working within the Levy and Proposition 2 ½ a priority. It dictates how the Town decides which budget increases and which capital requests are approved. It also helps highlight areas where additional funding is needed but cannot be supported with the reoccurring revenue generated by Proposition 2 1/2. This helps identify when the Town must seek funding through overrides and debt exclusions to fund priority programs and services and to invest in the Town’s physical assets.

For FY26 the calculation includes the \$3.5 million override for the school, which per the vote of the residence must go to the School Department. The budget presented by the Town Manger details this calculation and shows how the funds are being added to the School Department budget – they are not being used for any other purpose.

FY26 Estimated Levy	
FY25 Total Levy	\$ 35,718,037
2 1/2% of FY25 Levy	\$ 892,951
Estimated FY26 New Growth	\$ 350,000
Apr. 2025 School Override Vote \$3.5M	\$ 3,500,000
Estimated FY26 Levy Limit	\$ 40,460,988

still

Finally, the Finance Commission would like to acknowledge the transparent format of the Town

Manager’s recommendations for FY26. The recommendations are consistent with sound budget practices, many of which have been supported by the Council and the Finance Commission over the years. They include:

- Conservative and realistic revenue projections, which are transparently detailed in the Town Manager’s proposed budget
- Continued strong free cash levels to maintain the Town’s bond rating, which was recently increased to AA
- Work cooperatively with the school department
- Continued aggressive Pension funding schedule for the Town has been successful as the Town currently has more value in actuarial assets than the accrued actuarial liability. The current schedule phases down the appropriation to the normal cost in 2028.
- Integration of long-term financial forecasting for capital plan and enterprise funds to better inform current and future decisions

FY26 Revenues

Revenues by Fund

Total FY26 Revenues from all sources (General Fund, Enterprise Funds and Revolving Funds) are estimated at \$82 million, an increase of \$5.3 million, or 6.5%, over FY25.

\$in thousands			
Total Revenues by Fund	FY25	FY26	% Total
General Fund	\$ 61,205	\$ 66,405	81%
Enterprise	\$ 14,357	\$ 14,560	18%
Revolving	\$ 210	\$ 210	0%
Capital Stabilization	\$ 947	\$ 888	1%
Totals	\$ 76,718	\$ 82,063	100%
FY25 vs FY24	\$ 5,345		
% change	6.5%		

General Fund Revenues

General Fund revenues are estimated to be \$66.4 million, which is an increase of \$5.2 million, or 7.8% over FY25. New growth which is estimated at \$350K for FY26 down by \$200K from FY25.

Most of the General Fund revenues, \$43.7 million, are from property taxes, inclusive of an increase allowable under Proposition 2-1/2 and include new growth and debt exclusions and for FY26 the recently approved override. Overall, property tax revenues increased by \$4.3 million, or 10.8%. State Aid, the second largest source of revenue to the General Fund, totals \$14.6 million, an increase of \$183K over FY25. This figure is subject to change pending the results of the final state budget, which is expected sometime in July. Local receipts, driven largely by motor vehicle excise tax and PILOT payments from

Massport and MWRA, provide the balance of the revenue.

\$in thousands			
General Fund Revenue by Category	FY25	FY26	% Total
Property Tax	\$ 39,469	\$ 43,743	66%
State Aid	\$ 14,433	\$ 14,616	22%
Local Receipts	\$ 6,986	\$ 7,575	11%
Other Revenue	\$ 741	\$ 744	1%
less Abatements & Other Offsets	\$ (1,631)	\$ (273)	0%
Totals	\$ 59,997	\$ 66,405	100%
FY26 vs FY25	\$ 6,408		
% change	9.7%		

Local Receipts

Total Local receipts are conservatively projected and are largely made up of motor vehicle excise payment, which increase by \$120K over FY25 and PILOT payments from Massport and mitigation payments from the MWRA, which increase by \$173K. In total local receipt increase by \$607K over FY25.

\$in thousands			
Local Receipts	FY25	FY26	% Total
Motor Vehicle Excise	\$ 2,130	\$ 2,250	30%
Room Occupancy Excise	\$ 60	\$ 90	1%
Meals Excise	\$ 200	\$ 225	3%
Penalties and Interest	\$ 110	\$ 129	2%
PILOT from Massport and MWRA Mitigation	\$ 2,917	\$ 3,090	41%
Departmental Fees	\$ 350	\$ 355	5%
Rental Receipts	\$ 40	\$ 40	1%
Departmental Revenue	\$ 60	\$ 71	1%
Licenses & Permits	\$ 500	\$ 666	9%
Fines and Forfeits	\$ 270	\$ 263	3%
Investment Earnings	\$ 125	\$ 156	2%
Medicaid Reimbursments	\$ 165	\$ 200	3%
Miscellaneous Revenue	\$ 41	\$ 40	1%
Total Local Receipts:	\$ 6,968	\$ 7,575	100%
FY26 vs FY25	\$ 607		
% change	8%		

It should be noted that the Other Revenue category consists of charges to the Enterprise Funds for Indirect Cost Recovery and ARPA funds. Indirect costs are similar to overhead charges. It is a way of recovering costs that are supported by the General Fund for providing various services, mostly business-related in this case, to the Enterprise Funds. For FY26, indirect charges to Enterprise Funds total \$576K.

Enterprise Fund Revenues

Enterprise Revenues for FY26 are estimated to be \$14.6 million, a slight increase over FY25. These revenues are generated outside of the General Fund and support six departments including the Solid Waste fund, the newest of the enterprise funds. These revenues are generated, in large part, by users of the services and are dedicated to special purposes for which the fees are charged contributing to the overall operating budget of the Town.

Revolving Fund Revenues

Revolving Fund revenues for FY26 are estimated to be \$210K. Like the Enterprise Funds, revolving funds are used for specific small budgets. They are self-funded through fees such as facility rentals.

Revolving Funds	Limit of Expenses
Tax Title	\$ 30,000.00
Council on Aging	\$ 20,000.00
Pauline Street	\$ 59,500.00
EB Newton	\$ 100,374.00
Total	\$ 209,874.00

FY26 Operating Expenses

General Fund Expenses

The General Fund accounts for most of the expenses in the Town’s operating budget. For FY26, expenditures are estimated to be \$66.4 million, an increase of \$4.9 million, or 7.5%, over FY25. Town departments account for approximately 40% of the expenses in the General Fund totaling approximately \$26.3 million. The remaining 60%, or \$40.2 million of General Fund, supports the School Department.

\$in thousands			
Total Operating Expenses			
Town Departments:	FY25	FY26	% Total
General Government Services	\$ 3,430	\$ 3,547	5%
Public Works	\$ 2,709	\$ 2,778	4%
Public Safety	\$ 9,044	\$ 9,404	14%
Cultural and Human Services	\$ 1,161	\$ 1,188	2%
Non-Departmental & Shared Expenses	\$ 3,133	\$ 3,165	5%
Vocational Education	\$ 1,313	\$ 1,636	2%
Health & Retirement Benefits	\$ 4,494	\$ 4,536	7%
Subtotal Town Departments:	\$ 25,284	\$ 26,254	
School Department	\$ 36,142	\$ 40,151	60%
Subtotal General Fund:	\$ 61,426	\$ 66,405	100%
Enterprise Fund:			
Solid Waste	\$ 2,019	\$ 1,992	
Parks & Recreation	\$ 420	\$ 459	
Rink	\$ 368	\$ 355	
Harbormaster	\$ 307	\$ 297	
Water	\$ 4,687	\$ 4,763	
Sewer	\$ 6,550	\$ 6,693	
Subtotal Enterprise Funds:	\$ 14,351	\$ 14,559	
Revolving Funds	\$ 274	\$ 210	
Capital Stabilization	\$ 705	\$ 800	
Subtotal	\$ 979	\$ 1,010	
Total Operating Expenses	\$ 76,756	\$ 81,974	

Town Departments

In total employee benefits increase by \$260K over FY25, with the largest growth is in employee health insurance, which is through the GIC, and grows by \$475K, or approximately 15%, reflecting a recent trend in commercial health insurance broadly. Reductions in Pensions costs year-over-year help offset the total increase.

\$in thousands		
Employee Relate Benefits - Town	FY25	FY26
Group Health Insurance	\$ 1,930	\$ 2,405
Pension - Town	\$ 2,564	\$ 2,131
Workers Compensation	\$ 50	\$ 53
Unemployment	\$ 25	\$ 30
Retiree Health Insurance/OPEB	\$ 1,170	\$ 1,360
Police Fire Medical	\$ 35	\$ 30
Medicare Town	\$ 175	\$ 200
Total	\$ 5,949	\$ 6,209
FY26 vs FY25	\$ 260	
% change	4%	

Shared expenses, which in the past have grown significantly, are increasing by only \$16K in FY26. The Commission supports the Town Manager's budget recommendations for these items and believes they

adequately meet the anticipated needs of the Town for FY26.

\$in thousands		
Shared Expenses	FY25	FY26
Electricity	\$ 210	\$ 160
Heat	\$ 43	\$ 47
Telecommunications	\$ 91	\$ 78
Fuel (Gasoline & Diesel)	\$ 120	\$ 150
Property Insurance	\$ 574	\$ 614
Public Safety Medical (111F)	\$ 102	\$ 107
Totals	\$ 1,140	\$ 1,156
FY26 vs FY25	\$ 16	
% Change	1%	

School Department

For FY26, funding for the School Department totals \$40.2 million, an increase of \$4 million, or approximately 10% over FY25. This increase includes funding for employee related expenses such as health benefits, debt service on school buildings and other expenses necessary to run the schools. The increase over FY25 spending levels will be used to maintain a level service budget for FY26, restore expenses that were either prepaid or eliminated from the FY25 budget as a result of the budget being below level service by almost \$1.5 million and account for the projected increases in expense categories, which range from 3%-15% depending on the expense item.

School Salaries:

- Maintain all FY25 staffing positions inclusive of step and lane changes
- Provide existing contractual salary increases for nonunion employees with set contractual agreements.
- Increase teacher positions by 1 FTE (Special Education Teacher) and 2 FTE positions titled ABA Behavioral Techs. The 3 additional positions are necessary to meet the mandated IEP services of students with autism at the elementary level.
- Move some staff back to the operating budget that were funded from grants.

School Expenses:

- Return nearly \$1.5 million in expenses that were either prepaid or eliminated from the FY25 budget to achieve balance in FY25.
- 1st and 2nd grade teaching positions that were eliminated for FY25 are not being restored in FY26.
- Increase of 3-3.5% on expense lines that are reflective of materials, supplies, curriculum, technology.
- Additional funding added to employee health insurance consistent with increases budgeted for

the town departments, roughly 15%.

- Contingency built in to cover cost of new contracts, potential fluctuations in grant funding and other unanticipated cost that arise throughout the school year.

Below is a more detailed breakdown of the School Budget for FY26

\$ in thousands			
School Budget	FY25	FY26	% Total
Salaries	\$ 21,964	\$ 23,144	58%
Employee Health Insurance	\$ 3,740	\$ 4,287	11%
Retiree Health	\$ 1,220	\$ 1,377	3%
Pension non-union	\$ 1,044	\$ 1,081	3%
Debt Service	\$ 2,815	\$ 2,403	6%
Other Expenses	\$ 5,359	\$ 7,859	20%
Subtotal	\$ 36,142	\$ 40,151	100%
Other Education:			
Northeast Regional Vocational School	\$ 992	\$ 1,156	
Essex Aggr & Tech	\$ 81	\$ 94	
Voc School Debt	\$ 240	\$ 386	
Subtotal	\$ 1,313	\$ 1,636	
Total	\$ 37,455	\$ 41,787	
FY26 vs FY25	\$ 4,332		
% change	10.4%		

Vocational School Funding

Additionally, funding for out-of-district tuition for the Northeast Vocational School reached \$1.2 million in FY26, an increase of \$310K, when accounting for the increase in debt service for the new school. Along with the projected growth in enrollment for these programs the current level of funding will grow to nearly \$1.6 million - \$1.8 million over the next few years putting further pressure on the Town budget. **It should be noted that these costs remain with the Town and are not part of the School Department budget.**

Enterprise Funds

Enterprise Funds rely on user fees for services rendered and are not part of the General Fund budget. As of FY26, there are six Enterprise Funds. Water & Sewer, Rink, Parks and Recreation, Waterways and Solid Waste.

The Water & Sewer Fund, as well as Solid Waste, are significant and impact all property owners. The other funds are utilized by smaller groups of citizens. Enterprise Funds are intended to be self-sufficient; revenue derived from the services pay for the operating costs. There are, however, a couple of notable exceptions. The Solid Waste Fund has an appropriation from the Town in the amount of \$400K and the Parks and Recreation Department and the Rink each receive \$30K from the General Fund.

The Water & Sewer account is funded by fees based on usage. The largest expense components are the MWRA assessment and the debt service for water and sewer infrastructure projects. It should also be noted that the Department of Revenue, which finalizes the water and sewer rates, requires these funds to have a positive fund balance or equity, also known as retained earnings. This allows for unexpected issues, like slow collections, unanticipated maintenance and repairs, and infrastructure capital investment to be funded.

- **Water/Sewer Enterprise Fund budgets.** The total budget for Water/Sewer for FY26 is \$11.5 million, an increase of \$243K over FY25. The MWRA assessments for FY26 increased by approximately \$152K.

\$in thousands			
Water and Sewer Assessments:	FY25	FY26	
Water	\$ 4,687	\$ 4,788	\$ 101
Sewer	\$ 6,550	\$ 6,693	\$ 143
	\$ 11,237	\$ 11,481	\$ 244

- **Rink Enterprise Fund** for FY26 is \$355K, which is a slight decrease from FY25. Most of the revenue comes from user fees, with other income coming from advertising and concession space rental. The rink will receive an additional \$30K subsidy from the Town in FY26.
- **Parks & Recreation** budget for FY26 is \$435K, which is an increase of 3.6% from FY25. Revenues from this fund are derived from participation fees associated with programs. The FY26 budget provides for a general fund subsidy of \$30K to the department.
- **Harbormaster Fund** budget for FY26 is \$297K which is a decrease of \$510K, or 3.5%, from FY25. For FY26, the Town Manager is proposing a reorganization that would bring the Harbormaster under the oversight of the Chief of Police. The Commission supports this plan and will continue to monitor its implementation over the next year and provide any feedback or guidance as it seems appropriate.
- **Solid Waste Enterprise Fund** is budgeted at \$1.8 million, a decrease of \$171K, or 8.5% over FY25 which includes an appropriation from the Town of \$400K, approximately \$200K less than FY25. This budget also reduces the reliance on retained earnings from \$200K to \$85K in FY26. The solvency of the fund is made whole, in part, through an increase in the trash fee. The fee will increase from \$160 per year to \$190 and is included in the Town Manager’s budget proposal.

Finance Commission Observations and Recommendations for the FY26 Budget

After careful deliberation and based on testimony from department heads, the Finance Commission is providing the following observations and recommendations for the Town Manager and/or the Town Council to consider acting on over the course of the next fiscal year.

1. Continued Emphasis on Structural Balance While Preparing for Budget Uncertainty:

The FY26 budget, as filed by the Town Manager, closes the structural gap that resulted from the use of nearly \$225K in one-time revenues from ARPA funds. It is balanced using reoccurring revenue, including the recently approved override for the schools. It also adjusts down, by \$200K, new growth projections, bringing it more in-line with FY25 collections and relies on a realistic forecast for Local Receipts. As we enter an environment of increased uncertainty about the economy and the impact that will have for federal and state support, it will be important that we maintain adequate levels of free cash and adequately fund programs and services and avoiding mid-year budget adjustments.

2. Solid Waste Enterprise Fund: Trash Fee

The Town's general fund budget includes trash and recycling appropriation of \$400K. This is \$200K less than what was transferred to the fund in FY25. Additionally, the proposed budget reduces the reliance on retained earnings from \$200K in FY25 to \$85K in FY26. **This was done to ensure compliance with DOR rules regarding enterprise funds. This reduction in these two revenue sources supporting the fund were offset by increasing the trash fee from \$160 per year to \$190.** The proposed increase and the additional revenue generated from the increase are included in the Town Manager's budget recommendations. There are several issues that the Town Council will need to address related to the Trash Fund going forward:

1. Continue to reduce the reliance on retained earnings and contributions from the General Fund to ensure the fund remains structurally balanced.
2. Currently the Housing Authority only contributes \$20K to the Trash Fund. This is up from previous years but falls significantly short of the actual cost of the service. The Finance Commission recommends that the Town Manager continue to work with the Housing Authority to increase their contribution, the Trash Fund to be more commensurate with the service being provided to them.
3. Finally, the Commission recommends that the Town Council consider adopting a multi-year fee schedule that increases overtime and is sufficient to cover the cost of the new contract and ensure the structural balance of the fund. This is consistent with the Commission's recommendation to do a multi-year forecast

3. Health Insurance (GIC) Commission

Health Insurance costs increased by 15% in FY26, consistent with recent trends in commercial health insurance. This is on top of a 9.6% increase in FY25. During our deliberations, the Town Manger informed the Commission that the Town's participation in GIC is coming up for renewal next year and suggested the creation of a GIC Commission to do the proper evaluation of options and perform the necessary due diligence to help inform any decision on renewing the agreement. The Finance Commission strongly endorses this approach and recommends that the GIC commission also do an

analysis of the Town's current contribution ratio taking into account what other towns, similar to Winthrop, do as well as the impact on recruitment and retention of talent if the ratio were to be changed prospectively for new hires.

4. Multi-year Budget Planning for the Town, Including the School Department

Over the past two fiscal years the Finance Commission has recommended that the Town, including the School Department, begin developing a multi-year budget forecast. While progress is being made toward this goal on the capital budget, the Finance Commission would like to work with the Town Manager and the finance team to advance a 3-year budget forecast, with the potential to expand to 5 years, to help answer many of the strategic questions the Commission has been trying to answer. This recommendation has become increasingly more important as the residents have approved historic investments. The multi-year forecast should also include:

- **Operating Budget –**
 - The Finance Commission would like to see all federal, state and private grants incorporated into the operating budget with the goal of being able to see, in the aggregate and for each department, the total available resources to the Town/School Department with a breakdown of the number of FTE/payroll spending, benefits and other costs supported by grants.
 - The Finance Commission would like to see the School Department budget incorporated into the presentation of the Town budget. Currently the School Department is presented as a single aggregate appropriation in the Town budget, while the details of the school budget are presented separately and usually in a different format to the Town Budget. This makes it very difficult for the Commission to take “the whole of government” approach to evaluating the budget. Understanding the School Committee oversees the school budget, this change will require more coordination between the Town Manager and the School Superintendent and their staff. The Finance Commission would like to see School spending by expense category along with the ability to see headcount by employee title, ie. Spanish teacher, Math teacher, etc.
 - The Town's OPEB (Other Post-employment Benefits). The current plan, as the Commission understands it, is to direct some of the funds currently being used to pay down our unfunded pension liability and direct it to the Town's OPEB liability. It would be helpful to see through a multi-year forecast a plan that layouts how this liability will be addressed in the future.
- **Capital Plan –**
 - The Town need to continue to focus on deferred maintenance, particularly understanding what is coming due in the next 3-5 years. With the recently approved debt exclusion, the Town's largest deferred maintenance need, the fire stations, will be addressed. The Town needs to develop a short and long-term plan to addresses the deferred maintenance needs of its assets.
 - Several road and pedestrian projects are currently underway, but more work is needed.

The capital plan needs to identify resources over the next 3-5 years to address these critical infrastructure projects

- Parks and Recreation will need to find a permanent home once the demolition of the old middle school begins.
- The Town also needs a plan for the anticipated needs currently being quantified for Climate Resiliency measures per the Town's Hazard Mitigation Plan and the Climate Action Plan. Additionally, with the elimination/pause in Federal climate funding, the Town needs to aggressively pursue State-level funding like the recently announced Coastline Vulnerability funds and the anticipated Environmental Bond Bill.

5. **Inspectional Services Department** – During our deliberations, The Finance Commission recommended the addition of a new part-time position to help with code enforcement. These are important positions for the department and most often cover their salaries with the additional revenue they bring in. The Commission appreciates the Town Manager's help in identify approximately \$20K in funding to hire this position, which will be reflected in in the FY26 budget allowing the position to be filled.

6. **Grant Exposure at Public Health** – During our deliberations with the public health department, the Finance Commission identified a possible funding exposure related to 2 or 3 grants that may not be available to the Town in future fiscal years. These grants provide important services to the town and fund critical work that the Public Health Department performs. The overall exposure could be as much as \$284K. While the Public Health Director is currently seeking other grants to help support these FTEs and the services, the Town Manager, working with the Health Department, may need to identify bridge funding should the impact occur during the next fiscal year. On a go forward basis, an analysis needs to be done to determine if these services should be supported through the operating budget to avoid the fluctuations in grant funding.

7. **IT Needs of the Town and School Departments** - During our deliberations, the Finance Commission discussed the need for a Town-wide CIO to oversee and coordinate the many IT enhancements that are happening across the Town and School Departments. Recognizing that this is a recommendation that has been proposed in the past, the Commission believes that such an effort needs to be driven by an intentional administrative plan that executes a clear strategy with ownership and accountability, reporting directly to the Town Manager. While there may be different approaches to accomplishing this goal, one approach that is used in other Towns might be to form a Technology Committee to help formulate a Town-wide strategy. Such a strategy should include, but not be limited to the following:

- a. The creation of a data warehouse to allow better reporting and analytics from a central source.
- b. The creation of dashboards for the Town to enable visibility across all Town and School departments.
- c. The deployment and expanded use of AI to promote greater efficiency and better service delivery to residents. The latter is key, it is important to demonstrate and communicate the benefits of technology to town residents in their everyday interactions with town

departments.

- d. Digitization and Automation -Town departments are at various stages of their digitization and automation journey. It is important for the Town to continue to fund these efforts and to drive efficiencies and cost savings for the town.

Explore the possibility of accomplishing all, or portions of this, through a regionalized approach, leveraging the technology and expertise of surrounding towns, including the sharing of personnel and or contracts for IT services and equipment.

Closing

In closing, we would like to thank Town Manager Anthony Marino, Assistant Town Manager Cheryl McCormick, Finance Director Sarah Johnson, Assistant CFO Robbie Powers, and Superintendent of Schools Lisa Howard, as well as all the department heads for their cooperation with the Finance Commission and for their service to the Town. The budget represents a continuation of the Town's services to the people of Winthrop and focuses on the financial goals and needs of our community.

Respectfully Submitted,

Matthew J. Gorzkowicz

Matthew Gorzkowicz, Chair
Winthrop Finance Commission

Finance Commission Members:

Karin Chavis – Chairperson (CAFC)
John DaRos – Chair, Finance Committee
Matthew Gorzkowicz
Hannah Belcher
Max Tassinari
John Macero
Brent Farrell
William Gault
Joe Hanlon
Shannon Poulos

The Finance Commission

Section 7-3 of the Town Charter establishes the Finance Commission which shall consist of seven voters appointed by the council president and the members of the town council committee to which are referred the budget and other financial matters, as such committee shall be constituted from time to time

Finance Commission

Citizens' Advisory Finance Committee:

Karin Chavis, Chair
Matthew Gorzkowicz, Chair, Finance Commission
Brent Ferrell
William Gault
Joe Hanlon
Shannon Poulos
John Macero

Finance Sub-Committee of the Town Council:

John DaRos, Councilor, Chair,
Hannah Belcher, Councilor
Max Tassinari, Councilor

FY26 Budget Finance Commission Recommendations



Town of Winthrop Finance Commission
Report to the Town Council

Presented on June 3, 2025
(amended 6/4/25)

The Roles & Responsibilities of the Finance Commission

- The finance commission shall file a report with the town council, with recommendations concerning the adoption of the annual town budget, with or without amendments, in such detail and at such time as may be provided by ordinance
- The finance commission shall have full and complete access to all information involving all aspects of the budget preparation process as it becomes available, including revenue forecasting, preliminary spending estimates, and the budgets as submitted to the council president and the town council.

FY26 Winthrop Town Budget: Key Dates & Process

Town Council must adopt the budget 15 days prior to the start of the fiscal year, which is July 1st

Initial Briefing:

The Finance Commission's budget deliberations started with a briefing by key town officials on budget recommendations.

✓ **April 16th**

FY26 budget presentation to Town Council at Spring Forum

Public Hearings for Departments:

Public meetings were organized for departments to present their budgets, promoting transparency.

✓ April 16th –

Fin Comm Deliberations with Department Heads

✓ May 30th

✓ May 29th

Fin Comm Deliberations on FY24 Budget

Budget Disclosure Requirements

Departments are required to disclose all budget-related information, including revenues and expenditures for analysis.

✓ June 2nd

Fin Comm submits report to Council President

✓ June 3th

Fin Comm presents to Town Council

Finance Team Support

The Town's Finance team provided assistance during meetings, answering questions and offering context about budgets.

✓ **June 10th**

Town Council adopts FY25 Budget

Department Head Meetings

Public Hearings Held:

- ✓ Town Manager
- ✓ Finance Department
- ✓ WP School Department
- ✓ Treasurer & Collector
- ✓ Assessor
- ✓ Police Department (911 Center & Harbormaster)
- ✓ Fire Department (Emergency Management)
- ✓ DPW (Water/Sewer, Trash, Cemeteries, and Facilities)
- ✓ Public Health
- ✓ Inspectional Services
- ✓ Council on Aging
- ✓ Veterans Services

Optional:

- Conservation Commission
- Planning Board
- Human Resources
- Town Clerk
- MIS Department
- Library Services
- Rink
- Parks and Recreation

FY26 Budget Highlights

FY26 Budget: Key Takeaways

Support for Proposed Budget

The Finance Commission supports the Town Manager's FY26 budget, recommending only one minor change.

Structural Balance

The FY26 budget is structurally balanced, relying on recurring revenues to support operational needs.

Maintenance Level Budget

The FY26 budget is a maintenance level budget, sustaining the same services as previous years. There are no major expansions to town departments.

Contractual Obligations and Costs

Increases in department budgets mainly cover anticipated contractual obligations and inflation-related costs.

FY26 Revenues

Notable Highlights of the FY26 Budget

- Continues to work within sustainable revenue sources and is balanced – bond rating current at AA+.
- Budget is structurally balanced relying on reoccurring revenues to support operations; it does not rely on free cash or one-time funding as previous budget have.
- Closes a structural budget gap that resulted from the use of ARPA (American Rescue Plan Act) funds over the past few years.
- Maintains a “Base Budget Document” to the Town of Winthrop. This budget is designed to place all the associated expenses for the Town and School in each of the respective budgets. This is important as we monitor how the recent override supports the School Department
- Includes a 15% increase over the prior year for employee health insurance through the GIC. Currently the town contribution for employee health insurance is 85% .
- Reduces General Fund support to the Solid Waste fund by \$200K for FY26 and reduces reliance on retained earnings.
- Continuing subsidies to parks & recreation and skating rink funds by \$30K respectively.

Total FY26 Revenues

Total FY26 Revenues from all sources (General Fund, Enterprise Funds and Revolving Funds) are estimated at \$82 million, an increase of \$5.3 million, or 6.5%, over FY25.

\$in thousands			
Total Revenues by Fund	FY25	FY26	% Total
General Fund	\$ 61,205	\$ 66,405	81%
Enterprise	\$ 14,357	\$ 14,560	18%
Revolving	\$ 210	\$ 210	0%
Capital Stabilization	\$ 947	\$ 888	1%
Totals	\$ 76,718	\$ 82,063	100%
FY25 vs FY24	\$ 5,345		
% change	6.5%		

FY26 General Fund Revenues

General Fund revenues are estimated to be \$66.4 million, an increase of \$6.4 million, or 9.7% over FY25. New growth which is estimated at \$350K for FY26 down by \$200K from FY25.

\$\$in thousands			
General Fund Revenue by Category	FY25	FY26	% Total
Property Tax	\$ 39,469	\$ 43,743	66%
State Aid	\$ 14,433	\$ 14,616	22%
Local Receipts	\$ 6,986	\$ 7,575	11%
Other Revenue	\$ 741	\$ 744	1%
less Abatements & Other Offsets	\$ (1,631)	\$ (273)	0%
Totals	\$ 59,997	\$ 66,405	100%
FY26 vs FY25	\$ 6,408		
% change	9.7%		

- 66% of the Towns revenues comes from property taxes
- 22% comes from State aid, most of which is dedicated to education funding – there is very little to support for the Town.
- Total Net State aid increases by \$183K over FY25. *Note that State aid is an estimate and subject to change pending the outcome of the State budget.*

FY26 Local Receipts

\$\$in thousands				
Local Receipts	FY25	FY26	% Total	
Motor Vehicle Excise	\$ 2,130	\$ 2,250	30%	
Room Occupancy Excise	\$ 60	\$ 90	1%	
Meals Excise	\$ 200	\$ 225	3%	
Penalties and Interest	\$ 110	\$ 129	2%	
PILOT from Massport and MWRA Mitigation	\$ 2,917	\$ 3,090	41%	
Departmental Fees	\$ 350	\$ 355	5%	
Rental Receipts	\$ 40	\$ 40	1%	
Departmental Revenue	\$ 60	\$ 71	1%	
Licenses & Permits	\$ 500	\$ 666	9%	
Fines and Forfeits	\$ 270	\$ 263	3%	
Investment Earnings	\$ 125	\$ 156	2%	
Medicaid Reimbursements	\$ 165	\$ 200	3%	
Miscellaneous Revenue	\$ 41	\$ 40	1%	
Total Local Receipts:	\$ 6,968	\$ 7,575	100%	
	FY26 vs FY25 \$	607		
	% change	8%		

- 30% of all Local Receipts come for Motor Vehicle Excise and increase by \$120K over FY25
- 41% comes from Massport PILOT payments and MWRA mitigation, which increase by \$173 over FY25
- Total Local Receipts grow by \$607K over FY25

Total FY26 Levy Limit

The Town maximizes its full levy capacity – there is no “excess” levy capacity.

FY26 Estimated Levy	
FY25 Total Levy	\$ 35,718,037
2 1/2% of FY25 Levy	\$ 892,951
Estimated FY26 New Growth	\$ 350,000
Apr. 2025 School Override Vote \$3.5M	\$ 3,500,000
Estimated FY26 Levy Limit	\$ 40,460,988

Override: School Budget

Community Investment

Residents of Winthrop made significant investments to support local education and services through the \$3.5M override vote.

Funding for Public Schools

The override ensures that Winthrop Public Schools remain level-funded, preserving essential staffing and programs for FY26.

Preventing Cuts

This funding is critical to avoid devastating cuts to the school and town departments, safeguarding community services.

Override: Stabilization Fund and Debt Exclusion

Stabilization Fund Overview

The \$1.45M Stabilization Fund ensures schools maintain services and provides future financial stability.

Funding Sources

The fund will receive additional yearly contributions from the Town's free cash policy and departmental turn-backs.

Limitations on Revenue Growth

The fund reduces pressure from the limited annual revenue growth of 2.5%, aiding Town departments.

Firehouse Construction Debt Exclusion

A 25-year/\$38.5M Debt Exclusion is planned for constructing a new firehouse on the old Middle School property.

FY26 Expenditures

FY26 General Fund Expenditures

- FY26 expenditures, from all funds, total \$81.9 million, an increase of \$5.2 million over FY25.
- General Fund expenditures, which include both the Town Departments, and the School Departments total \$66.4 million, an increase of \$4.9million or 7.5%
 - The Town Departments total \$26.3 million and make up 40% of the General Fund expenditures
 - The School Department totals \$40.2 million and makes up 60% of the General Fund expenditures.
- Other funds which are comprised of the Enterprise Funds, Revolving Funds and Capital funds add another \$15.6 million making up the difference.

Total Expenditures: All Funds

\$ in thousands			
Total Operating Expenses			
Town Departments:	FY25	FY26	% Total
General Government Services	\$ 3,430	\$ 3,547	5%
Public Works	\$ 2,709	\$ 2,778	4%
Public Safety	\$ 9,044	\$ 9,404	14%
Cultural and Human Services	\$ 1,161	\$ 1,188	2%
Non-Departmental & Shared Expenses	\$ 3,133	\$ 3,165	5%
Vocational Education	\$ 1,313	\$ 1,636	2%
Health & Retirement Benefits	\$ 4,494	\$ 4,536	7%
Subtotal Town Departments:	\$ 25,284	\$ 26,254	
School Department	\$ 36,142	\$ 40,151	60%
Subtotal General Fund:	\$ 61,426	\$ 66,405	100%
Enterprise Fund:			
Solid Waste	\$ 2,019	\$ 1,992	
Parks & Recreation	\$ 420	\$ 459	
Rink	\$ 368	\$ 355	
Harbormaster	\$ 307	\$ 297	
Water	\$ 4,687	\$ 4,763	
Sewer	\$ 6,550	\$ 6,693	
Subtotal Enterprise Funds:	\$ 14,351	\$ 14,559	
Revolving Funds	\$ 274	\$ 210	
Capital Stabilization	\$ 705	\$ 800	
Subtotal	\$ 979	\$ 1,010	
Total Operating Expenses	\$ 76,756	\$ 81,974	

FY26 General Fund Expenditures

Employee Benefits

Increase in Employee Benefits

Total employee-related benefits are projected to increase by \$260K, which represents a 4% rise from FY25 to FY26.

Health Insurance Costs

Group Health Insurance costs are expected to rise significantly, increasing by approximately 15% from FY25 to FY26, totaling \$2.5 million.

Pension Cost Reductions

Pension costs are projected to decrease from \$2.6 million in FY25 to \$2.1 million in FY26, offsetting some of the total benefit increase.

Retiree Health Benefits

Retiree Health Insurance/OPEB is also expected to see a notable increase in FY26, contributing to overall growth in benefits.

Shared Services

Overall Expense Increase

Total shared expenses increased by \$16 thousand from FY25 to FY26, reflecting a slight growth of 1%.

Electricity Expenses Decrease

Electricity expenses saw a significant decrease of \$50K in FY26 compared to FY25, indicating improved efficiency.

Fuel Expenses Increase

Fuel expenses rose by \$30K in FY26 compared to FY25, reflecting higher fuel costs.

Property Insurance Rise

Property insurance expenses increased by \$40K from FY25 to FY26, indicating rising insurance costs.

FY26 Total Education Funding

FY26 funding for the School Department totals \$40.2 million, an increase of \$4 million, or approximately 10% over FY25.

- Includes funding for employee related expenses such as health benefits, debt service on school buildings and other expenses necessary to run the schools

\$\$in thousands				
School Budget	FY25	FY26	% Total	
Salaries	\$ 21,964	\$ 23,144	58%	
Employee Health Insurance	\$ 3,740	\$ 4,287	11%	
Retiree Health	\$ 1,220	\$ 1,377	3%	
Pension non-union	\$ 1,044	\$ 1,081	3%	
Debt Service	\$ 2,815	\$ 2,403	6%	
Other Expenses	\$ 5,359	\$ 7,859	20%	
Subtotal	\$ 36,142	\$ 40,151	100%	
Other Education:				
Northeast Regional Vocational School	\$ 992	\$ 1,156		
Essex Agg & Tech	\$ 81	\$ 94		
Voc School Debt	\$ 240	\$ 386		
Subtotal	\$ 1,313	\$ 1,636		
Total	\$ 37,455	\$ 41,787		
FY26 vs FY25	\$ 4,332			
% change	10.4%			

Vocational School Funding:

out-of-district tuition for the Northeast Vocational School reached \$1.2 million in FY26, an increase of \$310K when accounting for the increase in debt service for the new school.

Along with the projected growth in enrollment for these programs the current level of funding is projected to grow to nearly \$1.8 million over the next few years putting further pressure on the Town budget.

It should be noted that these costs remain with the Town and are not part of the School Department budget.

FY26 Summary of School Budget

School Expenses

Budget Adjustments

Nearly \$1.5 million in expenses were returned or eliminated to balance the FY25 budget effectively.

Teaching Positions

Elimination of 1st and 2nd grade teaching positions for FY25 will not be restored in FY26.

Expense Increases

An increase of 3-3.5% on materials, supplies, curriculum, and technology expenses resulting from rising operational costs in education.

Employee Health Insurance

Additional funding has been allocated for employee health insurance, consistent with town departmental increases of around 15%.

Contingency Planning

A contingency has been built in to cover new contracts and unanticipated costs throughout the school year.

School Salaries

Maintain Staffing Positions

Ensure all staffing positions for FY25 are maintained, adjusting for step and lane changes as necessary.

Contractual Salary Increases

Implement existing contractual salary increases for nonunion employees, adhering to set agreements. All 7 unions are up for negotiation in FY26.

Increase Teacher Positions

Add one Special Education Teacher and two ABA Behavioral Techs to support IEP services for students with autism.

Budget Adjustments

Reallocate some staff funding from grants back to the operating budget to ensure sustainability.

Major Cost Drivers

- Increases in health insurance, increased charges from Northeast and Essex Technical Schools, union contracts, building and vehicle insurance, and retirement and pension funding take up most of the 2.5% tax increase per year – the Town’s main source of revenue.
- As a result, it is challenging to fund new staff, deploy software and make other types of needed improvements, let alone launch new initiatives
- The FY26 budget, as presented, should be considered a “maintenance” budget; it essentially supports the same level of services that has been provided in the past years.
- Even as some department budgets grow year-over-year, the increase only covers the contractual obligations and increases resulting from inflation.
- The budget does not provide for any expansion

Recommendations

Observations and Recommendations

Continued Emphasis on Structural Balance While Preparing for Budget Uncertainty:

The FY26 budget, as filed by the Town Manager, closes the structural gap that resulted from the use of nearly \$225K in one-time revenues from ARPA funds. It is balanced using reoccurring revenue, including the recently approved override for the schools. It also adjusts down, by \$200K, new growth projections, bringing it more in-line with FY25 collections and relies on a realistic forecast for Local Receipts. As we enter an environment of increased uncertainty about the economy and the impact that will have for federal and state support, it will be important that we maintain adequate levels of free cash and adequately fund programs and services and avoiding mid-year budget adjustments

Inspectional Services Department – During our deliberations, The Finance Commission recommended the addition of a new part-time position to help with code enforcement. These are important positions for the department and most often cover their salaries with the additional revenue they bring in. The Commission appreciates the Town Manager’s help in identify approximately \$20K in funding to hire this position, which will be reflected in in the FY26 budget allowing the position to be filled

Grant Exposure at Public Health – During our deliberations with the public health department, the Finance Commission identified a possible funding exposure related to 2 or 3 grants that may not be available to the Town in future fiscal years. These grants provide important services to the town and fund critical work that the Public Health Department performs. The overall exposure could be as much as \$284K. While the Public Health Director is currently seeking other grants to help support these FTEs and the services, the Town Manager, working with the Health Department, may need to identify bridge funding should the impact occur during the next fiscal year. On a go forward basis, an analysis needs to be done to determine if these services should be supported through the operating budget to avoid the fluctuations in grant funding.

Observations and Recommendations

Solid Waste Enterprise Fund: Trash Fee

The Town's general fund budget includes trash and recycling appropriation of \$400K. This is \$200K less than what was transferred to the fund in FY25. Additionally, the proposed budget reduces the reliance on retained earnings from \$200K in FY25 to \$85K in FY26. This was done to ensure compliance with DOR rules regarding enterprise funds. This reduction in these two revenue sources supporting the fund were offset by increasing the trash fee from \$160 per year to \$190. The proposed increase and the additional revenue generated from the increase are included in the Town Manager's budget recommendations. There are several issues that the Town Council will need to address related to the Trash Fund going forward:

1. Continue to reduce the reliance on retained earnings and contributions from the General Fund to ensure the fund remains structurally balanced.
2. Currently the Housing Authority only contributes \$20K to the Trash Fund. This is up from previous years but falls significantly short of the actual cost of the service. The Finance Commission recommends that the Town Manager continue to work with the Housing Authority to increase their contribution, the Trash Fund to be more commensurate with the service being provided to them.
3. Finally, the Commission recommends that the Town Council consider adopting a multi-year fee schedule that increases overtime and is sufficient to cover the cost of the new contract and ensure the structural balance of the fund. This is consistent with the Commission's recommendation to do a multi-year forecast

Health Insurance (GIC) Commission

Health Insurance costs increased by 15% in FY26, consistent with recent trends in commercial health insurance. This is on top of a 9.6% increase in FY25. The Finance Commission strongly endorses the creation of a GIC commission and for it to include an analysis of the Town's current contribution ratio taking into account what other towns, similar to Winthrop, do as well as the impact on recruitment and retention of talent if the ratio were to be changed prospectively for new hires.

Observations and Recommendations

Multi-year Budget Planning for the Town, Including the School Department

Over the past two fiscal years the Finance Commission has recommended that the Town, including the School Department, begin developing a multi-year budget forecast. While progress is being made toward this goal on the capital budget, the Finance Commission would like to work with the Town Manager and the finance team to advance a 3-year budget forecast, with the potential to expand to 5 years, to help answer many of the strategic questions the Commission has been trying to answer. This recommendation has become increasingly more important as the residents have approved historic investments. The multi-year forecast should also include:

- The Finance Commission would like to see all federal, state and private grants incorporated into the operating budget with the goal of being able to see, in the aggregate and for each department, the total available resources to the Town/School Department with a breakdown of the number of FTE/payroll spending, benefits and other costs supported by grants.
- The Finance Commission would like to see the School Department budget incorporated into the presentation of the Town budget. Currently the School Department is presented as a single aggregate appropriation in the Town budget, while the details of the school budget are presented separately and usually in a different format to the Town Budget. This makes it very difficult for the Commission to take “the whole of government” approach to evaluating the budget. Understanding the School Committee oversees the school budget, this change will require more coordination between the Town Manager and the School Superintendent and their staff. The Finance Commission would like to see School spending by expense category along with the ability to see headcount by employee title, ie. Spanish teacher, Math teacher, etc.

The Town’s OPEB (Other Post-employment Benefits). The current plan, as the Commission understands it, is to direct some of the funds currently being used to pay down our unfunded pension liability and direct it to the Town’s OPEB liability. It would be helpful to see through a multi-year forecast a plan that layouts how this liability will be addressed in the future

Observations and Recommendations

IT Needs of the Town and School Departments - During our deliberations, the Finance Commission discussed the need for a Town-wide CIO to oversee and coordinate the many IT enhancements that are happening across the Town and School Departments. Recognizing that this is a recommendation that has been proposed in the past, the Commission believes that such an effort needs to be driven by an intentional administrative plan that executes a clear strategy with ownership and accountability, reporting directly to the Town Manager. While there may be different approaches to accomplishing this goal, one approach that is used in other Towns might be to form a Technology Committee to help formulate a Town-wide strategy. Such a strategy should include, but not be limited to the following:

- a. The creation of a data warehouse to allow better reporting and analytics from a central source.
- b. The creation of dashboards for the Town to enable visibility across all Town and School departments.
- c. The deployment and expanded use of AI to promote greater efficiency and better service delivery to residents. The latter is key, it is important to demonstrate and communicate the benefits of technology to town residents in their everyday interactions with town departments.
- d. Digitization and Automation -Town departments are at various stages of their digitization and automation journey. It is important for the Town to continue to fund these efforts and to drive efficiencies and cost savings for the town.

Explore the possibility of accomplishing all, or portions of this, through a regionalized approach, leveraging the technology and expertise of surrounding towns, including the sharing of personnel and or contracts for IT services and equipment.

Thank you!