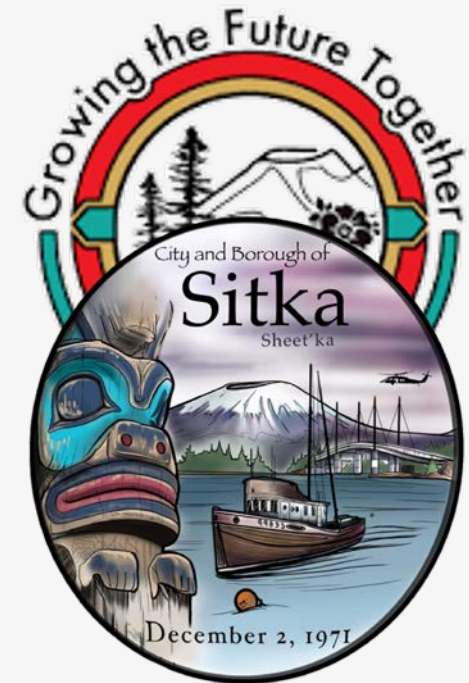


# FY2026 GENERAL FUND BUDGET

February 27, 2025



## Challenges

- Concerns around the economy (local as well as national)/inflation
- Cruise tourism—for FY2026 budget Spring 2026
- Concerns around federal funding
- School funding—capacity to defray impact of BSA stagnation/ability to fund if BSA increases
- Continued investment in infrastructure

## Opportunities

- Guidance from strategic plan
- Increased tourism=>increased revenue stream
- Expanded services to the community

**Moving Strategic Goals forward**

# FY2026 process to develop draft budget

**Same process with focus on assessing risk and linking efforts to strategic plan.**

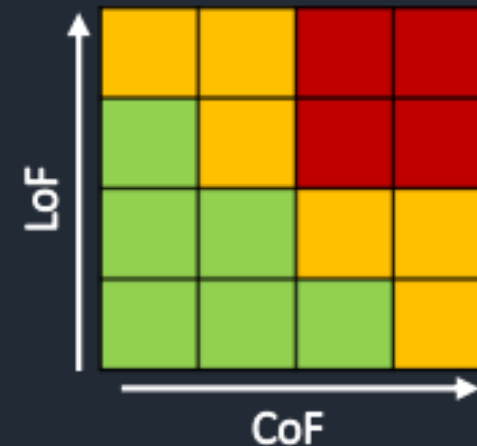
Resource proposals (RP's) have been submitted and any new efforts included in the budget have been reviewed by the assembly. The initial budget includes all resource proposal that were discussed.

Capital projects have been included based on the risk score and the funding available in the public infrastructure sinking fund.

## Assessing Risk

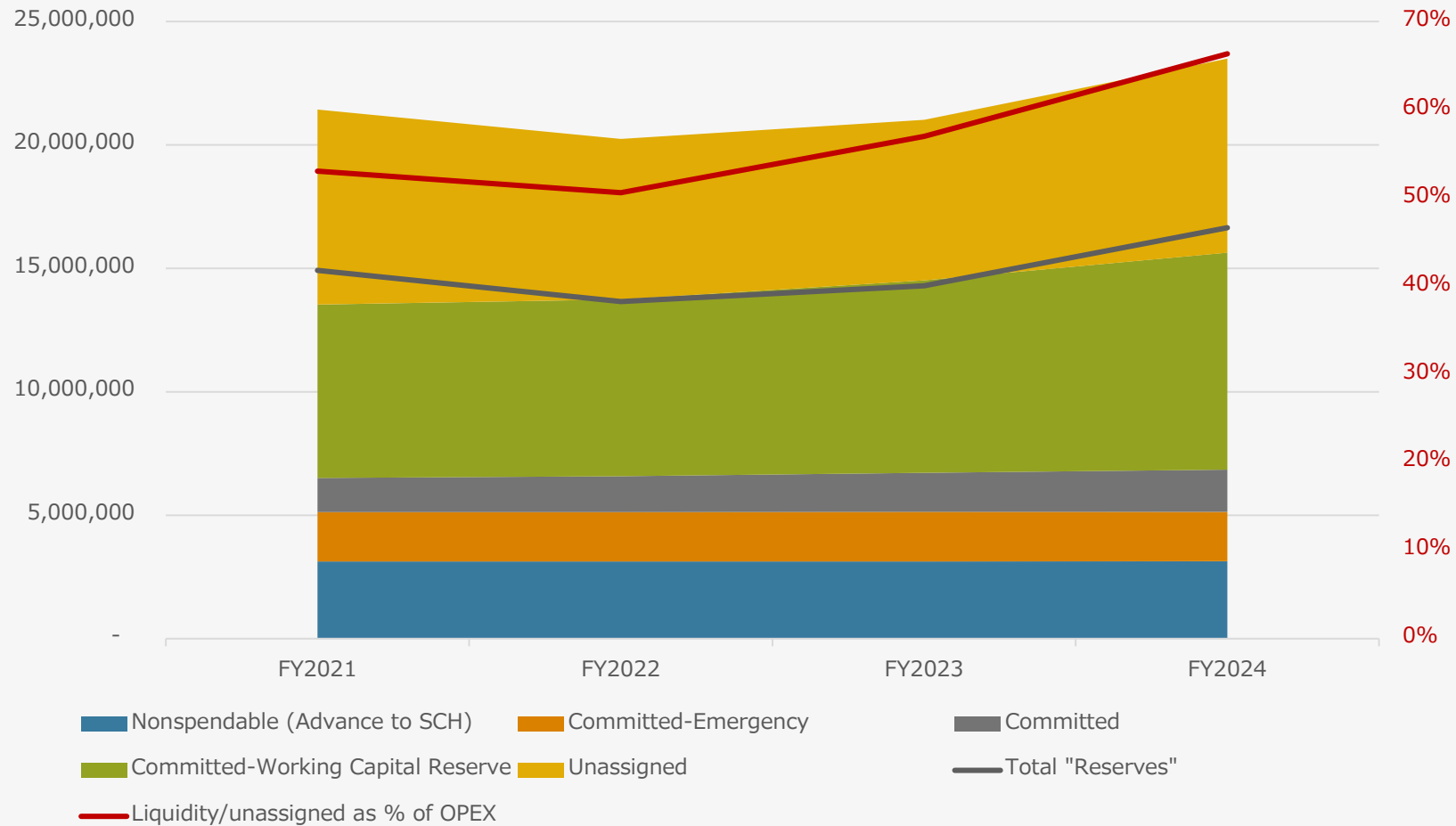
Risk is the product of Likelihood of Failure (LoF) and Consequence of Failure (CoF).

$$\text{Risk} = (\text{LoF}) \times (\text{CoF})$$



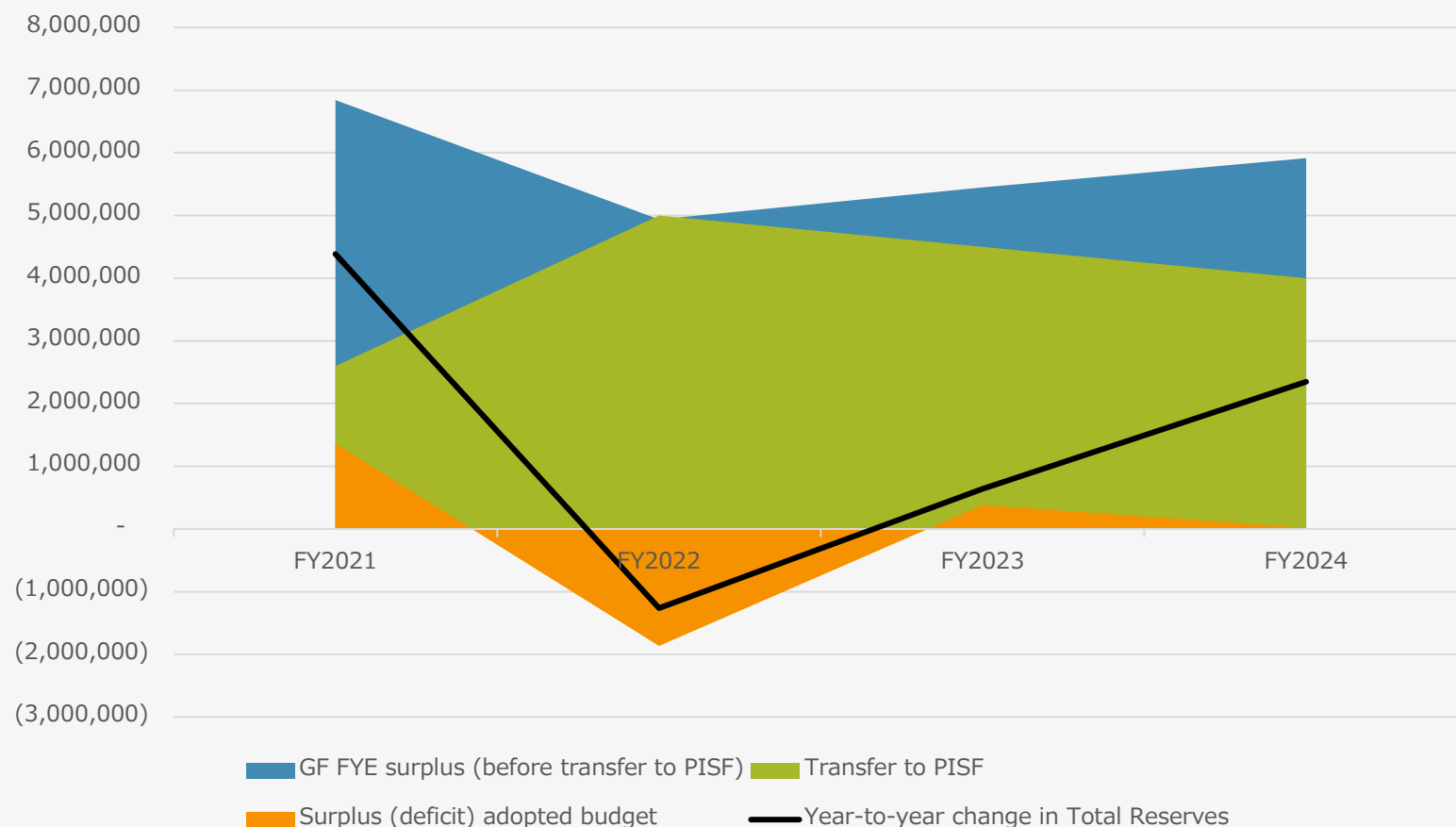
To determine LoF and CoF values, project managers will reference the 2022 Risk Assessment Matrix. This can be found on the FY24 Budget Planning SharePoint Site.

## "Reserves"



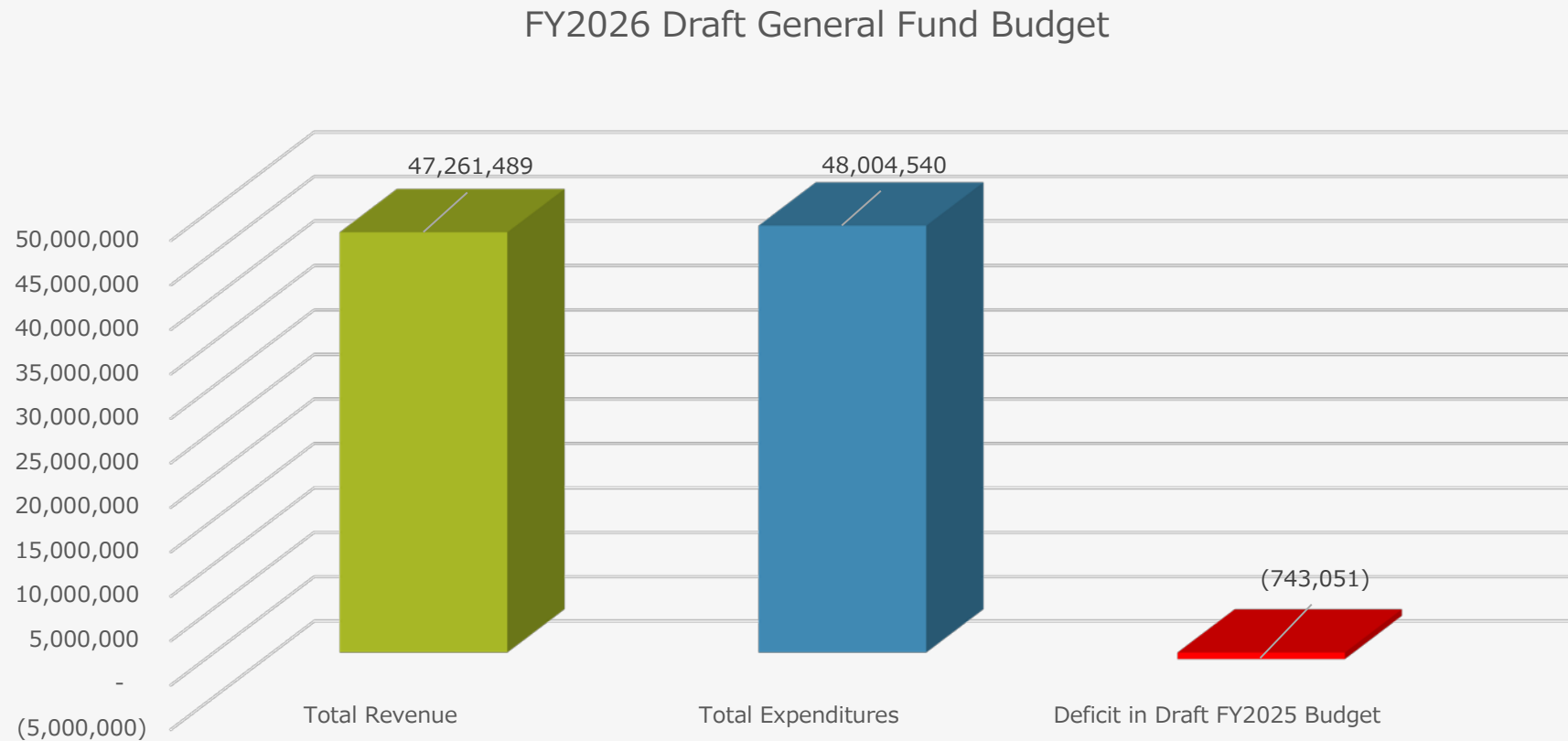
Any surplus or deficit impacts both savings for infrastructure as well as our fund balance or reserves

Budget performance / impact on PISF & reserves

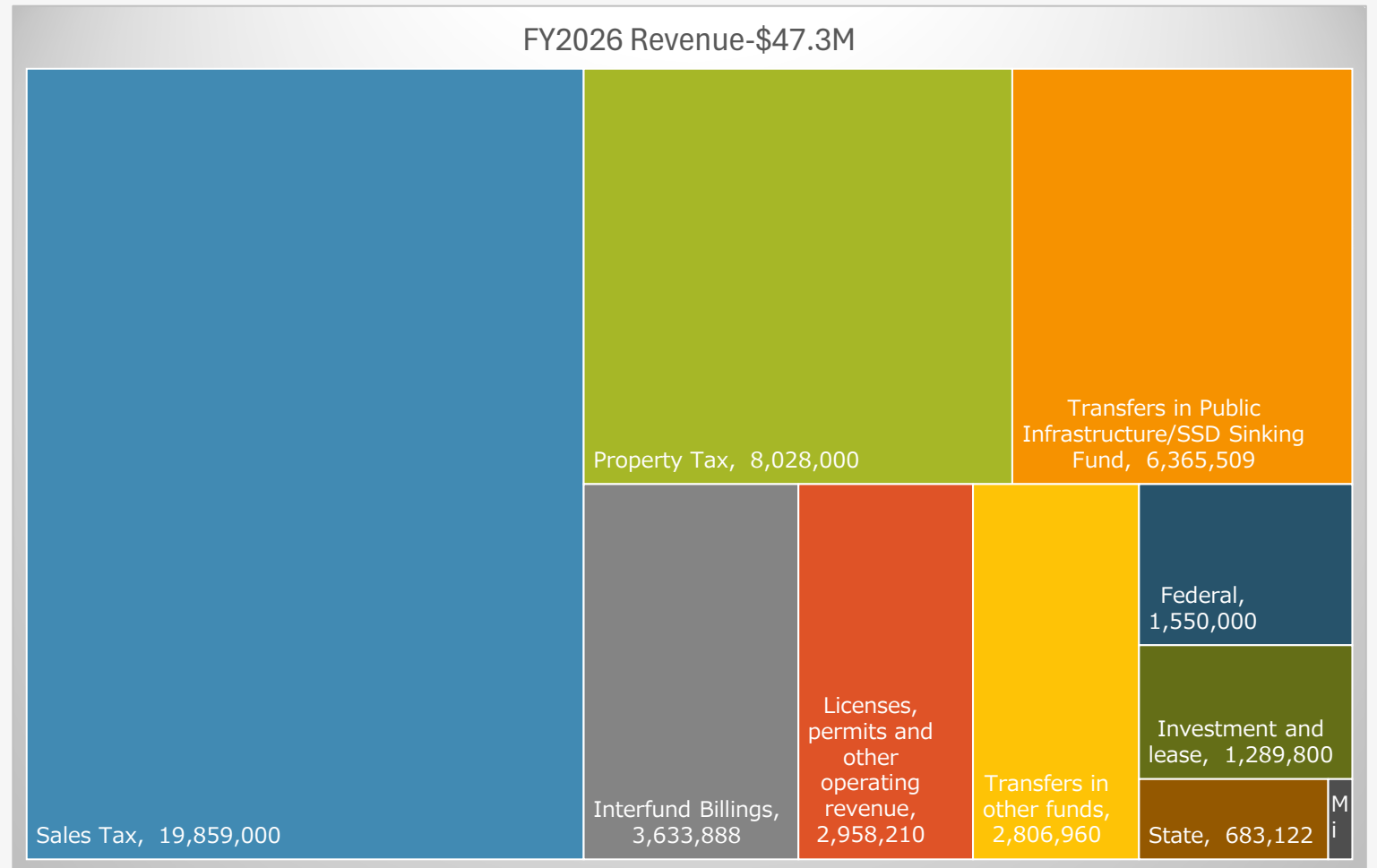


Year-to-year  
budget  
performance

# The FY2026 draft budget with all approved RP's shows a DEFICIT of \$743,051

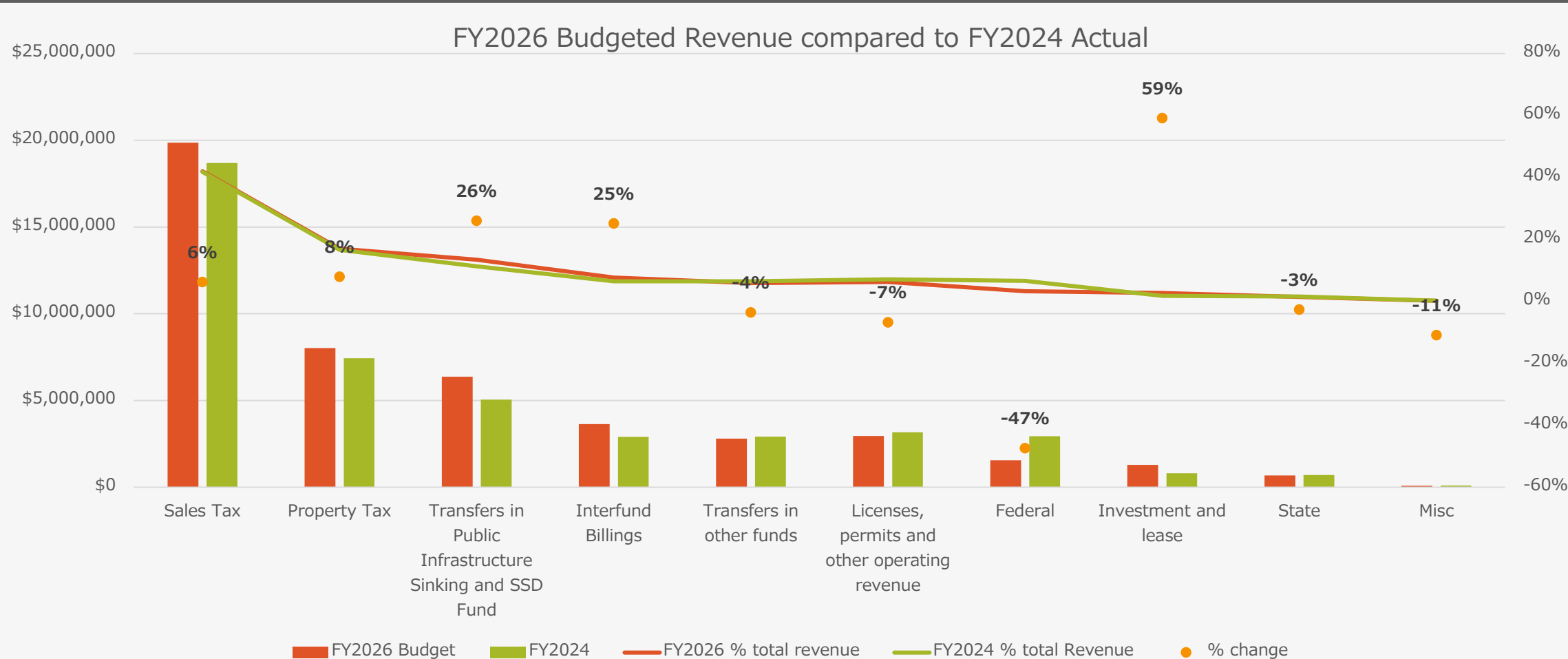


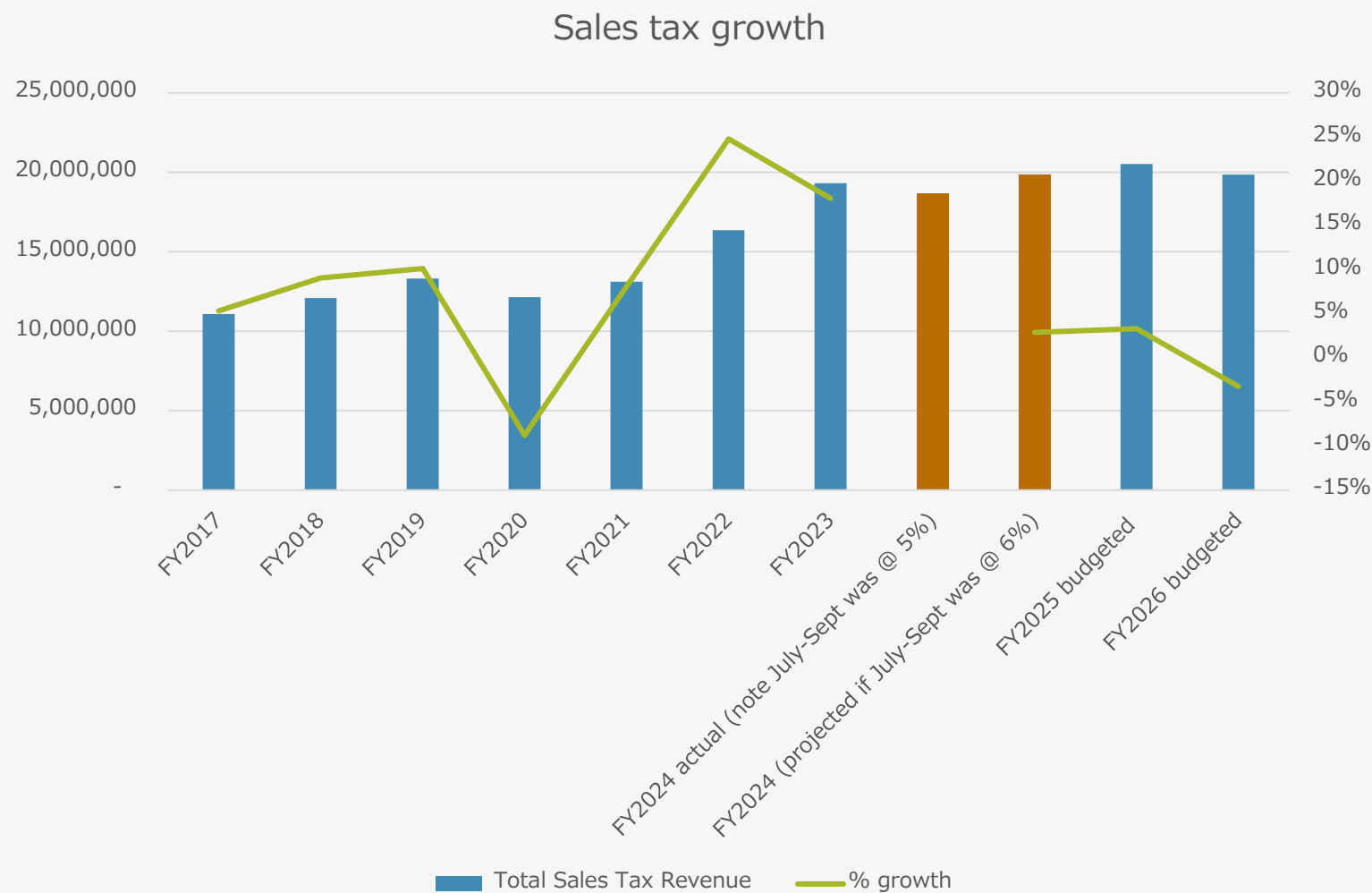
# FY2026 Revenue \$47,261,489



# Increase of \$2.5M from FY2024 levels

*(largely transfers in for SSD capital/accounting for lower sales tax rate July-Sept 2023)*





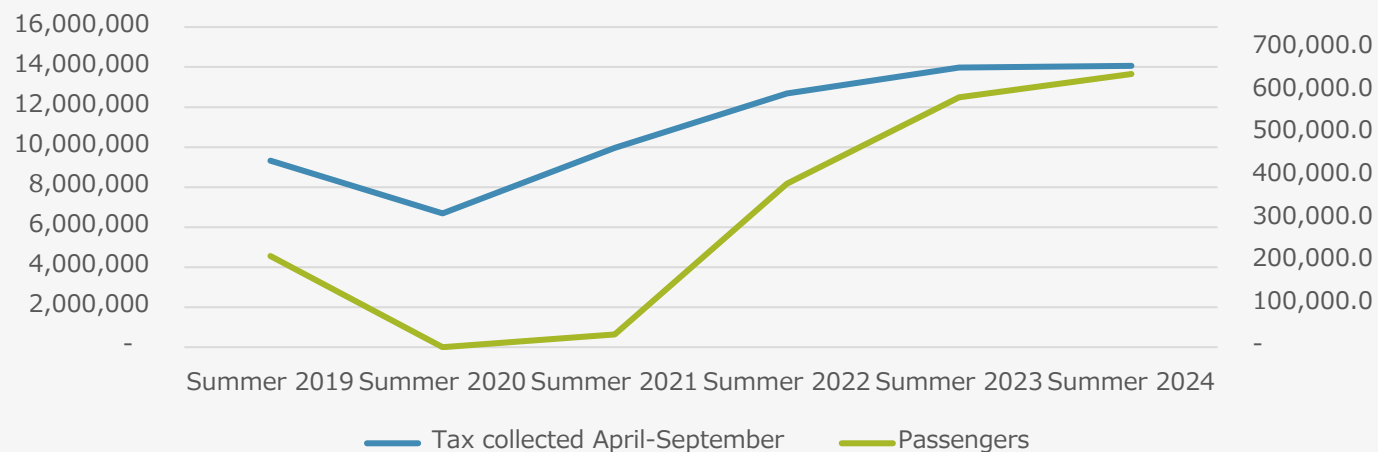
**Sales tax remains most significant source of revenue—year-to-year analysis complicated by temporary sunset of seasonal tax rate**

## Potential scenarios

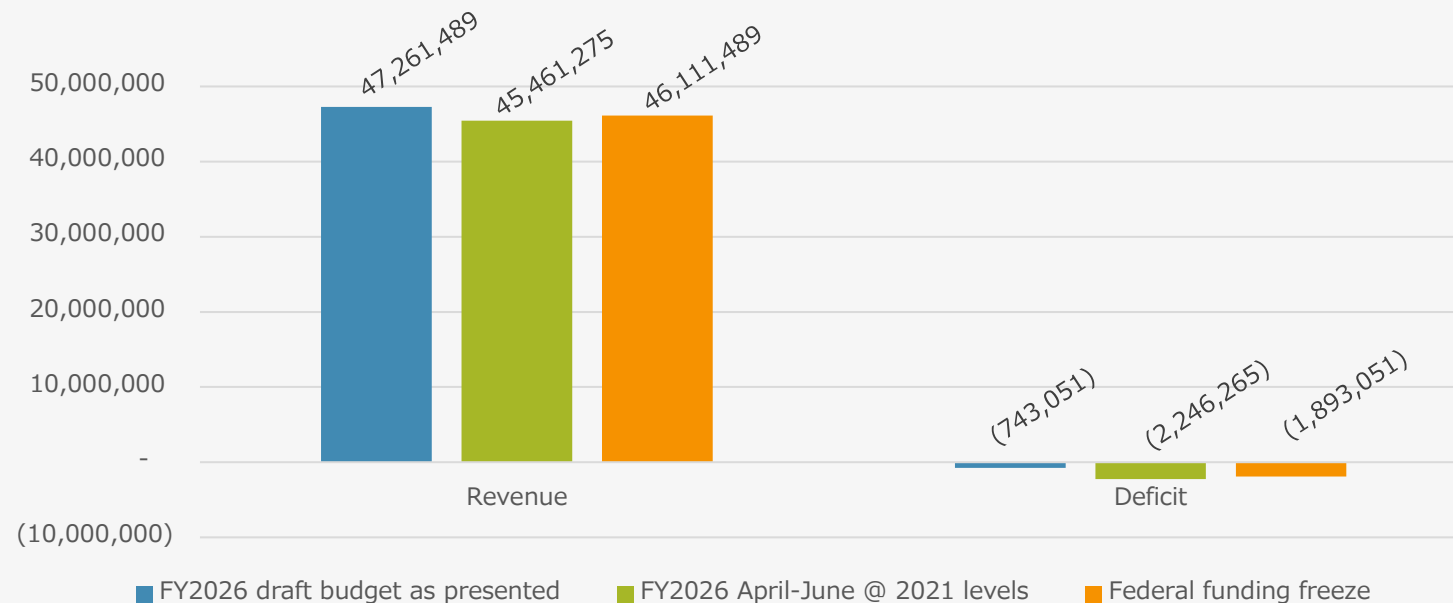
1. Sales tax reduction in Spring 2026 if ballot measure passes (\$1.8M) total/net impact (\$1.5M)
2. Federal funding frozen (PILT SRS) (\$1.6M) total/net impact (1.2M)

## Cruise visitors vs Sales Tax Collections

*Note that in order to compare apples to apples, July-Sept of 2023 has been estimated at 6% as the tax rate temporarily decreased for that period*



## Scenarios



# FY2026

## Expenditures

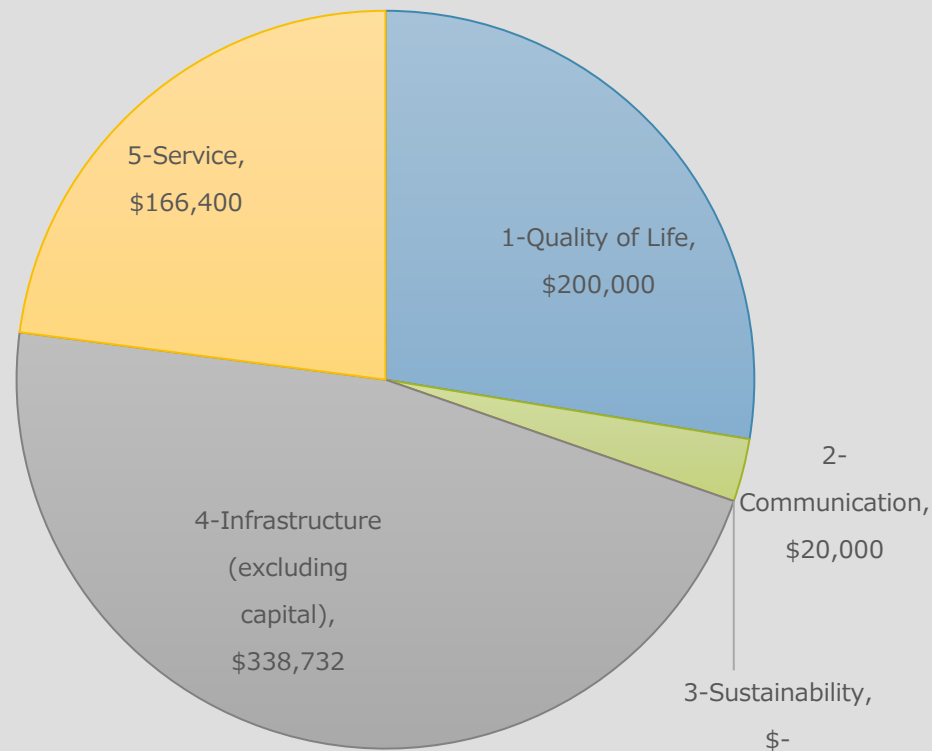
### Assumptions:

- Inflation slowing
- 18% increase budgeted for health insurance
- 3% vacancy rate assumed for most of GF
- 3% increase in other insurance (liability/property)
- Assumes increase to BSA from \$5,960 to \$6,640
- In recent years conservative assumptions have contributed to year end surpluses corresponding transfers into PISF
- Estimate for comp study implementation based on preliminary data

### Possible changes/unknowns:

- Tariffs/impact on inflation
- Education—changes to BSA?
- Health insurance increase
- CBA negotiations/finalizing comp study

## Resource proposals included (other than capital projects)

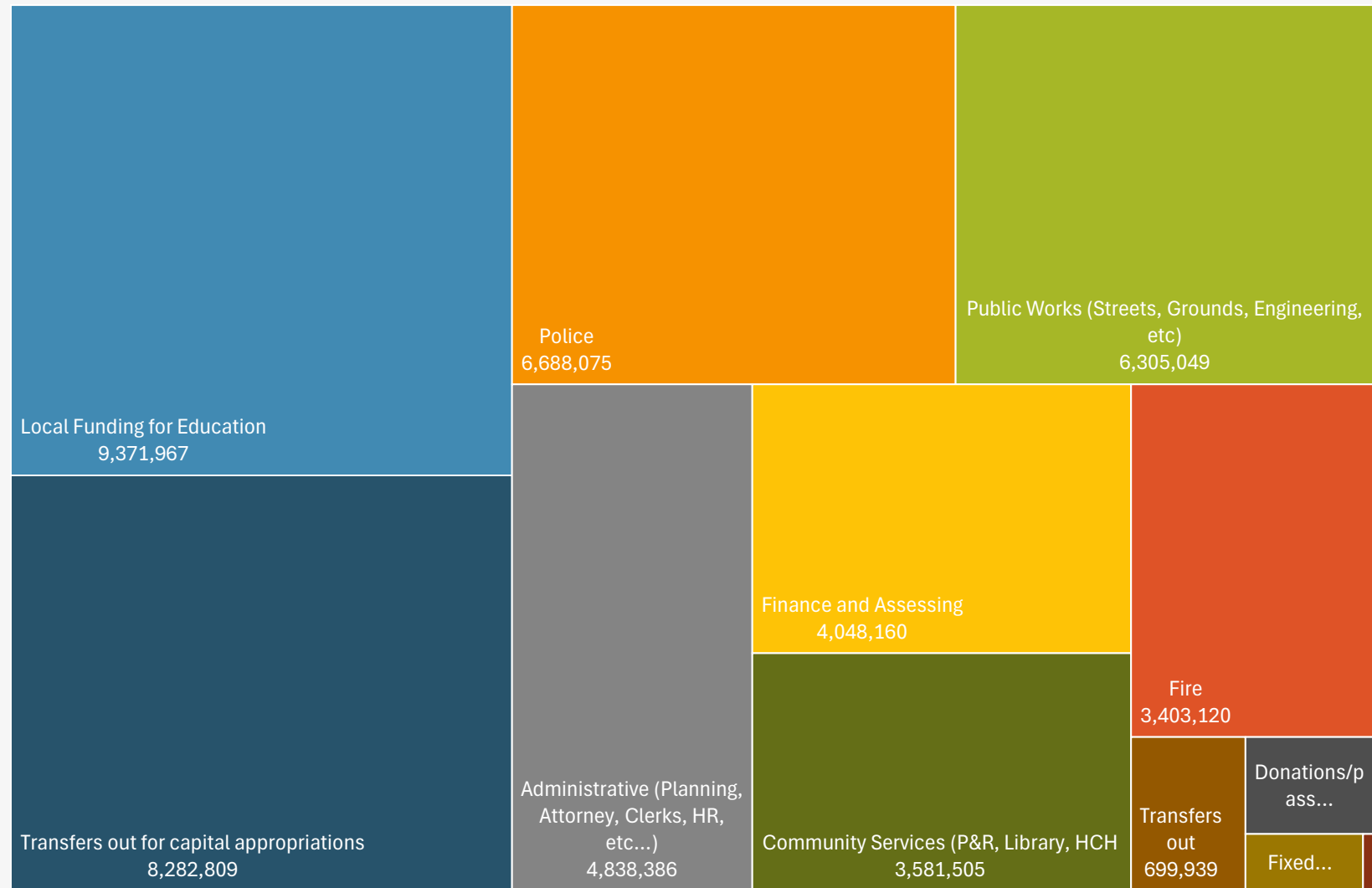


Strategic Goal	Total Appropriation	Funding needed FY26	Request description
1-Quality of Life	100,000	50,000	Increase in SAFV donation
1-Quality of Life	150,000	150,000	Contract support for commercial recreational land use plan
2-Communication	20,000	20,000	Japan sister city commemoration
4-Infrastructure	50,000	50,000	Revitalize athletic fields
4-Infrastructure	48,295	33,037	Replace City Hall vehicle #458
4-Infrastructure	54,370		-Custodial e-transit van (funded FY22)
4-Infrastructure	350,584	75,584	Replace #413 (streets dump truck)
4-Infrastructure	85,000	85,000	Addition to fleet F250 Crew cab with snowplow (SSD)
4-Infrastructure	108,696	71,321	Replace vehicle #455-police cruiser
4-Infrastructure	23,790	23,790	Addition to fleet-Walker mower-grounds
5-Service	60,000	60,000	Restructure part time FTE's at library-adds .2FTE
5-Service	50,000	50,000	FD staffing restructure
5-Service	56,400	56,400	Additional temp staffing for pool
	<b>1,157,135</b>	<b>725,132</b>	

Strategic Goals/RP's funded by the General Fund—net impact on budget \$725,132

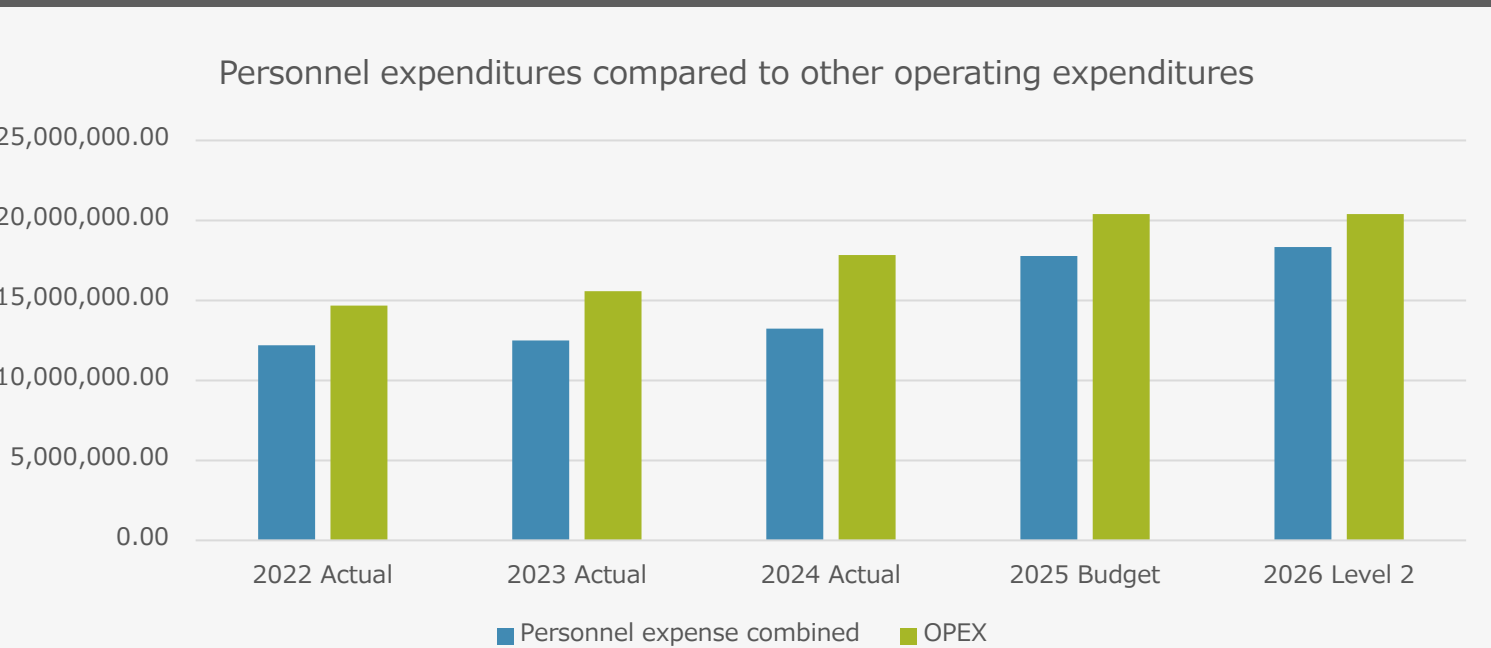
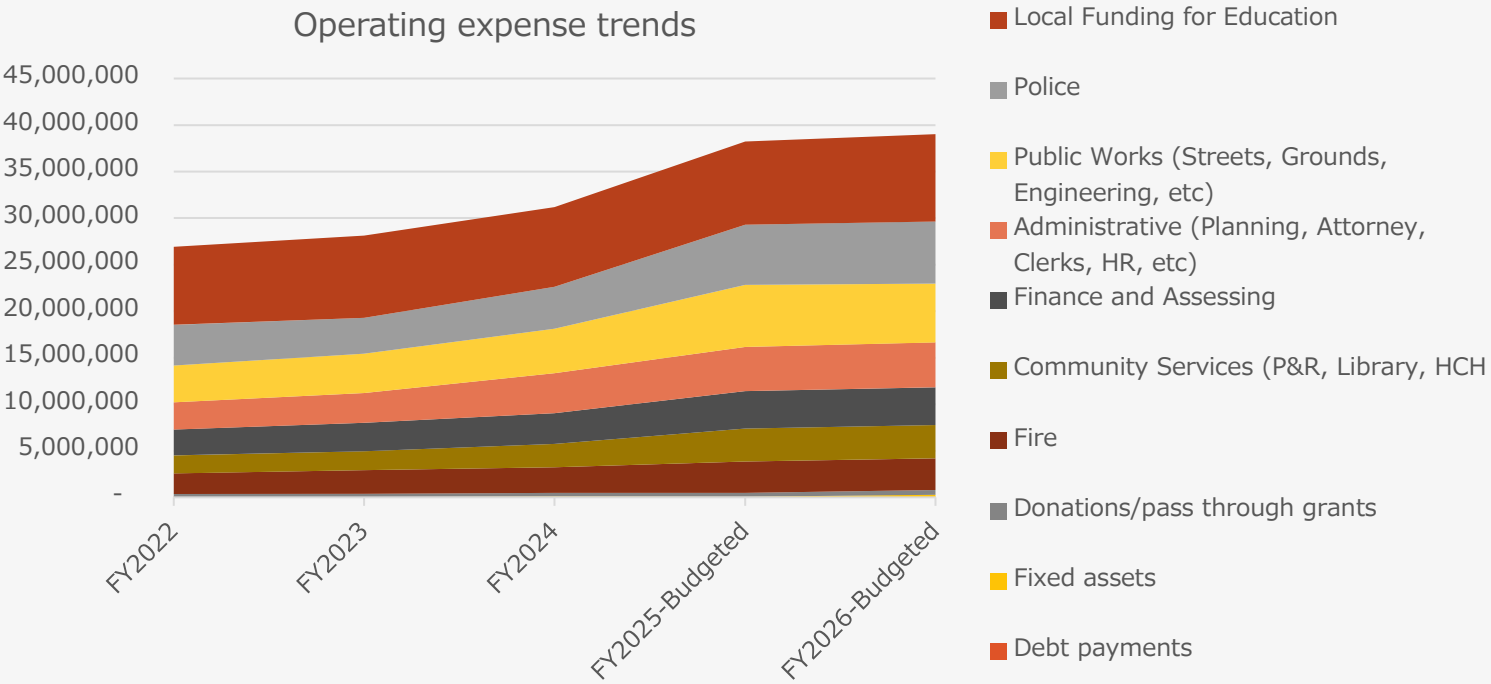
# FY2026 Expenditures \$48,004,540

## FY2026 BUDGETED EXPENDITURES



# EXPENDITURE TRENDS

(LESS TRANSFERS/CAPITAL)



## FY2026 Capital Appropriations for general governmental infrastructure other than school buildings—\$3.9M

Status	Project number	Project Description	Source - Grants (approved)	Source - Working Capital	Source - Other source	Source - Contingent Grants	Source- Total authorized (approved + contingent)
New FY26	90878	Katlian Street Road and Utility (HPR to Lincoln)	-	530,894	-	-	530,894
New FY26	90907	Police Department HVAC	-	581,000	-	-	581,000
New FY26	90940	HCH Cedar Trim and Lam Beam Refinishing	-	25,000	-	-	25,000
New FY26	TBD	Cross Trail drainage and slope stability	-	60,000	-	-	60,000
New FY26	TBD	Kimsham replacement of 4 scoreboards	-	80,000	-	-	80,000
New FY26	TBD	Tom Young Cabin Envelope Façade	-	40,000	-	-	40,000
New FY26	TBD	Commercial Electrify Water Heaters (2) for Fire Hall	-	25,000	-	-	25,000
New FY26	TBD	Upper Moller Field security cameras (4)	-	30,000	-	-	30,000
New FY26	TBD	Moller Ballfield backstop and netting	-	30,000	-	-	30,000
New FY26	TBD	Animal Shelter HVAC control system	-	30,000	-	-	30,000
New FY26	TBD	EV electric supply infrastructure	-	-	50,000	-	50,000
New FY26	TBD	Senior Center Rehabilitation	-	1,000,000	-	-	1,000,000
New FY26	TBD	91030-City Hall - Exterior Work	-	200,000	-	-	200,000
New FY26	TBD	Repave Upper Moller Parking Lot	-	650,000	-	-	650,000
New FY26	TBD	City Hall Restroom Refurbishment	-	100,000	80,000	-	180,000
New FY26	TBD	City Hall Elevator Refurbishment	-	150,000	-	-	150,000
New FY26	TBD	Blatchley pool repairs and improvements	-	210,000	-	-	210,000
New FY26	TBD	Replace Interpretive signs along Crescent Harbor	-	-	18,000	-	18,000
New FY26	90961	Wachusett Storm Drains (Peterson Phase II)	870,370	204,415	-	(580,000)	494,785
<b>New FY26 Total</b>			<b>870,370</b>	<b>3,946,309</b>	<b>148,000</b>	<b>(580,000)</b>	<b>4,384,679</b>

# SSD capital projects for FY2026

*(covered with seasonal sales tax proceeds)*

Status	Project number	Project Description	Source - Working Capital	Source- Total authorized (approved + contingent)
New FY26 SSD	TBD	SSD SHS Exterior Window Repair	50,000	50,000
New FY26 SSD	TBD	SSD KGH Covered Area Revitalization	75,000	75,000
New FY26 SSD	TBD	SSD SSD DDC Upgrades (SHS, BMS, XES)	175,000	175,000
New FY26 SSD	TBD	SSD XES Asphalt Repairs	125,000	125,000
New FY26 SSD	TBD	SSD XES Back Ramp Replacement	15,000	15,000
New FY26 SSD	TBD	SSD BMS Envelope Restoration	50,000	50,000
New FY26 SSD	TBD	SSD SHS Envelope Restoration	50,000	50,000
New FY26 SSD	TBD	SSD SHS Entry Doors & Grate Replacement	85,000	85,000
New FY26 SSD	TBD	SSD SSD Boiler Overhaul	200,000	200,000
New FY26 SSD	TBD	SSD KGH Compressor Replacement	15,000	15,000
New FY26 SSD	TBD	SSD KGH School Sign Replacement	20,000	20,000
New FY26 SSD	TBD	SSD KGH Gym Floor Resurfacing	125,000	125,000
New FY26 SSD	TBD	SSD KGH HVAC Controls Upgrade	150,000	150,000
New FY26 SSD	TBD	SSD XES Walk-In Freezer Repair	25,000	25,000
New FY26 SSD	TBD	SSD XES Covered Area Repairs	20,000	20,000
New FY26 SSD	TBD	SSD SHS Gym Wood Floor Refurbishment	120,000	120,000
New FY26 SSD	TBD	SSD XES Gym Floor Resurfacing	150,000	150,000
New FY26 SSD	TBD	SSD BMS Band Wood Floor Refurbishment	50,000	50,000
New FY26 SSD	TBD	SSD PAC Exterior Improvements	100,000	100,000
New FY26 SSD	TBD	SSD XES Exterior Repainting	200,000	200,000
New FY26 SSD	TBD	SSD PAC Bollard Replacements	40,000	40,000
New FY26 SSD	TBD	SSD BMS Gym Wood Floor Refurbishment	100,000	100,000
<b>New FY26 SSD Total</b>			<b>1,940,000</b>	<b>1,940,000</b>

Project ID	Project Title	Fund	LoF	Public Safety	Personnel Safety	Compliance	Reliability	Reputation	Financial Impact	Initial Risk Score
90878	Katlian Street Road and Utility (HPR to Lincoln) - General Fund Portion	GF	8	7	2	2	4	4	4	56
90907	Police Department HVAC	GF	8	2	2	2	3	4	3	32
90961	Wachusett Storm Drains (Peterson Phase II)	GF	8	1	1	2	2	4	2	32
91026	City-State Building - Refurbish Roof	GF	8	3	2	1	3	4	3	32
90838	Lincoln Street Paving (Harbor Way to Harbor Drive) - General Fund Portion	GF	7	2	2	3	2	4	3	28
90855	Seawalk Phase II	GF	7	2	1	1	3	3	1	21
-	Repave - Cascade Street (960 LF)	GF	5	2	1	1	4	3	2	20
-	Repave - Kostromentinoff Street (200 LF)	GF	5	3	1	1	4	3	2	20
90999	Lincoln Street (Jeff Davis to Lake) Road & Utility Project - General Fund Portion	GF	6	2	1	3	3	3	3	18
-	City Hall - Elevator Refurbishment	GF	6	3	3	3	2	3	3	18
-	Repave - Cascade Creek Road	GF	6	3	1	2	2	3	2	18
-	Fire Hall - Retaining Wall Stabilization	GF	6	1	1	1	2	3	1	18
-	Building HVAC Controls Upgrade	GF	6	1	1	1	3	2	2	18
91030	City Hall - Exterior Work to architectural details, drivit, and exterior painting	GF	8	1	1	1	2	2	2	16
-	Repave - Upper Moller Parking Lot	GF	8	2	1	1	1	2	2	16
-	City Hall - Restroom Refurbishment	GF	8	1	1	1	2	1	1	16
-	Repave - Etolin Street	GF	8	1	1	1	1	1	2	16
-	Repave - Observatory Street	GF	8	1	1	1	1	1	2	16
-	Repave - Oja Street	GF	8	1	1	1	1	1	2	16
-	Repave - Seward Street (Marine to ObsePWDatory)	GF	8	1	1	1	1	1	2	16
-	City Hall - Electronic Wayfinding System	GF	8	1	1	1	2	1	1	16
-	Animal Shelter - Install Exhaust Fan in Cat Room	GF	8	1	1	1	2	1	1	16
-	City Hall - Lighting Refurbishment	GF	8	1	1	1	2	1	1	16
-	New Recreational Cabin	GF	8	1	1	1	1	2	1	16
-	Repave - Seward Street (ObsePWDatory to Cathedral Way)	GF	8	1	1	1	1	1	2	16
-	Repave - American Street	GF	5	3	1	1	3	3	2	15
-	Repave - Barracks Street	GF	5	3	1	1	3	3	2	15
90939	City Hall Building Carpet Replacement	GF	6	2	2	1	1	2	2	12
91039	Charging Stations for EV Vans	GF	6	1	1	1	1	2	1	12
91040	Tennis Court Retrofit	GF	6	1	1	1	1	2	1	12
-	Repave - City/State Parking Lot	GF	6	2	2	1	2	2	2	12
-	Senior Center - Front Entry Lift Replacement	GF	6	1	1	1	2	1	1	12
-	Repave - Lake Street (Arrowhead to Verstovia)	GF	6	2	2	1	2	2	2	12
-	Repave - Maksoutoff Street (Harbor to Lincoln)	GF	6	2	2	1	2	2	2	12
-	Repave - Marine Street (New Archangel to Erler)	GF	6	2	2	1	2	2	2	12
-	Repave - Monastery Street (Pherson to Verstovia)	GF	6	2	2	1	2	2	2	12
-	Repave - Peterson Street (HPR to Lake)-Wastewater	GF	6	2	2	1	2	2	2	12
-	City Hall - Kichenette Refurbishment	GF	5	2	1	1	2	2	2	10
-	Fire Hall - Garage Floor Reseal	GF	8	1	1	1	1	1	1	8
-	Senior Center - Interior Painting and Finishes Replacement	GF	7	1	1	1	1	1	1	7
-	Ball Field Scoreboard Replacement (7 total, 2 per year)	GF	1	1	5	3	2	4	3	5
-	City Hall - Refurbish Flag Pole	GF	5	1	1	1	1	1	1	5
-	Repave - City Hall Parking Lot	GF	5	1	1	1	1	1	1	5

# Risk assessment

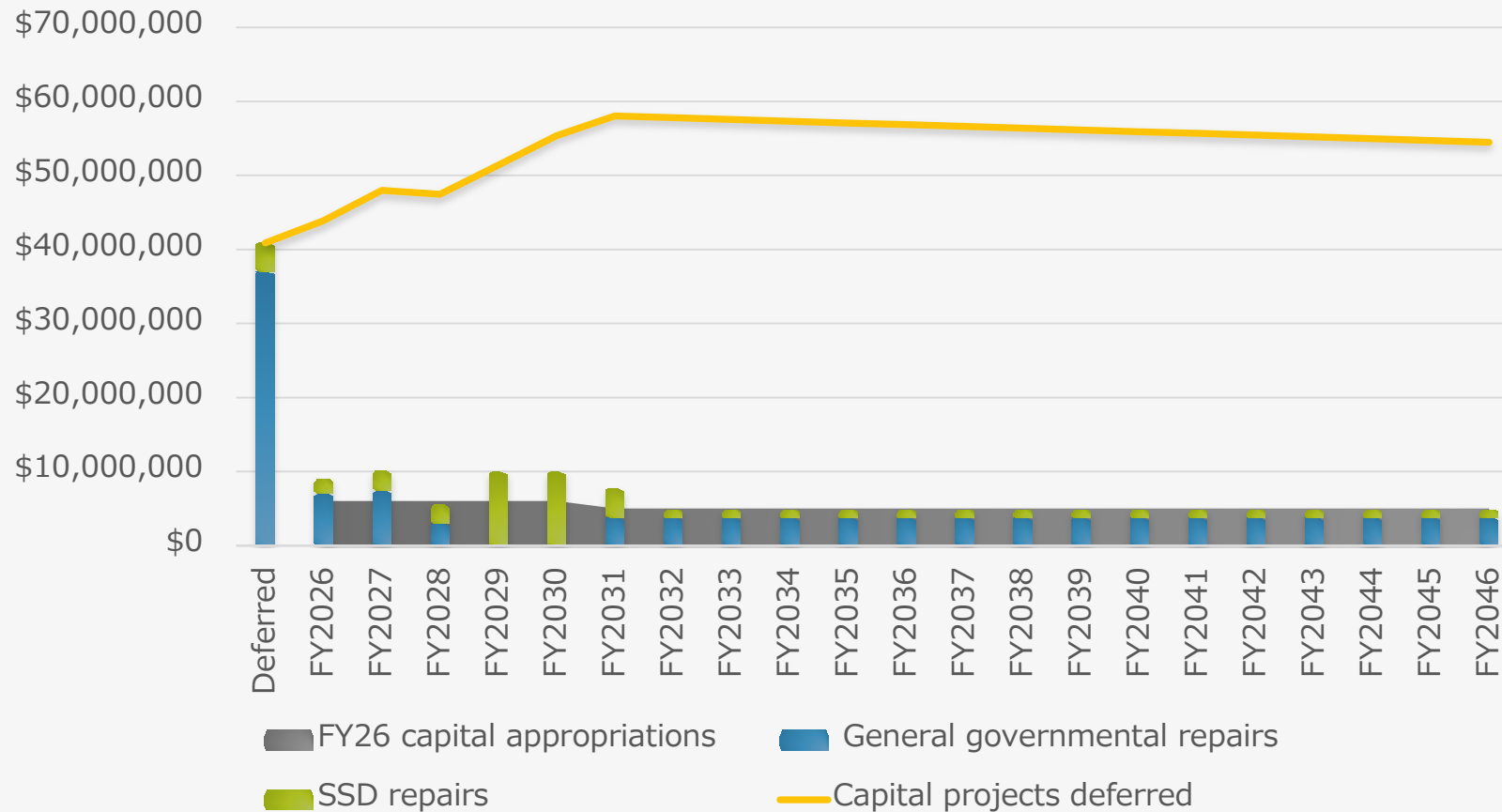
Other factors taken into account:

- Potential for outside funding
- Impact on the community
- Funding availability
- Working to integrate SSD and rest of organization into master list
- Lots of small projects in one area-combine them for efficiencies (senior center)

School district  
initial capital  
repair  
assessment  
(5-years)

School	Prioritization	Project	FY26	FY27	FY28	FY29	FY30	Deferred	Funding			TOTAL
	Risk Score								Grant	Loan	Capital	
CBS Identified Projects												
SHS	Urgent	SHS Exterior Window Repair	50,000								50,000	50,000
KGH	High	KGH Covered Area Revitalization	75,000								75,000	75,000
KGH	High	KGH Playground Improvements									-	-
SSD	High	SSD DDC Upgrades (SHS, BMS, XES)	175,000								175,000	175,000
XES	High	XES Asphalt Repairs	125,000								125,000	125,000
XES	High	XES Back Ramp Replacement	15,000								15,000	15,000
BMS	High	BMS Envelope Restoration	50,000	2,500,000		10,000,000			4,000,000	8,500,000	50,000	12,550,000
SHS	High	SHS Envelope Restoration	50,000		2,500,000		10,000,000		2,500,000	10,000,000	50,000	12,550,000
SHS	High	SHS Entry Doors & Grate Replacement	85,000								85,000	85,000
SSD	High	SSD Boiler Overhaul	200,000								200,000	200,000
SEACC	High	SEACC Envelope Refurbishment		100,000							100,000	100,000
SEACC	High	SEACC Window Replacements		15,000							15,000	15,000
KGH	High	KGH Compressor Replacement	15,000								15,000	15,000
KGH	Medium	KGH School Sign Replacement	20,000								20,000	20,000
SHS	Medium	SHS Flooring & Wall Paneling Replacement						1,250,000			1,250,000	1,250,000
SHS	Medium	SHS Parking Lot Improvements						400,000			400,000	400,000
KGH	Medium	KGH Gym Floor Resurfacing	125,000								125,000	125,000
KGH	Medium	KGH HVAC Controls Upgrade	150,000								150,000	150,000
XES	Medium	XES Walk-In Freezer Repair	25,000								25,000	25,000
XES	Medium	XES Covered Area Repairs	20,000								20,000	20,000
SHS	Medium	SHS Gym Wood Floor Refurbishment	120,000								120,000	120,000
XES	Medium	XES Gym Floor Resurfacing	150,000								150,000	150,000
BMS	Medium	BMS Flooring Replacement						600,000			600,000	600,000
BMS	Medium	BMS Band Wood Floor Refurbishment	50,000								50,000	50,000
XES	Medium	XES Flooring Replacement						400,000			400,000	400,000
PAC	Medium	PAC Exterior Improvements	100,000								100,000	100,000
XES	Medium	XES Exterior Repainting	200,000								200,000	200,000
XES	Medium	XES Roof Restoration						1,250,000	1,250,000		-	1,250,000
PAC	Medium	PAC Bollard Replacements	40,000								40,000	40,000
BMS	Medium	BMS Gym Wood Floor Refurbishment	100,000								100,000	100,000
TOTAL			1,940,000	2,615,000	2,500,000	10,000,000	10,000,000	3,900,000	7,750,000	18,500,000	4,705,000	30,955,000
SSD Identified Projects												
XES		XES Playground Asphalt Resurfacing						200,000			200,000	200,000
XES		XES Playground Fence Replacement						75,000			75,000	75,000
KGH		KGH Carpet Replacement						900,000			900,000	900,000
BMS		BMS Front Parking Lot Asphalt Resurfacing						200,000			200,000	200,000
PHS		PHS Greenhouse Improved Path (needs detail)						35,000			35,000	35,000
TOTAL			-	-	-	-	-	1,410,000	-	-	1,410,000	1,410,000
Total Identified Projects												
TOTAL			1,940,000	2,615,000	2,500,000	10,000,000	10,000,000	5,310,000	7,750,000	18,500,000	6,115,000	32,365,000

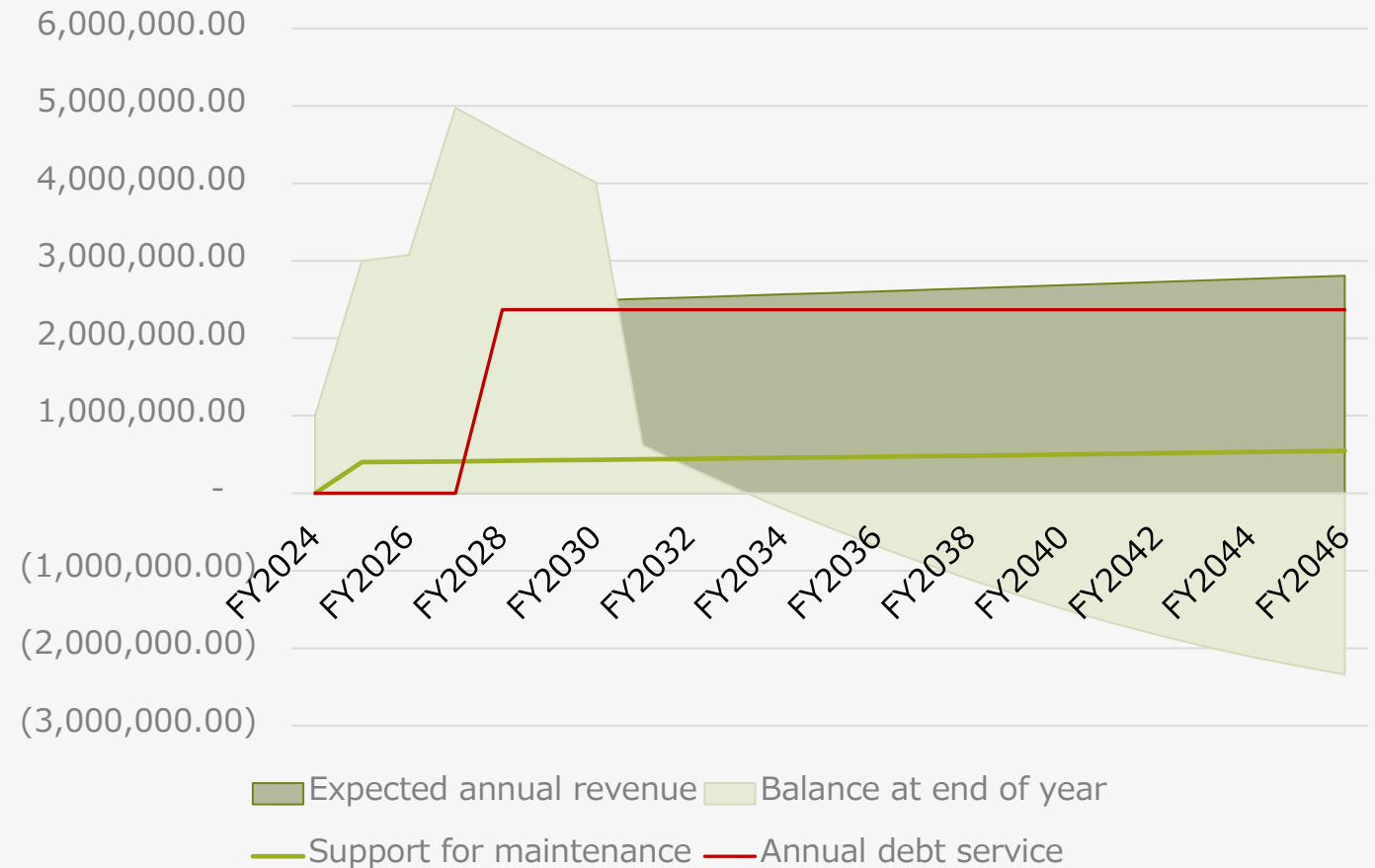
Deferred capital assuming current investment levels



## General Fund Capital Repairs

- Don't have detailed long-range outlook
- May not be able to sustain current level of investment

CIP plan as  
presented, but  
no grant  
funding (no  
additional  
capital after  
FY31)



# Potential budget changes

## Corrections:

- We have an extremely complicated budget, it is highly likely that errors may be identified.

## Newly identified:

- If significant, changes to personnel expenses including health insurance and new CBA's

# Looking forward



Sales tax, our most significant source of revenue, is volatile—we need to closely watch sales tax revenue—any changes to tourism or economy could impact it for better or worse



Continue efforts around condition assessments and looking to maximize the life of all CBS assets through a strong asset management/risk approach



Support for Enterprise funds? Haul Out and Airport Terminal

# Next steps

The next budget meeting will cover enterprise, internal service and special revenue funds (3/12)-draft budgets to be out by 3/3

**12 March**

**4 April**

The first reading of the budget ordinances is scheduled for 4/8, with the final reading 4/22.