

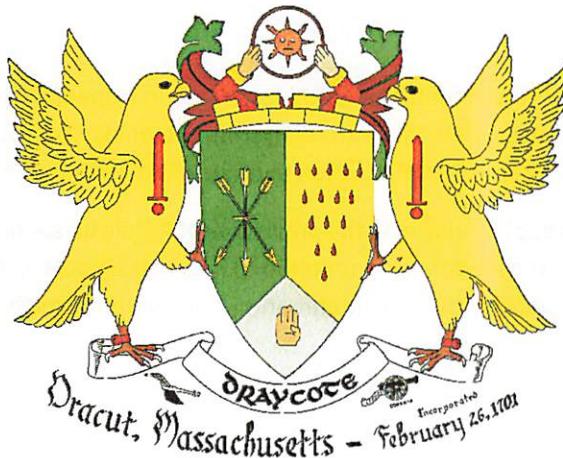
DRACUT, MA
TOWN CLERK OFFICE

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TOWN CLERK
DRACUT, MA

FINANCE COMMITTEE REPORT

Fiscal Year 2026



JUNE 2, 2025
Annual Town Meeting

ANNUAL TOWN MEETING

Location: Lester G. Richardson Center for the Performing Arts, Dracut High School, 1540 Lakeview Avenue, On Monday June 2, 2025, at 7:00 PM.

Voters: Only voters who registered by the deadline of 5:00 PM Friday, May 23, 2025, will be allowed to vote at this Town Meeting.

Electronic Voting: Voting at Town Meetings takes place using hand-held electronic voting devices. Electronic voting provides several benefits: it allows votes to be anonymous, ensures accurate vote tabulation, and makes the voting process more efficient.

All voters receive electronic voting devices during the check-in process. Given the procedures associated device distribution, voters are strongly encouraged to arrive for voter check-in between 6:00-6:45pm.

Non-Voters: Non-voters may attend Town Meeting and will be seated in a special section. Non-voters must check in at the Town Clerk's table in the lobby to register before being seated. Please be aware that non-voters will not be seated until after 7:00 P.M. when they are voted admittance by Town Meeting.

Moderator: A Moderator, chosen in accordance with the provisions of Article III, section 8, shall preside at all sessions of the Town Meeting. The Moderator is required to finish all articles on the warrant of the Town Meeting first called to order prior to the consideration of any warrant article in an intervening Special Town Meeting.

May 20, 2025

To the Citizens of Dracut:

The Finance Committee respectfully submits the following recommendations for the articles presented in this Town Meeting Warrant. Our goal is to help voters make well-informed decisions in the interest of the Town's long-term fiscal stability at our June 6, 2025 Annual Town Meeting.

The role of the Finance Committee, as defined by the Town Charter and Bylaws, is to review all financial matters that come before Town Meeting, including the Town Manager's annual budget and any warrant articles that involve the expenditure of funds. The Committee acts independently of the Town Manager and Board of Selectmen to assess and prioritize responsible stewardship of public funds.

Over the past several months, the Committee has met with the Town Manager and Finance Manager to review proposed budgets and short- and long-term financial projections. We have evaluated each warrant article with financial implications in light of available resources, ongoing obligations, and the Town's strategic priorities. Where appropriate, we requested additional information, challenged assumptions, and considered alternative approaches.

This year, the Town continues to face rising fixed costs, limited revenue, increased uncertainties, and a substantial deficit. In this context, we've applied a disciplined approach to our recommendations, aiming to balance immediate needs with long-term fiscal responsibility.

Our recommendations are presented with each article and include vote counts and brief rationales. We have made the decision to abstain from voting on Article 14 of the town warrants due to a lack of information provided regarding the long-term impact on town finances due to maintenance and upkeep that falls to the town. We have also made the decision to abstain from voting on Article 16 of the town warrants until actual numbers can be provided.

We thank the Town Manager, Assistant Town Manager, Board of Selectmen, department heads, and citizens of Dracut for their collaboration and transparency throughout this process. We are grateful for the opportunity to serve and for your thoughtful consideration of the matters before you.

Respectfully submitted,
Alyssa Nazzaro, Chair

On behalf of the Finance Committee:

Jill Armano, Shawn Ashe, Rich Cowan, Emily Mattox, Nancy McDonald, & Cori Stott

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ARTICLE 4 – Salaries & Compensation of Elected Officials

This is a routine article that requests Town Meeting vote on the salaries of the Town Moderator, Board of Selectmen and School Committee.

The Finance Committee unanimously supports approval of Article 4.

ARTICLE 5 – Fiscal Year 2026 Budget

The FY26 General Fund Budget requests totals \$132,297,729, a \$9,095,317 or 7.38% increase from the FY25 budget. The increase is driven largely by health insurance, education, and solid waste. Health insurance increased by \$2,440,463 or 19.92%, driven by changes in health care overall. The costs related to education have gone up \$4,597,425 or 7.04%, due to an increase in the Greater Lowell Tech Assessment as more Dracut students are electing to go to GLTHS. In addition, Dracut Public Schools proposed budget is increasing due to Net School Spending requirements and an increase in the chargeback amount to the Town to cover the cost of teacher health insurance, property and liability insurance, retirement, a portion of Town Hall staff, and School Choice and Charter School Assessment. The FY26 Chargeback amount is \$17,899,756, an 11.95% increase from FY25 due to the increases we are seeing in insurances across the board. The Town's Solid Waste and Recycling contract with Republic Services was expiring June 30, 2025. The Town opted to put the services out to bid and is in the process of negotiating with the lowest bidder. We are anticipating a \$692,295 or 19.84% increase from FY25.

This budget proposes \$3,833,571 in Free Cash and a new Trash & recycling fee to balance an approximate \$8 million dollar deficit. Building permit revenue has been decreasing steadily since the Covid-19 pandemic. New Growth was certified at \$288,293 for FY25 from the \$425,000 that was budgeted. State Aid continues to be insufficient to meet the increasing costs of providing services and education. Staff continue to keep an eye on trends and conservatively forecast revenue. The Town Manager and staff are preparing for a much larger and robust process for FY27 that outlines Dracut's 10-year financial forecast and seeks solutions to its budgetary shortfalls through vigorous public participation.

For the FY26 Budget and historical budgets, visit the [Town Website](#).

The Finance Committee unanimously supports approval of Article 5.

ARTICLE 6 - Transfer of Free Cash

The Massachusetts Department of Revenue requires that Town Meeting vote to approve transfers from Free Cash to support the operating budget. This budget includes \$3,833,571 of Free Cash to close the projected FY26 deficit. The DLS generally suggests against using free cash or one-time revenue to support ongoing, recurring operating expenses. As of 7/1/2024, the Town's certified Free Cash Balance is \$11,857,454. Although advised against, the Town has no alternative method to balance the budget. This article was unanimously recommended by the Finance Committee with the understanding that this is a one-time fix and not a recurring solution to our budget problems. They were made aware that we could still see a possible \$6.2 million clawback due to cannabis impact fees still being settled, and the concern of our future bond rating still looming ahead.

The Finance Committee unanimously recommends approval of Article 6.

ARTICLE 7 – Appropriate FY2026 Enterprise Funds Budget

The Town has three enterprise funds: Sewer, Kenwood Water, and Stormwater. The Sewer Enterprise fund budget for FY26 is \$8,263,321, a decrease of (\$435,955) or -5.21% from FY25. The budget is decreasing due to no capital projects scheduled for FY26 until after the Sewer Flow Study is complete. However, to meet the anticipated expenses, this budget proposes \$521,945 in retained earnings. The Sewer Commission, Sewer Department Staff and Finance Department are in the process of reviewing user charges and fees to ensure revenue is sufficient to meet the operational and capital of the enterprise. Fees have not been increased since 2011/2016 (Commercial/Residential). The department is expecting major capital expenses in the next five years because of flow study being conducted. Projects expected to be funded include Phase III and IV of the sewer lining project and manhole cover repairs. The Water Enterprise budget for FY26 is \$2,409,576, a \$146,550 or 6.48% increase from FY25 due to anticipated increase in flow charges from Methuen and Lowell. These fees were last increased in 2023. The Stormwater Enterprise budget for FY26 is \$423,805 a \$28,997 or 7.34% increase from FY25, due to staff increases and other contractual increases. The Sewer Enterprise is completely supported by the General Fund until a stormwater utility is implemented.

The Finance Committee unanimously recommends approval of Article 7.

ARTICLE 8 – Authorize Expenditure from PEG Access & Cable-Related Fund

This is a routine article that asks Town Meeting to authorize \$480,000 to be expended from the Public, Educational, and Governmental (PEG) Access fund for cable-related expenditures, consistent with the Town's license agreement with Comcast and Dracut's Cable Access operation. PEG is funded by franchise fees paid by cable operators. Funding for PEG is unpredictable as more and more households are cutting cable. At the State level, legislators are looking at taxing streaming services. We are currently negotiating a successor agreement similar to the existing contract as our current one expires at the end of FY26.

The Finance Committee unanimously recommends approval of Article 8.

ARTICLE 9 – Appropriate and Transfer Funds in Recreation Revolving To General Fund

This article requests that Town Meeting authorize the transfer of \$45,000 to the General Fund to cover operating expenses and personnel. The FY2026 budget includes a full-time Rec Department whose salary will be partially supported by recreation program fees. Currently, the Town has no recreation staff. An Administrative Assistant in the Building Department has been supporting recreation on a very part-time basis.

The Finance Committee unanimously recommends approval of Article 9.

ARTICLE 10 – Unpaid Bills

This is routine article that allows that seeks Town Meeting approval to pay any unpaid Bills. Under Massachusetts General Law, unpaid bills from a prior fiscal year can only be paid from current year appropriations with the specific approval of Town Meeting. There is only one unpaid bill on the 2025 Annual Town Meeting Warrant for \$1,806 from Encore Fire Protection.

The Finance Committee unanimously recommends approval of Article 10.

ARTICLE 11- Appropriate for the FY2026 Community Preservation Committee Operating Budget and CPA Projects

This is a routine article that requests Town Meeting to appropriate for the upcoming fiscal year budget as well as any routine projects. This budget includes \$39,690 to cover

administrative expenses, including salaries and any appraisals or any administrative expense requested by the committee. Debt payments total \$497,440 for the bonds issued for Harmony Hall and the fields at Veterans Park. The CPC is required to spend, or set aside for later spending, 10% of annual CPA revenues for each of the main three CPA purposes – Historic Preservation, Open Space (including Recreation), and Community Housing, unless funding a project in a given fiscal year. This budget includes a 10% transfer into the Historic Reserve and Affordable Housing Reserve Funds. This budget proposes no transfers into the Open Space Reserve Fund as the committee is recommending a project under this category for FY2026. All unappropriated receipts fall to the fund balance.

The Finance Committee unanimously recommends approval of Article 11.

ARTICLE 12 – Rescind Prior Borrowing

The Town is requesting that Town Meeting rescind the debt on three projects. The Solar Panel project was approved at the 2023 Annual Town Meeting for \$1,100,000. After an in-depth cost analysis, it became clear that this project was not economically viable. The Fire Engine was purchased with the remaining American Rescue Plan Act (ARPA) funds, one-time revenue that was required to be appropriated by December 31, 2024. This was to replace a Ladder Truck that was at the end of its useful life. Using ARPA, the Town was able to make significant investments in capital assets and infrastructure that would otherwise be bonded or funded through cash capital. This freed up the Town to use Free Cash to support the operating deficit over the past several years. At the 2015 Annual Town Meeting, Town Meeting authorized a \$3,000,000 bond to support the affordable senior housing project located at 144 Greenmont Ave. Due to significant delays with the project getting underway, the debt was never issued. Now that the project has been moving forward, the project owner is asking for payment. Town Meeting will be asked to use available CPA funds to pay for the project instead of issuing debt.

The Finance Committee unanimously recommends approval of Article 12.

ARTICLE 13 – Appropriation of Community Preservation Affordable Housing Funds

Following the request to rescind prior borrowing noted in Article 12, the CPC is recommending that Town Meeting appropriate \$3,000,000 from available funds to cover the Town's contractual obligation for the 144 Greenmont Ave Senior Housing Project approved in 2015. The Affordable Housing Reserve Fund has a balance of \$3,463,477.15.

The Finance Committee unanimously recommends approval of Article 13.

ARTICLE 14 –Appropriation of Community Preservation – Land Purchase

The CPC is recommending the purchase of the Brox Wood Lot at 461 Methuen Road. The property is approximately 41 acres. CPC is looking for Town Meeting to appropriate \$750,000 for the purchase of the property with the intent of using it as open space, further requesting that Town Meeting approve a conservation restriction on the land. The proposed funding source is the Open Space Reserve Fund and the Undesignated Fund Balance of the Community Preservation Fund. The Finance Committee notes that this land purchase will withdraw the entire Open Space Reserve Fund as part of the purchase. The Finance Committee needs more information about the true costs of maintaining this property before voting.

The Finance Committee is abstaining from voting on Article 14.

ARTICLE 15 – Establish and Authorize Expenditures of Revolving Funds

Under Mass. Gen. Laws c. 44, § 53E ½

It had come to Town Administration's attention that the Town never adopted Chapter 44, Section 53 ½ that allows the creation of revolving funds for municipalities. It allows for the Town to establish these funds to manage receipts and expenses from specific departmental programs, without the need for further appropriation as long as expenditures don't exceed the fund balance. The law is designed to streamline the financial management of specific departmental activities by allowing them to operate with a degree of autonomy, especially if the program generates its own revenues. Town Meeting is being asked to adopt the following Revolving Funds:

Program or Purpose	Representative of Board Authorized to Spend	Department Receipts
Council on Aging Revolving Fund	Council on Aging Board	Fees and charges from residents participating and programs and activities.
Library Revolving Fund	Library Board of Trustees	Fees and charges from late book fines, material rental fees and room rental fees.

Recreation Flag Revolving Fund	Recreation Commission	Fees for participation in programs and activities sponsored by the Recreation Department.
Town Flag Revolving Fund	Veterans Officer	Fees and donations
Veterans Concessions Revolving Fund	Recreation Commission	Fees and charges related to operations and activities associated with Veterans Park

Every year, Town Meeting will be asked to approve expenditure limits on the Town's Revolving funds under M.G.L, Chapter 44, Section 53 ½.

The Finance Committee unanimously recommends approval of Article 15.

ARTICLE 16 – Amend FY2025 Operating, Enterprise and CPA Budgets

This is a routine article placed on the warrant that allows for a level of flexibility when expenditures exceed project revenues. This is often attributed to fees and charges that the Town of Dracut owes other municipalities per agreements made for water and sewer purposes or unanticipated repairs. Often it is not until press time that Town staff know what the amended budgets will be. The Finance Committee is waiting until Town staff can provide concrete numbers.

The Finance Committee abstains from voting on Article 16 at this time.

ARTICLE 25 – Increase Sewer Department Inspection Fee Rate

This article requests Town Meeting to increase the Sewer Department Inspection Fee rate from \$22/hour to \$50/hour with a two (2) hour minimum as recommended by the Sewer Commission. The inspection fee has not been increased since 2012, and the proposed rate is aligned with that of surrounding communities.

The Finance Committee unanimously recommends approval of Article 25.

ARTICLE 26 – Increase Sewer Department Impact Fee

This article requests Town Meeting to approve a new Impact Fee for new additions to existing residential homes that will add a bedroom(s). This article is recommended by the Sewer Commission. One of the main impetuses for this fee is the growth in ADUs. The fee

would be \$500 per additional bedroom. This is a one-time fee charged at the time of construction and is aligned with that of surrounding communities.

The Finance Committee unanimously recommends approval of Article 26.