



TOWN OF NORTHBOROUGH

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February 27, 2023

Governor Maura Healey
Massachusetts State House
Office of the Governor
Room 280
Boston, MA 02133

Dear Governor Healey:

On behalf of the Town of Northborough, I respectfully request your support for the proposed legislative reforms outlined on the following pages. These are the priorities of the Town's Public Officials, as well as the Massachusetts Municipal Managers' Association and the Massachusetts Municipal Association. We believe that your administration's support of these items is in line with your demonstrated commitment to strengthening partnerships with local officials and building stronger communities across the Commonwealth.

The reforms that are highlighted herein would benefit municipal leaders' efforts to mitigate heightened pressures on local resources. Many of the rules, regulations and state laws that are in place today hinder their ability to apply creative and innovative means to effectively manage their organizations, and many may in fact create inefficiencies, redundancies, and waste in the use of the limited financial and human resources that are at a municipal manager's disposal.

We would be pleased to provide additional information or meet with you or your staff if you think this would be helpful. Again, thank you for your consideration.

Sincerely,

Mitch Cohen

Mitch Cohen, Chair
Northborough Board of Selectmen

CC: Board of Selectmen
Town Administrator
Asst. Town Administrator
Finance Director
Superintendent of Schools
Appropriations Committee
Financial Planning Committee

Senator Robyn Kennedy
Representative Kate Donaghue
Representative Meghan Kilcoyne



TOWN OF NORTHBOROUGH
STATE LEGISLATIVE PRIORITIES
March 2023

1. Provide a Multi-Year \$330 Million Chapter 90 Authorization

Increased funding of the Chapter 90 program, through which the Commonwealth reimburses municipalities for eligible roadway improvement projects, is critically important as communities across the state seek to maintain safe local roadways and build strong local economies. The program's formula-based funding considers a community's population, road miles and employment. The Legislature authorized a \$300 million Chapter 90 program for Fiscal 2015, and ultimately, the full amount was released to cities and towns in January 2015. For several years now, the Town has called on state officials to permanently fund Chapter 90 at \$300 million a year, and to release the funds in a timely fashion. Funding in the last five years (Fiscal 2019-2023), has remained at \$200 million. We are aware of House Bill 51, authorizing a \$400 million, two-year Chapter 90 bond bill that was filed by your office on January 18th. This bill would authorize \$200 million per year for the Chapter 90 program. While we appreciate the foresight in submitting for a two-year package, so as not to delay the receipt of funds, it does not address the fundamental issue of underfunding that we have reiterated year after year.

Level funding the Chapter 90 program for Fiscal 2024 provides inadequate support to communities seeking to maintain roads in a state of good repair. A biennial state-wide survey by the Massachusetts Municipal Association (MMA) found that municipalities would need to spend more than \$685 million annually to bring roads up to the industry standard for ensuring well-maintained roads in good condition. The proposed FY2024 Chapter 90 funding falls flat at \$200 million and supports less than one third of the reported need. The purchasing power of the Chapter 90 program has been substantially diminished since Fiscal 2012, due to several factors, primarily construction inflation. Construction inflation increased by 65.7% since 2012, meaning that communities have lost \$131.4 million in purchasing power during this time. In order to offset the diminishing power of the current Chapter 90 authorization, Northborough is requesting that the legislature approve a minimum of \$330 million in Chapter 90 funding for FY2024. The increasing costs reflect the overall deterioration of our roadway infrastructure and underscore the detrimental effects of under investment in our aging infrastructure.

The timing of legislative action on Chapter 90 is also critically important with adherence to the April 1 notification date necessary to allow municipalities the needed time to plan, bid and award paving contracts and make maximum use of the funds during the full construction season. For most cities and towns, Chapter 90 is the primary source of funds for road construction and repairs, and delays or reductions in funding can result in paving projects being postponed until the following season. A multi-year bond bill would allow for better multi-year planning and more effective use of funding as well, and we hope to see that continue.

The Town supports the concept of a multi-year filing as reflected in House Bill 52, however the Town strongly requests that the annual authorization of \$200 million be increased to \$330 million,

consistent with the Massachusetts Municipal Association's January 3, 2023 letter outlining key priorities for municipalities in FY2024.

Why is Chapter 90 Funding a Legislative Priority for the Town of Northborough?

The Town of Northborough has approximately 93 miles of roadway. Prior to FY2016, the Town's annual spending on road construction projects was limited to its Chapter 90 allocation, which was insufficient to keep pace with needed maintenance and investments. In 2013, the Town completed a comprehensive pavement management study which assessed the condition of the Town's roadways. Notably, the study found only 4% of the Town's roadways to be in excellent condition and in need of no maintenance, and over one quarter (27%) of the roads were found to be in such poor condition that they require reclamation or reconstruction.

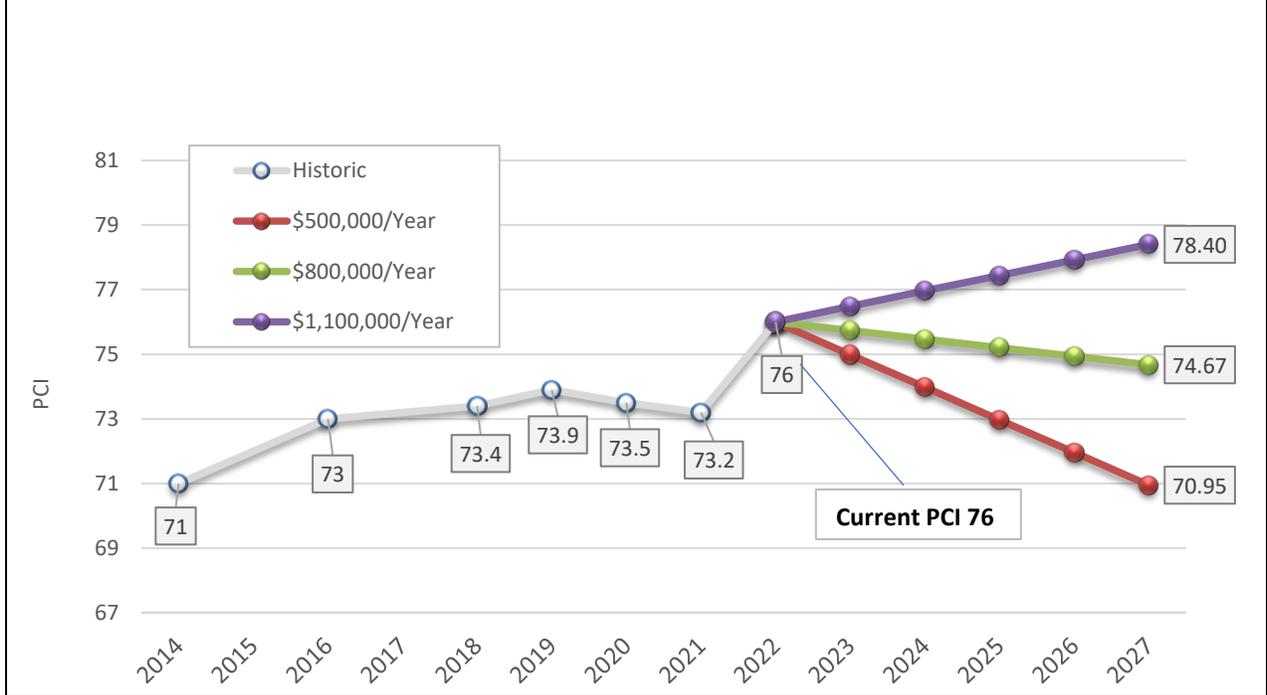
Ultimately, deferring investment in our roadways will negatively impact the Town's financial condition and bond rating by increasing costs and reducing the Town's ability to fund other services. Since completing the pavement management study, the Town has developed a pavement management plan to guide its investment in local roadway infrastructure. The Town's study found that if it were to invest only Chapter 90 funds for ten years, the backlog of roadway maintenance work would increase from an estimated \$17 million to almost \$44 million over that time. Annual spending of \$1.1 million would be necessary to maintain current pavement conditions.

When Chapter 90 funds were increased to approximately \$800,000 during FY2016 and paired with an increased local appropriation of \$300,000, the Town met the minimum requisite funding. When the Town subsequently updated its Pavement Management Study, a slight improvement in the overall Pavement Condition Index (PCI) was noted. Unfortunately, Chapter 90 funds were reduced back to approximately \$500,000 in FY2017 where they have remained. At this level, the Town's Chapter 90 allocation of approximately \$500,000 plus a local appropriation of \$300,000 results in a \$300,000 funding gap, which would be filled if the statewide Chapter 90 funding were increased to at least \$330 million. It is therefore critical that the Governor and Legislature act to ensure the swift passage and full funding of at least a \$330 million Chapter 90 program in Fiscal 2024 and beyond.

FY2023 was a unique year for Northborough. A higher-than-average fund balance at the close of FY2022 due to the influx of Cares Act funds from the Federal Government to address Covid-19 led to increased capital allocations in FY2023. In FY2023, we were able to allocate \$454,000 in local funding toward road repair, an increase of \$154,000 over prior years, the town's share of the \$200 Chapter 90 allocation of \$500,000, plus \$300,000 typically budgeted in operations. In addition to the increased capital allocation, the town received \$268,000 from Governor Baker's \$2.4 billion supplemental budget filed on February 18, 2022. In total, the Town was able to invest \$1.5 million in our roads last year, leading to a significant bump in the pavement condition index as reflected in the chart below.

The chart below projects the average Pavement Condition Index in Northborough under the various funding scenarios, with the top option being the minimum funding needed at \$1.1 million to prevent further deterioration. It also assumes that none of the \$1.1 million is diverted to repair failing culverts, which has been an issue during the past couple of years. As you can see from the chart, the Town's PCI has been slowly declining since 2019, reflecting the reduction in buying

power from a \$200 million Chapter 90 allocation from the State and increased market costs for roadway infrastructure work. In 2022, there is a significant increase to the PCI, a direct result of the increased funding available to the town last year.



2. Local Aid increases that keep pace with state revenues

- Student Opportunity Act and Minimum Aid—Passage of the Student Opportunity Act has fixed long-known gaps in the Chapter 70 school aid formula by ensuring adequate weight for special education expenses and the cost of health benefits for school personnel, and the additional resources needed to educate English learners and economically challenged students. These are important changes that will benefit those communities and school districts that have high numbers of low-income students, which is where most of the new money will be targeted. However, 135 of 318 school districts, including Northborough, will remain “minimum-aid-only” at \$30 per student. In FY2023, minimum aid only districts were provided some relief and received \$60 per student, still short of the amount needed to maintain existing programming. The proposed return to \$30 per student in the Governor’s proposed FY2024 budget is disappointing. Moving forward, the Town supports MMA’s call for a minimum aid increase of at least \$100 per student, so that no school system or student is left behind.
- Special Education Circuit Breaker— Another top priority for the Town of Northborough is increased funding of the state’s special education reimbursement program known as the “Circuit Breaker Program.” The circuit breaker fund has been in existence since 2004 and reimburses local school districts for a portion of their costs above a certain threshold for educating students with severe disabilities. The Special Education Circuit Breaker must be fully funded every year and we applaud the Legislature’s decision to expand the program to include transportation costs, and to commit to full funding of the account at \$441 million in FY2023. Maintaining this will be an important priority to the benefit of all school districts,

especially in FY2024 as the state granted private special education schools a 14% rate increase in November, and eligible transportation expenses are clearly rising faster than inflation.

- Regional Transportation Reimbursements—We support funding for transportation reimbursements to regional school districts. This account is vital to all regional districts and their member cities and towns. State law mandates that regional school districts provide transportation for all students in Grades K-12 and provides that all districts be reimbursed by the state for 100% of the cost of transporting students who reside 1 ½ miles or more from their schools. Historically, this account has been underfunded, as the \$82.1 million appropriation covers only 85% of DESE’s estimated costs for FY2023. Full funding of the commitment made by the state to regional districts is vital for Northborough as we operate a regional high school. We respectfully ask that you support increasing this key account to bring the state to its full reimbursement commitment in FY2024.
- Unrestricted General Government Aid—The Town is aware of and appreciates your support for revenue sharing during your campaign. We believe that real partnership between the state and local government is in ensuring that future revenue growth is shared with cities and towns so that they can continue providing essential local government services, critical to the residents of the commonwealth. We strongly support the revenue sharing compact that increases Unrestricted General Government Aid each year by the same rate of growth as state revenues. Over the last three years, the State has seen record tax revenue collections, however, those record collections did not trickle down to local cities and towns. Due to the method by which the state calculated their revenue growth during the budget process, the increased revenue collections were not shared in an equal manner. In FY2024, we strongly encourage the state to increase UGGA by the same percentage as the growth rate in state revenues, calculated by using the fiscal 2023 revenue projection of \$39.575 billion used by the Legislature in July, compared to the fiscal 2024 consensus revenue projection that will be set in January. Northborough relies on UGGA funds to continue to provide vital services to our residents.

Why are increases in State Aid a Legislative Priority for the Town of Northborough?

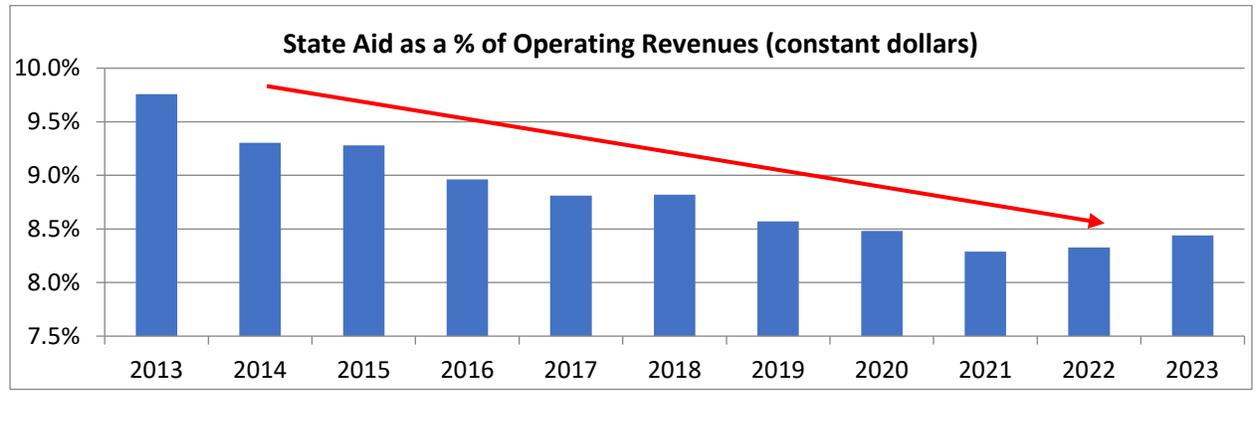
Although on the surface Northborough’s State Aid appears to be growing modestly at 1-2% in recent years, it continues to lag the state’s overall revenue growth. In addition, Northborough’s State Aid continues to increase at a slower rate than the Town’s overall general budget increases, which tend to be between 3-4% annually, so State Aid as a percentage of the operating revenues continues to shrink.

State Aid to Northborough has historically represented approximately 10% of total municipal revenue. Northborough’s State Aid peaked in FY2003, when it represented 13.1% of revenues. As a percentage of revenues, it has steadily declined from 10.6% in FY2009 to 8.4% in FY2023. The decrease represents an unfavorable trend with no end in sight.

The Town’s Fiscal 2024 budget model assumes Northborough’s State Aid will increase 1-2% over the \$5.75 million received in Fiscal 2023. The estimate is based upon historical increases as well as the Governor’s Budget which was released on February 23. It is our hope that the Legislature will be able to increase this figure to better keep pace with the real cost increases facing the town.

In terms of the long-term trend, what is critical to note is that Chapter 70 represents approximately 73% of Northborough's State Aid, and the Student Opportunity Act is unlikely to provide any meaningful revenue increases moving forward unless the Legislature increases the \$30 per student minimum aid. Unless the Legislature increases the minimum aid under Chapter 70, Northborough will continue to see State Aid as a percentage of its revenue deteriorate, resulting in local property taxes shouldering a larger portion of the budget.

The Chart below shows the steady decline of State Aid as a percentage of Northborough's operating budget revenues, resulting in a shifting burden onto local taxes.



In addition to the top two legislative priorities of Chapter 90 and State Aid, the Town is also including the following bulleted list of additional (secondary) issues and initiatives that we hope you will support.

- **Continued Support and Funding of the Community Compact Program:** Northborough has been awarded funding through the Community Compact Program in the past, enabling the Town to develop and implement important policies and procedures. This program provides financial resources to communities to implement state determined best practices in a variety of service delivery areas. This program is widely popular and is critical to maintain so that communities across the state can implement important local priorities to improve operations and enhance effective service delivery.
- **Funding for environmental and climate-related infrastructure needs:** The Town requests your support of long-term state and federal funding and regulatory support that allows cities and towns to build, repair and maintain our legacy environmental infrastructure systems—drinking water, wastewater, and stormwater—and to address the threat of climate with state funding and support to make municipal infrastructure systems and assets resilient to the effects of global warming. Environmental infrastructure is a top priority especially considering emerging challenges such as climate mitigation and adaptation strategies and investments to protect and prepare our communities. Additional funding for similar programs like Municipal Vulnerability Preparedness (MVP) and Green Communities will allow cities and towns, including Northborough, to continue to address environmental and climate-related infrastructure needs.
- **Extension of Remote Meeting Provision of the Open Meeting Law:** We have heard strong support from residents for a continuation of the ability to utilize many of the technological

techniques employed to mitigate the spread of the Covid-19 virus. (use of Zoom and other online meeting platforms) In the immediate term, we request your support for S. 2251 which proposes to provide a simple extension of the remote meeting provision through July of 2024. In the long term, we are in support of ongoing discussions regarding the permanent modification to the open meeting law that allows for remote participation.

- **An Act Creating a Municipal and Public Safety Building Authority:** Bills S.2257 and H.3675 would establish a new independent state authority, as well as a separate municipal and public safety building fund, to assist municipalities with the construction of or improvements to public safety or municipal office buildings. With property tax and other local revenues strictly limited by state law, municipalities are constantly challenged with obtaining adequate funding to keep up with ongoing maintenance and needed modern updates to municipal buildings. This independent state authority would act much like the Massachusetts School Building Authority or the Massachusetts Board of Library Commissions, both of which have available state funding to assist municipalities and school districts with addressing infrastructure needs for schools and libraries. We support bills S.2257 and H.3675 which would assist in addressing public safety and general municipal building needs.
- **An Act to Modernize Funding for Community Media Programming:** H.215 and S.1343 seek to level the playing field for companies who sell video and audio entertainment services in Massachusetts. For decades, cable companies who distributed products using public rights of way have had to pay up to 5% of their gross annual revenue for that use. These franchise fees make up the bulk of the annual budget for the Northborough Cable Access Television operation. Companies that stream video (like Hulu or Netflix) use the same rights of way but do not pay anything back. CATV has seen a reduction in funding due to cord cutting, as the revenue for CATV relies on the number of cable subscribers in town. To continue to provide valuable coverage for government, school and community events and meetings, the revenue lost from cord cutting should be replaced with streaming companies who utilize the same rights of way and currently do not provide funding for cable access. Support for H.215 and S.1343 would ensure that important funding for cable access services is secured for years to come.
- **Ensure Sustainable OPEB Costs for Cities and Towns:** Legislative action to reduce the looming Other Post-Employment Benefits (OPEB) funding crisis is critical to keeping cities and towns from gutting essential services and increasing local property taxes. OPEB refers to non-pension benefits provided to retirees, consisting primarily of health insurance. Currently, employees who retire at age 55 having worked for at least 20 hours per week for at least ten years typically qualify to receive health insurance benefits for life. Unlike pensions, these medical benefits are not adjusted to account for full or part-time work, years of service, or age of the recipient at the time of retirement and are funded on a pay-as-you go basis. This model, adopted during a different era, is no longer sustainable. Reform is necessary to protect not only the financial well-being of municipalities, but to also protect retiree benefits in both the short and long term and to protect municipal jobs. Although Northborough has created a dedicated trust fund and is appropriating \$550,000 annually to address this issue, meaningful OPEB reform at the state level is a key piece of the puzzle to solving this problem. We understand that OPEB reform is not currently on the docket for this legislative session; however, we urge the Legislature not to lose sight of OPEB reform for next year.

- **Oppose Unfunded Mandates:** We seek your support in working with the MMA and municipalities to comprehensively review and analyze unfunded mandates imposed by state law, regulation, or other action. In addition to seeking full funding for all current mandates, we ask that you support the MMA’s proposal that would require the Executive Office to specify the local impact of any signed legislation.
- **Modernize Procurement and Public Construction Laws:** The following suggestions would reduce the direct financial and administrative costs of dealing with overly restrictive and outdated purchasing and public construction regulations and laws. A major cost factor in public construction is a requirement that Towns pay “prevailing wages” that are often greater than the wages paid by local contractors. In addition, this requirement involves far more paperwork than local contractors are prepared or willing to take on for a one-time project. It is ironic that a law, which was initiated to encourage the award of contracts to local tradesmen, would have an opposite effect. There should be legislation that would exempt construction projects of \$100,000 or less from the prevailing wage law. We urge you to address the long overdue problem of excessively high public construction costs within the Commonwealth. In addition to the above considerations, since the passage of Chapter 198 of the Acts of 2022, municipal or regional school districts are held to a different standard than that of municipalities. Chapter 198 of the Acts of 2022 increased the price quotation threshold under MGL Ch. 30B, Section 5 from \$50,000 to \$100,000. H.2918 seeks to provide parity between school districts and municipalities in the application of Procurement Law. This would raise the request for quotations threshold from the current \$50,000 to \$100,000, equal with school districts.

On behalf of the Town of Northborough, thank you in advance for your consideration of these important issues, projects, and initiatives.

TOWN OF NORTHBOROUGH
EARMARK PROJECT REQUESTS
March 2023

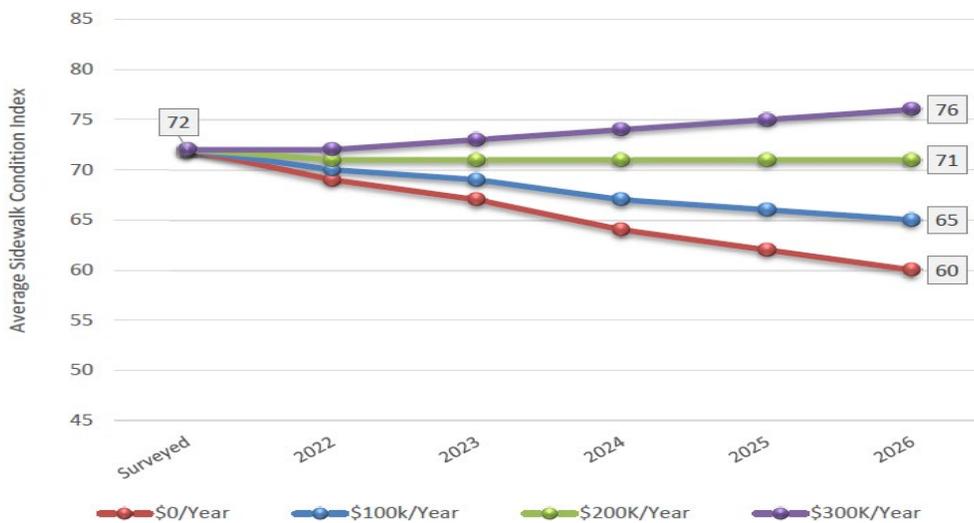
In addition to the legislative priorities set forth in the letter to Governor Healey dated March 13, 2023, below is a list of specific earmark requests for various infrastructure projects that Northborough anticipates pursuing in the upcoming year. In the last few years, Northborough has witnessed an increase in the number of awarded earmarks in the region. Included in ARPA legislation signed On December 13, 2021, Shrewsbury received earmark funding to make school HVAC upgrades, Marlborough received \$390,000 for I.T. infrastructure upgrades, and Southborough received \$70,000 to repair a collapsed culvert. Other surrounding communities including Hudson and Grafton have also received sizeable earmarks to address failing infrastructure. Below is a list of high priority capital projects that we believe are strong candidates for State Earmarks. This list contains a multi-departmental overview of various projects with cost estimates that would otherwise be financially burdensome for the Town to fund.

1. **Fire Station Building Project:** The Town has completed a Feasibility Study, as well as the conceptual design phase for the location of a new Fire Station in Northborough. The existing station, of which there is only one in Northborough, was built in 1975 and stands at 11,100 SF. The station was built as a volunteer station prior to the paramedic ambulance services that the department currently provides. There are no facilities for female firefighters and inadequate space for full-time personnel. The total cost estimate for the project at the time of the conceptual design in 2019 was approximately \$19M. We anticipate that the previous construction estimates have been significantly impacted by rising inflation and supply chain issues. The town is aware of legislation that has been put forward to support a Municipal and Public Safety Building Authority, to be operated like the MSBA. The town is in full support of that legislation but would also welcome any earmarked grants to assist with the critical public safety project.

2. **Northborough Reservoir Dam Removal:** The Town of Northborough owns the Northborough Reservoir and associated dam that is located between Shrewsbury and Boylston. Rawson Brook was dammed in the 19th century to create the reservoir which served as the Town's water supply until 1953 when it was taken out of service. It no longer provides any benefit and has been deemed by the State Office of Dam Safety to be in poor condition, and due to it being a significant hazard dam, has been ordered to be repaired or removed. Removal is the most environmentally responsible and cost-effective disposition and is deemed as beneficial to both climate change adaptation and wetland resource viability. The Town is in the design and permitting process for this work which has been partially funded by the State's Dam and Seawall Grant Program. Recent changes to the MEPA regulations have forced this project to require development of a full Environmental Impact Report. The result is that the grant is now insufficient to fund completion of the design work. The cost to finish the design work is \$52,000 above and beyond the previously provided support of the Commonwealth and the community. Additional assistance with this project phase is needed to continue moving forward.

3. **Sidewalk Repair Project:** As part of its ongoing roadway asset management program, Northborough had all sidewalks and pedestrian curb ramps along Town roads inventoried and assessed. Sidewalks are a critical part of a municipality's infrastructure, providing safety and

mobility to pedestrians, and enhancing access to public and private facilities, businesses, and generating community connectivity. Pedestrian curb ramps enable access for pedestrians with mobility altering disabilities. The assessment revealed that Northborough has 32.69 miles of sidewalk and 212 pedestrian curb ramps. The average sidewalk condition is a 72 out of 100, with most sidewalks being in good or fair condition. Eighty out of the 212 existing pedestrian curb ramps are rated as fair or poor. The chart below projects the average sidewalk condition in Northborough under various funding scenarios, with the top option being the minimum funding needed at \$300,000 per year over five years to improve the overall condition of sidewalks in Northborough and to address the backlog of sidewalk infrastructure projects. A permanent increase to Chapter 90 funding in the amount of \$330M, coupled with the town’s recent Complete Streets program adoption will help the town maintain sidewalks moving forward and construct additional sidewalks to connect existing routes. Unfortunately, the current backlog of sidewalk improvement work will require significant one-time additional funding to address before new sidewalks are added. The overall backlog of sidewalk improvement work is estimated to cost approximately \$2.1M. We are asking that the Commonwealth support the Town in addressing this backlog with an earmark appropriation of \$300,000 or more.



- 4. Assabet Hill Drainage Repair Project:** Roadway drainage systems are often a forgotten part of a town’s infrastructure, until they begin to fail. This is the case in the Assabet Hill neighborhood. Over the past three years several large sinkholes have appeared within these roadways. A full drainage system evaluation was conducted in late 2019 which found there to be systematic pipe failures throughout the neighborhood. The result is causing severe deterioration of the roadway and will likely cause additional sinkholes to appear until thorough repairs are completed. The Town cannot reconstruct the roadways until these repairs are completed, which are estimated to cost \$800,000. Northborough is committed to perform the \$1,000,000 of roadway reconstruction if the Commonwealth can assist by funding the drainage repair work. It is important to note that the one-time drainage issues in the Assabet neighborhood are unique and not the result of deferred maintenance.

On behalf of the Town of Northborough, thank you in advance for your consideration of these important projects.