



TOWN OF HOPKINTON
SELECT BOARD MEETING AGENDA
Tuesday, February 8, 2022 6:00 PM
REMOTE MEETING

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/86223654003?pwd=aTcreDVURW5SK0crWGhNaDZ1QjNidz09>

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6:00 PM

CALL TO ORDER

1.

EXECUTIVE SESSION

- a. Pursuant to *M.G.L. c.30A, §21(a)* (purpose 3) to consider strategy with respect to collective bargaining relative to DPW, Police, Fire and Library Unions because an open meeting may have a detrimental effect on the negotiating position of the Board.
- b. To approve executive session Minutes (1/25/22).

6:30 PM

CALL TO ORDER - OPEN SESSION

2.

PLEDGE OF ALLEGIANCE.

6:31 PM

PUBLIC FORUM

3.

Residents are invited to share ideas, opinions or ask questions regarding Town Government.

6:40 PM

CONSENT AGENDA

4.

The Select Board will consider the following consent agenda:

- a. **MINUTES** - The Select Board will consider approving the Minutes of the January 25, 2022 meeting.
- b. **APPOINTMENT**- The Select Board will consider appointing Phil Powers as a Traffic Constable, to a term expiring 6/30/2024.

6:45 PM

2022 ANNUAL TOWN MEETING

5.

The Select Board will discuss the language of its own annual town meeting articles.
Supporting Exhibit: [Memo - Annual Town Meeting Articles](#)

- 6:50 PM** **FY 2023 CONSOLIDATED BUDGET SUBMISSION**
6. The Town Manager will submit the consolidated FY 23 budget to the Select Board, and the Board will discuss the budget provisions and the process going forward. The School Committee and Appropriation Committee are invited to the meeting.
Supporting Exhibits: [FY 2023 Comprehensive Budget Proposal](#)
- 7:35 PM** **COVID-19 UPDATE**
7. The Select Board will receive an update on the Town's response to the Covid-19 Pandemic.
- 7:40 PM** **TOWN MANAGER REPORT**
8. Lykan Bioscience Holdings LLC Tax Increment Finance Agreement: The Select Board will consider a draft Tax Increment Finance (TIF) Agreement between the Town of Hopkinton, Lykan Bioscience Holdings LLC, Inc. and Southfield Properties. Lykan and Southfield Properties propose to construct an estimated 112,141 SF manufacturing facility with a 54,000 SF parking area at 103, 105 & 107, 109 South Street, and to create 125 new net permanent full-time jobs at the Property over a five (5) year period.
Supporting Exhibits: [Town Manager Report and Draft Lykan TIF Agreement](#)
- 7:45 PM** **LIAISON REPORTS/BOARD INVITES**
9. Supporting Exhibit: [FY 22 Liaison Assignments](#)
- 7:50 PM** **FUTURE BOARD AGENDA ITEMS**
10. Board members will identify future agenda items.
- 7:55 PM** **ADJOURN**
-

Upcoming Select Board Meetings

1. February 15, 2022
2. February 22, 2022
3. March 1, 2022
4. March 15, 2022

The listed matters are those reasonably anticipated by the Chair to be discussed at the meeting. Not all items may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law. Unless an agenda item is a posted public hearing, the matter may be considered earlier than the indicated time if there are last minute cancellations or other unforeseen events which cause the Board to move more quickly through the agenda.



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE

DATE: February 4, 2022

TO: Select Board

FROM: Norman Khumalo, Town Manager
Elaine Lazarus, Assistant Town Manager

RE: **2022 Annual Town Meeting Article Review - Select Board/Town Manager Articles**

Staff is currently preparing the initial draft of the Annual Town Meeting warrant, which will be transmitted to Town Counsel shortly. We anticipate that at the Feb. 15 meeting, the Board will begin its review of the draft language of its articles, which will be divided into groups for review at several meetings. The draft language will also be posted on the Town website.

In addition, the preparation of the Warrant includes staff reviews, legal reviews, public hearings, etc., resulting in changes along the way. At this point, internal review of the articles submitted by the Board has resulted in the recommended removal of two articles, noted below.

Non-Recurring Articles

1. Create School Special Education Reserve Fund (Sponsor - Select Board)
2. Transfer to School Special Education Reserve Fund (Sponsor - Select Board)
3. Approve Lykan Bioscience Tax Increment Finance Agreement (TIF) (Sponsor - Select Board)
4. Amend General Bylaws so as to make them gender-neutral (Sponsor - Select Board)
5. Accept easement at 2 Oakhurst Road for a school bus waiting area (Sponsor - Select Board)
6. Accept gift of land - Lot E, Fitch Ave. in the Elmwood Farms III subdivision, for open space and recreation uses (parcel is between Marathon School/EMC Park & Fitch Ave.) (Sponsor - Select Board)
7. PILOT Agreement - Wilson St. Solar Farm (Sponsor - Select Board)
8. Establish a MGL ch. 53F $\frac{3}{4}$ PEG Access and Cable Related Fund Account for HCAM funding (Sponsor - Town Manager)
9. Rescind HCAM Enterprise Fund (Sponsor - Town Manager)
10. Establish MGL. ch. 53E $\frac{1}{2}$ revolving fund for regional Shared Housing Services Office (Sponsor - Town Manager)
11. Establish ADA Commission (Sponsor - Town Manager)
12. Prudent Investment Legislation (Sponsor - Town Manager)
13. Unauthorized/Unissued Debt Rescindment (Sponsor - Town Manager)
- ~~14. Boat Excise Tax (Sponsor - Town Manager)~~
15. Lake Maspenock Dam Area Repair Work (Sponsor - Town Manager)


16. Funding for Terry Farmhouse, Hayden Rowe (Sponsor - Town Manager)

Recurring Articles

17. Acceptance of Town Reports (Sponsor: Select Board)
18. Set the Salary of Elected Officials (Sponsor: Select Board)
19. Last Fiscal Year Supplemental Appropriations and Transfers (Sponsor: Town Manager)
20. Unpaid Bills from Previous Fiscal Years (Sponsor: Town Manager)
- ~~21. Excess Bond Premium (Sponsor: Town Manager)~~
22. Current Fiscal Year Operating Budget (Sponsor: Town Manager)
23. Revolving Fund Spending Limits (Sponsor: Town Manager)
24. Chapter 90 Highway Funds (Sponsor: Town Manager)
25. Transfer To Other Post Employment Benefits Liability Trust Fund (Sponsor: Town Manager)
26. Transfer to General Stabilization Fund (Sponsor: Town Manager)
27. Transfer to Capital Expense Stabilization Fund (Sponsor: Town Manager)
28. Pay-As-You-Go Capital Expenses (Sponsor: Town Manager)
29. Trustees of the School Fund (Sponsor: Select Board)



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE
Norman Khumalo, Town Manager

TO: Town of Hopkinton Select Board
FROM: Norman Khumalo, Town Manager 
DATE: February 4, 2022
RE: Revised Fiscal Year (FY) 2023 Comprehensive Budget Transmittal
REF: (A) My Memo of 1/28/22, FY23 Comprehensive Budget Transmittal

Reference (A) provided an initial budget recommendation based on a careful review of prospective sources and uses of funds. In response to a material, unexpected industrial tax appeal, the revised budget proposal raises the estimated contribution to the FY 2023 overlay account from \$1.0 million to \$2.5 million to ensure fiscal stability. This action creates a \$1.5 shortfall in the budget proposal forwarded in reference (A). The table below identifies the summary level changes proposed to address \$1.0 million of that \$1.5 million shortfall, with detailed impacts shown in revisions to enclosures (1), (2), and (3). These proposed adjustments produce no changes to tax impact or capital plans; but enclosures (4), (5), and (6) detailing those matters are provided again, without revision, for your convenience. Likewise, reference (A) is provided as enclosure (7) for your convenience.

The additional \$500,000 adjustment required to achieve a balanced budget remains under development with Town Departments and will be briefed at the February 8, 2022 Select Board meeting. The proposed actions to achieve \$1.0 million in adjustments are as follows:

	Adjustments to Sources (+) & Uses (-) of Funds	1/28/22 Proposal	2/4/22 Proposal	Change
1	Increase use of Certified Free Cash	\$3,066,742	\$3,184,742	\$118,000
2	Increase Estimated Excise Tax, base on Feb, 2022 Info.	\$4,733,679	\$4,872,666	\$138,987
3	Increase "Other Revenues", ATM 2019, Art 17C Funds	\$841,098	\$916,098	\$75,000
4	Revert to Level Funding of Pavement Management Plan	-\$550,000	-\$501,000	\$49,000
5	Land Use Pers. Serv., Increase Cost Share from Revolving Funds	-\$612,832	-\$569,832	\$43,000
6	Library Pers. Serv., Mid-Year Start of New Positions	-\$947,356	-\$830,356	\$117,000
7	Reduce Transfer to OPEB Trust Fund	-\$620,250	-\$420,250	\$200,000
8	Eliminate Transfer to General Fund Stabilization Trust Fund	-\$250,000	\$0	\$250,000
9	Debt Service	-\$7,186,000	-\$7,194,987	-\$8,987
10	Fund Police Overtime for Outreach from Host Comm. Agreement	-\$2,913,989	-\$2,895,989	\$18,000
	Total:			\$1,000,000

Enclosure (7) detailed the many achievements reflected in the original budget presentation. The updated recommendation still retains many of those accomplishments. The revised proposal:

- Sustains municipal services, including educational services, at FY 2022 levels
- Meets contractual and debt obligations
- Fund targeted service expansion supporting diversity, equity, inclusion, and belonging; such as high priority special education needs funding for the Hopkinton Public Schools and for out of district special education tuition, a substantial increase in staffing at the Hopkinton Public Library to enhance service to an increasingly diverse user base, modest increases to support enhanced services for at-risk segments of the community in Senior Services, Youth and Family Service, and Police outreach programs; although in this revision some enhancements at the Library will be phased in rather than initiated on July 1, 2022, and Police outreach will be funded under provisions and funding from a Host Community Agreement with a property developer.
- The addition of dedicated staff in the Department of Public Works for tree stewardship, and in Land Use for conservation duties; and modest growth-driven increases in support staffing in the Town Clerk's critical election function and other functions, and for Human Resources training and administration work; although under this revision the Land Use conservation staff person will be funded to an increased degree from Land Use user fees.
- Balance spending and tax impact in a way that meets service level expectations while preserving the Town's long term financial health and stability; although under this revision proposed enhancements to financial stability are scaled back.
- Continued funding for long term costs including long-term pension funding and long-term retiree health care (OPEB) funding; although this revision would fund the OPEB Trust Fund at \$420,250 instead of \$620,250.
- Under this revision, there would be no contribution to bolster stabilization reserves.
- A determination of whether one time funding will be used to cover some recurring costs pending resolution of the final \$500,000 adjustment required to balance this budget.

The last minute appeal of \$2.8 million by the Town's largest taxpayer, Eversource, and the signal that action provides suggesting a likely appeal well in excess of \$3 million in February, 2023, necessitated these adjustments to the proposed FY 2023 budget.

The Town's ability to analyze and rapidly provide a proposed set of actions to address this challenge reflects the maturity and resilience of the Town's budget development process. This agile response to a material change in available information was facilitated by the detailed sensitivity analysis conducted on all the Town's significant sources and uses of funds in the original budget proposal.

The budget process is far from over, and based on past experience, it seems likely that additional adjustments and improvements will be made during this effort. By continuing forward with a One Town, One Solution approach, I am confident that the Town will achieve a balanced, workable budget for FY 2023 that sustains services, builds community equity, responds to population growth, and sustains long-term financial stability.

- Enclosure:
- (1) Projected Sources and Uses of Funds, FY 2023, Revised
 - (2) General Fund Five Year Financial Forecasting Model, Revised
 - (3) Line by Line Appropriation Summary, FY 2023, Revised
 - (4) Projected Tax Impact, FY 2023
 - (5) Capital Improvement Summary, FY 2023
 - (6) Five Year Capital Improvement Preview, FY 2023 - 2027
 - (7) My Memo of 1/28/22, FY23 Comprehensive Budget Transmittal

Town of Hopkinton; FY 2023 General Fund Sources and Uses

Sources of Funds	FY22 Budgeted Sources of Funds	FY23 Estimated Sources of Funds	% Chg. FY21 - FY22	Tax impact
Levy Base	\$72,765,443	\$78,088,438	7.3%	2.31%
New Growth	\$2,000,000	\$2,500,000	25.0%	3.03%
Debt Exclusions	\$6,367,657	\$6,191,346	-2.8%	-0.21%
Less - Provision for tax abatements/exemptions	-\$500,000	-\$2,500,000	400.0%	
Estimated Net Property Tax Revenue	\$80,633,100	\$84,279,784	4.5%	5.12%
Excess from Prior Fiscal Year (Cert. Free Cash)	\$2,645,278	\$3,184,742	20.4%	
State Aid	\$9,427,975	\$10,172,326	7.9%	
Less - Regional and State Program Charges	-\$472,521	-\$483,315	2.3%	
Estimated Net State Aid	\$8,955,454	\$9,689,011	8.2%	
Excise Tax, Licenses, other Local Receipts	\$4,595,805	\$4,872,666	6.0%	
Cost Share from Enterprise Funds	\$698,595	\$757,355	8.4%	
Ambulance, Library Foundation, misc. sources	\$1,196,506	\$916,098	-23.4%	
Insurance Proceeds	\$0	\$805,000	n/a	
Total Sources of Funds:	\$98,724,738	\$104,504,656	5.9%	

Uses of Funds	FY22 Budgeted Uses of Funds	FY23 Estimated Uses of Funds	% Chg. FY21 - FY22
Tax lien administration costs	\$50,000	\$50,000	0.0%
State funded Library spending	\$28,736	\$28,736	0.0%
Repayment of Debt Principal and Interest	\$7,532,399	\$7,194,987	-4.5%
Deficits and Judgments	\$0	\$0	0.0%
Snow and Ice Surge Costs	\$0	\$0	0.0%
General Government	\$4,875,550	\$5,283,535	8.4%
Public Safety	\$7,359,365	\$7,674,460	4.3%
Regional Technical Vocational School	\$597,379	\$597,379	0.0%
Hopkinton Public Schools Education	\$53,966,911	\$56,022,404	5.8%
Special Education Reserve Fund		\$1,094,024	
Public Works	\$6,214,621	\$6,499,584	4.6%
Health and Human Services	\$1,239,862	\$1,300,075	4.9%
Culture and Recreation	\$854,534	\$1,053,435	23.3%
Employee Benefits and Insurance	\$13,752,451	\$14,852,647	8.0%
<i>Sub-Total Departmental Operating Funding</i>	\$88,860,673	\$94,377,543	6.2%
Transfer to OPEB (post-retirement health care)	\$410,000	\$420,250	2.5%
Transfer to Stabilization	\$0	\$0	n/a
Town Meeting Capital Articles, free cash	\$1,842,930	\$2,933,140	59.2%
Total Uses of Funds:	\$98,724,738	\$105,004,656	6.4%

Encl: (1)

Town of Hopkinton; General Fund Five Year Financial Forecasting Model

	FY22 Enacted	FY23 Plan	% Change	FY24 Forecast	FY25 Forecast	FY26 Forecast
Levy Base	\$70,990,676	\$76,183,842		\$80,588,438	\$84,603,149	\$88,518,228
Amended prior year growth	\$2,725					
2 1/2% increase	\$1,774,835	\$1,904,596	2.5%	\$2,014,711	\$2,115,079	\$2,212,956
New Growth	\$3,415,606	\$2,500,000		\$2,000,000	\$1,800,000	\$1,600,000
Overrides/(Underrides)				\$0	\$0	\$0
Debt Exclusions	\$6,367,657	\$6,191,346		\$6,239,276	\$5,873,482	\$5,561,223
Unused Levy						
Net Tax Levy	\$82,551,499	\$86,779,784		\$90,842,425	\$94,391,710	\$97,892,407
Cherry Sheet Receipts	\$9,427,975	\$10,172,326		\$10,172,326	\$10,680,942	\$11,214,989
MSBA Reimbursements	\$0	\$0		\$0	\$0	\$0
Local Receipts	\$4,200,236	\$4,872,666		\$5,067,573	\$5,270,276	\$5,481,087
Subtotal, Revenues	\$96,179,710	\$101,824,776		\$106,082,324	\$110,342,928	\$114,588,483
Add: Additional Sources						
Free Cash - operating	\$692,348	\$821,352		\$0	\$0	\$0
Free Cash - capital/other	\$1,952,930	\$2,363,390		\$2,775,000	\$2,608,750	\$2,450,813
Enterprise - Indirect Costs	\$698,595	\$757,355		\$776,289	\$795,696	\$815,588
Overlay Surplus	\$0					
General Stabilization Fund	\$0	\$0		\$0	\$0	\$0
School Stabilization Fund		\$0				
Other	\$1,196,506	\$731,098		\$594,185	\$591,377	\$588,956
Insurance Proceeds		\$805,000				
Unused Capital Balances		\$185,000		\$25,000	\$25,000	\$25,000
Subtotal	\$4,540,379	\$5,663,195		\$4,170,474	\$4,020,823	\$3,880,357
Less:						
Prov for Abate/Exemp	-\$1,522,830	-\$2,500,000		-\$2,500,000	-\$2,500,000	-\$2,500,000
Cherry sheet offsets	-\$28,736	-\$28,736		-\$28,335	-\$29,446	-\$30,600
Snow & Ice		\$0		\$0	\$0	\$0
Cherry Sheet charges	-\$472,521	-\$483,315		-\$483,315	-\$507,481	-\$532,855
Tax title	-\$50,000	-\$50,000		-\$50,000	-\$50,000	-\$50,000
Deficits & Judgements	-\$7,532,399	\$0		\$0	\$0	\$0
Debt Service		-\$7,194,987		-\$7,288,711	-\$6,792,651	-\$6,373,989
Parks Enterprise Subsidy	\$0	\$0		\$0	\$0	\$0
Other	\$0	\$0		\$0	\$0	\$0
Subtotal	-\$9,606,486	-\$10,257,038		-\$10,350,361	-\$9,879,577	-\$9,487,444
Net Sources avail. for Approp	\$91,113,603	\$97,230,933		\$99,902,437	\$104,484,173	\$108,981,396
Expenditures By Category:	FY21 Enacted	FY22 Plan	% Change	FY23 Forecast	FY24 Forecast	FY25 Forecast
General Government	\$4,875,550	\$5,283,535	8.4%	\$5,468,459	\$5,659,855	\$5,857,950
Public Safety	\$7,359,365	\$7,674,460	4.3%	\$7,943,066	\$8,221,073	\$8,508,811
Education	\$54,564,290	\$56,619,783	5.8%	\$59,450,772	\$62,423,311	\$65,544,476
Speical Education Reserve Fund		\$1,094,024		\$1,115,904	\$1,138,223	\$1,160,987
Public Works	\$6,214,621	\$6,499,584	4.6%	\$6,727,069	\$6,962,517	\$7,206,205
Human Services	\$1,239,862	\$1,300,075	4.9%	\$1,345,578	\$1,392,673	\$1,441,416
Culture & Recreation	\$854,534	\$1,053,435	23.3%	\$1,090,305	\$1,128,466	\$1,167,962
Employee Benefits & Insurance	\$13,752,451	\$14,852,647	8.0%	\$16,040,859	\$17,324,127	\$18,710,058
Subtotal, Omnibus Budget	\$88,860,673	\$94,377,543		\$99,182,013	\$104,250,245	\$109,597,865
Articles - non-capital						
Articles - capital	\$1,842,930	\$2,933,140		\$1,800,000	\$1,800,000	\$1,800,000
Transfer to Stabilization Fund(s)	\$0	\$0		\$208,000	\$213,200	\$218,530
Transfer to OPEB Trust	\$410,000	\$420,250		\$430,756	\$441,525	\$452,563
Total Expenditures	\$91,113,603	\$97,730,933		\$101,620,769	\$106,704,970	\$112,068,959
Surplus (Shortfall)	\$0	-\$500,000		-\$1,718,332	-\$2,220,797	-\$3,087,563

ENCL: (2)

Town of Hopkinton; Departmental Detail Budgets, FY 2023

	(A)	(B)	(C)	(A to C)	(A to C)
	FY22	FY23 Dept	FY23 Town Mgr.	\$ Chg.	% Chg.
	Enacted	Requests	Recommend	FY22-23	FY22-23

FUND 1000: GENERAL FUND

General Government

122 Select Board

Expenses	2,000	2,000	2,000	0	0.0%
Total	2,000	2,000	2,000	0	0.0%

123 Town Manager

Personal Services	452,453	479,237	479,237	26,784	5.9%
Expenses	31,300	32,300	32,300	1,000	3.2%
Total	483,753	511,537	511,537	27,784	5.7%

131 Appropriation Committee

Expenses	500	0	0	-500	-100.0%
Reserve Fund	125,000	125,000	125,000	0	0.0%
Total	125,500	125,000	125,000	-500	-0.4%

133 Accounting

Personal Services	159,513	223,366	223,366	63,853	40.0%
Expenses	23,200	27,000	27,000	3,800	16.4%
Total	182,713	250,366	250,366	67,653	37.0%

135 Finance

Personal Services	138,615	648,498	648,498	509,883	367.8%
Expenses	1,835	103,785	103,785	101,950	5555.9%
Appraisal Services			171,500	171,500	100.0%
Total	140,450	752,283	923,783	783,333	557.7%

137 Procurement & Grants

Personal Services	75,000	0	0	-75,000	-100.0%
Expenses	5,000	0	0	-5,000	-100.0%
Total	80,000	0	0	-80,000	-100.0%

141 Assessors

Personal Services	212,537	0	0	-212,537	-100.0%
Expenses	17,550	0	0	-17,550	-100.0%
Appraisal Services	181,500	0	0	-181,500	-100.0%
Total	411,587	0	0	-411,587	-100.0%

145 Treasurer/Collector

Personal Services	307,568	0	0	-307,568	-100.0%
Expenses	76,900	0	0	-76,900	-100.0%
Total	384,468	0	0	-384,468	-100.0%

151 Legal

Legal Counsel	280,000	283,500	283,500	3,500	1.3%
Total	280,000	283,500	283,500	3,500	1.3%

152 Human Resources

Personal Services	229,704	290,866	263,628	33,924	14.8%
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Town of Hopkinton; Departmental Detail Budgets, FY 2023

	(A) FY22 Enacted	(B) FY23 Dept Requests	(C) FY23 Town Mgr. Recommend	(A to C) \$ Chg. FY22-23	(A to C) % Chg. FY22-23
Compensation Contingency	325,000	500,000	500,000	175,000	53.8%
Expenses	124,456	124,486	124,486	30	0.0%
Total	679,160	915,352	888,114	208,954	30.8%
155 Information Technology					
Personal Services	349,733	349,353	349,353	-380	-0.1%
Expenses	588,700	673,204	673,204	84,504	14.4%
Total	938,433	1,022,557	1,022,557	84,124	9.0%
161 Town Clerk					
Personal Services	138,435	159,413	159,413	20,978	15.2%
Expenses	7,395	10,030	10,030	2,635	35.6%
Total	145,830	169,443	169,443	23,613	16.2%
162 Election & Registration					
Personal Services	9,750	25,496	25,496	15,746	161.5%
Expenses	15,150	27,330	27,330	12,180	80.4%
Total	24,900	52,826	52,826	27,926	112.2%
170 Land Use, Planning & Permitting					
Personal Services	553,529	612,832	569,832	16,303	2.9%
Expenses	44,892	21,607	21,607	-23,285	-51.9%
Total	598,421	634,439	591,439	-6,982	-1.2%
177 Green Committee					
Expenses	165	200	200	35	21.2%
Total	165	200	200	35	21.2%
173 Open Space Committee					
Expenses	12,100	15,000	15,000	2,900	24.0%
Total	12,100	15,000	15,000	2,900	24.0%
187 Trail Committees					
Upper Charles Tr. Comm. Expenses	52,300	54,000	54,000	1,700	3.3%
Trails Coord. Mgt. Comm. Expenses	25,000	25,000	25,000	0	0.0%
Total	77,300	79,000	79,000	1,700	2.2%
192 Town Hall					
Expenses	8,270	8,270	8,270	0	0.0%
Total	8,270	8,270	8,270	0	0.0%
194 Cable Committee					
Expenses	0	0	0	0	0.0%
Total	0	0	0	0	0.0%
199 Other General Government					
Public Relations	0	60,000	60,000	60,000	100.0%
Town Reports	5,000	5,000	5,000	0	0.0%
Audit	48,000	48,000	48,000	0	0.0%
Transfer: Water Ent., Fire Prot.	247,500	247,500	247,500	0	0.0%
Total	300,500	360,500	360,500	0	0.0%

Town of Hopkinton; Departmental Detail Budgets, FY 2023

	(A) FY22 Enacted	(B) FY23 Dept Requests	(C) FY23 Town Mgr. Recommend	(A to C) \$ Chg. FY22-23	(A to C) % Chg. FY22-23
Total General Government	4,875,550	5,182,273	5,283,535	347,985	7.1%

Public Safety

210 Police

Personal Services	2,850,635	2,913,989	2,895,989	45,354	1.6%
Expenses	175,783	199,506	199,506	23,723	13.5%
Auxiliary Police Expenses	3,000	3,000	3,000	0	0.0%
Total	3,029,418	3,116,495	3,098,495	69,077	2.3%

214 Communications

Personal Services	682,180	767,595	742,595	60,415	8.9%
Expenses	46,585	56,935	56,935	10,350	22.2%
Total	728,765	824,530	799,530	70,765	9.7%

220 Fire

Personal Services	3,262,944	3,420,174	3,420,174	157,230	4.8%
Expenses	292,500	309,700	309,700	17,200	5.9%
Total	3,555,444	3,729,874	3,729,874	174,430	4.9%

244 Sealer of Weights & Measures

Personal Services	3,320	3,420	3,420	100	3.0%
Expenses	1,300	1,300	1,300	0	0.0%
Total	4,620	4,720	4,720	100	2.2%

292 Animal Control

Personal Services	34,118	35,141	35,141	1,023	3.0%
Expenses	7,000	6,700	6,700	-300	-4.3%
Total	41,118	41,841	41,841	723	1.8%

Total Public Safety 7,359,365 7,717,460 7,674,460 315,095 4.3%

Education

300 Hopkinton Public Schools

Hopkinton Public Schools	53,966,911	57,116,428	56,022,404	2,055,493	3.8%
Hopkinton Public Schools			1,094,024	1,094,024	100.0%
Total	53,966,911	57,116,428	57,116,428	3,149,517	5.8%

800 Regional Technical Vocational School

Regional Schools	597,379	597,379	597,379	0	0.0%
Total	597,379	597,379	597,379	0	0.0%

Total Education 54,564,290 57,713,807 57,713,807 3,149,517 5.8%

Public Works

410 Engineering & Facilities

Personal Services	322,198	350,384	350,384	28,186	8.7%
Expenses	990,086	1,009,464	1,009,464	19,378	2.0%
Total	1,312,284	1,359,848	1,359,848	47,564	3.6%

420 Public Works Administration

Town of Hopkinton; Departmental Detail Budgets, FY 2023

	(A) FY22 Enacted	(B) FY23 Dept Requests	(C) FY23 Town Mgr. Recommend	(A to C) \$ Chg. FY22-23	(A to C) % Chg. FY22-23
Personal Services	485,335	544,832	544,832	59,497	12.3%
Total	485,335	544,832	544,832	59,497	12.3%
422 Highway					
Personal Services	915,938	1,026,600	1,026,600	110,662	12.1%
Expenses	618,900	619,200	619,200	300	0.0%
Sidewalk Maintenance	50,000	50,000	50,000	0	0.0%
Pavement Management	501,000	550,000	501,000	0	0.0%
Stormwater System	370,000	370,000	370,000	0	0.0%
Parks & Rec. Facility Support	105,000	105,000	105,000	0	0.0%
Lake Maspenock Weed Control	60,000	60,000	60,000	0	0.0%
Total	2,620,838	2,780,800	2,731,800	110,962	4.2%
423 Snow & Ice					
Snow & Ice Control	350,000	350,000	350,000	0	0.0%
Total	350,000	350,000	350,000	0	0.0%
424 Street Lighting					
Street Lights	33,000	33,000	33,000	0	0.0%
Total	33,000	33,000	33,000	0	0.0%
426 Traffic Control					
Traffic Lights	25,000	25,000	25,000	0	0.0%
Total	25,000	25,000	25,000	0	0.0%
427 Tree Warden					
Personal Services	14,354	14,354	14,354	0	0.0%
Expenses	250,000	250,000	250,000	0	0.0%
Total	264,354	264,354	264,354	0	0.0%
429 Other Storm Control					
Storm Control	10,000	10,000	17,000	7,000	70.0%
Total	10,000	10,000	17,000	7,000	70.0%
433 Waste Collection & Disposal					
Recycling Salaries	10,000	10,000	10,000	0	0.0%
Rubbish Collection/Disposal	479,750	494,139	494,139	14,389	3.0%
Rubbish Disposal	367,100	402,875	402,875	35,775	9.7%
Recycling Expense	20,000	23,000	23,000	3,000	15.0%
Recycling Collection/Disposal	225,760	232,536	232,536	6,776	3.0%
Household Hazardous Waste	10,000	10,000	10,000	0	0.0%
Total	1,112,610	1,172,550	1,172,550	59,940	5.4%
491 Cemetery Commission					
Personal Services	0	0		0	0.0%
Expenses	1,200	1,200	1,200	0	0.0%
Total	1,200	1,200	1,200	0	0.0%
Total Public Works	6,214,621	6,541,585	6,499,584	284,963	4.6%
Health and Human Services					

Town of Hopkinton; Departmental Detail Budgets, FY 2023

	(A) FY22 Enacted	(B) FY23 Dept Requests	(C) FY23 Town Mgr. Recommend	(A to C) \$ Chg. FY22-23	(A to C) % Chg. FY22-23
511 Health Services					
Personal Services	281,654	304,926	304,926	23,272	8.3%
Expenses	93,690	103,390	103,390	9,700	10.4%
Total	375,344	408,316	408,316	32,972	8.8%
541 Senior Center					
Personal Services	426,804	436,180	436,180	9,376	2.2%
Expenses	40,955	44,955	44,955	4,000	9.8%
Total	467,759	481,135	481,135	13,376	2.9%
542 Youth & Family Services					
Personal Services	204,440	209,250	209,250	4,810	2.4%
Expenses	68,670	77,725	77,725	9,055	13.2%
Total	273,110	286,975	286,975	13,865	5.1%
543 Veterans Services					
Veterans District	47,349	47,349	47,349	0	0.0%
Veterans Service Benefits	75,000	75,000	75,000	0	0.0%
Veterans Supplies	1,300	1,300	1,300	0	0.0%
Total	123,649	123,649	123,649	0	0.0%
Total Health & Human Services	1,239,862	1,300,075	1,300,075	60,213	4.9%
<u>Culture and Recreation</u>					
610 Library					
Personal Services	584,839	882,391	784,391	199,552	34.1%
Expenses	46,865	64,965	45,965	-900	-1.9%
Total	631,704	947,356	830,356	198,652	31.4%
620 Parks and Recreation					
Personal Services	171,830	167,579	167,579	-4,251	-2.5%
Expenses	18,000	22,500	22,500	4,500	25.0%
Rec Facility Debt Service	0	0	0	0	100.0%
Total	189,830	190,079	190,079	249	0.1%
691 Historic Commission					
Expenses	1,000	1,000	1,000.00	0	0.0%
Total	1,000	1,000	1,000.00	0	0.0%
692 Celebrations					
Memorial Day	2,000	32,000	2,000.00	0	0.0%
Total	2,000	32,000	2,000.00	0	0.0%
692 Townwide Celebration - Hopkinton Da					
Expenses	30,000	32,000	30,000.00	0	0.0%
Total	30,000	32,000	30,000.00	0	0.0%
695 Historic District Commission					
Expenses	0	0	0.00	0	0.0%
Total	0	0	0	0	0.0%
Total Culture & Recreation	854,534	1,202,435	1,053,435	198,901	23.3%

Town of Hopkinton; Departmental Detail Budgets, FY 2023

	(A) FY22 Enacted	(B) FY23 Dept Requests	(C) FY23 Town Mgr. Recommend	(A to C) \$ Chg. FY22-23	(A to C) % Chg. FY22-23
Debt Service					
700 Debt Service					
Retirement of Debt	5,001,080	4,820,122	4,820,122	-180,958	-3.6%
Long Term Interest	2,531,319	2,253,386	2,253,386	-277,933	-11.0%
Short Term Interest	0	121,479	121,479	121,479	0.0%
Total Debt Service	7,532,399	7,194,987	7,194,987	-337,412	-4.5%

Employee Benefits & Insurance

Total Employee Benefits & Insurance	13,752,451	14,852,647	14,852,647	1,100,196	8.0%
Total General Fund Spending	96,393,072	101,705,269	101,572,530	5,119,458	5.3%

FUND 2400: COMMUNITY PRESERVATION

193 CPA Administration					
Personal Services	12,095	12,095	12,095	0	0.0%
Expenses	60,210	70,210	70,210	10,000	16.6%
Total	72,305	82,305	82,305	10,000	13.8%
700 Debt Service					
Retirement of Debt	250,000	120,000	120,000	-130,000	-52.0%
Long Term Interest	51,619	40,419	40,419	-11,200	-21.7%
Total	301,619	160,419	160,419	-141,200	-46.8%
Total Community Preservation	373,924	242,724	242,724	-131,200	-35.1%

FUND 6000: SEWER ENTERPRISE

Direct Costs					
440 Sewer					
Personal Services	174,818	174,818	174,818	0	0.0%
Expenses	913,862	916,162	916,162	2,300	0.3%
Total	1,088,680	1,090,980	1,090,980	2,300	0.2%
700 Debt Service					
Retirement of Debt	862,940	874,431	874,431	11,491	1.3%
Long Term Interest	147,789	131,312	131,312	-16,477	-11.1%
Total	1,010,729	1,005,743	1,005,743	-4,986	-0.5%
Appropriation	2,099,409	2,096,723	2,096,723	-2,686	-0.1%
Indirect Costs					
Employee Benefits & Pensions	309,724	324,382	324,382	14,658	4.7%
Shared Employees				0	0.0%
Shared Facility		0	0	0	
Other (Workers comp)		0	0	0	
Indirect Cost Total	309,724	324,382	324,382	14,658	4.7%
Total Sewer Enterprise	2,409,133	2,421,105	2,421,105	11,972	0.5%

Town of Hopkinton; Departmental Detail Budgets, FY 2023

	(A) FY22 Enacted	(B) FY23 Dept Requests	(C) FY23 Town Mgr. Recommend	(A to C) \$ Chg. FY22-23	(A to C) % Chg. FY22-23
FUND 6100: WATER ENTERPRISE					
Direct Costs					
450 Water					
Personal Services	434,572	452,831	452,831	18,259	4.2%
Expenses	860,546	884,046	884,046	23,500	2.7%
Total	1,295,118	1,336,877	1,336,877	41,759	3.2%
700 Debt Service					
Retirement of Debt	639,641	521,284	521,284	-118,357	-18.5%
Long Term Interest	260,689	217,983	176,567	-84,122	-32.3%
Total	900,330	739,267	697,851	-202,479	-22.5%
Appropriation	2,195,448	2,076,144	2,034,728	-160,720	-7.3%
Indirect Costs					
Employee Benefits & Pensions	388,872	432,973	432,973	44,101	11.3%
Shared Employees				0	0.0%
Shared Facility				0	0.0%
Other (Workers comp)				0	0.0%
Total	388,872	432,973	432,973	44,101	11.3%
Total Water Enterprise	2,584,320	2,509,117	2,467,701	-116,619	-4.5%

FUND 6300: PEG ACCESS

Direct Costs					
630 PEG Access					
Personal Services	253,000	253,000	0	-253,000	-100.0%
Expenses	93,947	93,947	0	-93,947	-100.0%
Capital Budget		0	0	0	100.0%
Total	346,947	346,947	0	-346,947	-100.0%
Total PEG Access Enterprise Fund	346,947	346,947	0	-346,947	-100.0%

Appropriation Summary*

Fund 1000: General Fund Spending	96,393,072	101,705,269	101,572,530	5,119,458	5.3%
Fund 2400: Community Preservation	373,924	242,724	242,724	-131,200	-35.1%
Fund 6000: Sewer Enterprise	2,409,133	2,421,105	2,421,105	11,972	0.5%
Fund 6100: Water Enterprise	2,584,320	2,509,117	2,467,701	-116,619	-4.5%
Fund 6200: Parks & Recreation Enterprise	0	0	0	0	0.0%
Fund 6300: PEG Access Enterprise	346,947	346,947	0	-346,947	-100.0%
Total	102,107,396	107,225,163	106,704,059	4,536,663	4.4%

*Enterprise Funds Include Indirect Costs

Town of Hopkinton; Projected Tax Impact, FY 2023

<u>Overall Tax Impact Summary:</u>	FY22	Tax Impact % Change from FY21	FY23	Maximum Tax Impact % Change from FY22
Prior Year Unused Levy	\$0	0.00%	\$0	0.00%
Statutory 2 1/2% Levy Increase	\$1,774,767	2.31%	\$1,904,596	2.31%
Override/(Underride)	\$0	0.00%	\$0	0.00%
Unused Levy	\$0	0.00%	\$0	0.00%
Net Change in Principal & Interest on Excluded Debt	\$428,686	0.56%	-\$191,478	-0.23%
Change in Tax Levy on Existing Tax Base	\$2,203,453	2.86%	\$1,713,118	2.08%
Additional Projected Tax Levy from New Growth	\$2,000,000	2.60%	\$2,500,000	3.03%
Total Increase in Tax Levy	\$4,203,453	5.46%	\$4,213,118	5.10%

Town of Hopkinton, Capital Improvement Summary, FY 2023

General Fund - Pay as You Go				
	Hopkinton Department	Project	Amount Requested	Town Manager Recommends
155-1	Information Technology	End User Computer Hardware Renewal	\$66,750	\$66,750
155-2	Information Technology	Datacenter Upgrades & Redundancy	\$58,000	\$58,000
155-3	Information Technology	Videoconferencing Updates	\$22,390	\$22,390
155-4	Information Technology	Electronic Document Management System	\$70,000	\$70,000
214-1	Communications	Public Safety Radio System Feasibility Study	\$100,000	\$100,000
220-1	Fire	Engine 4 Replacement	\$805,000	\$805,000
210-1	Police	Patrol Cruiser Replacement (3)	\$180,000	\$180,000
300-1	Public Schools	High School Auditorium Stage & Lighting	\$325,000	\$325,000
300-2	Public Schools	Districtwide Computer Network Switches	\$75,000	\$75,000
300-3	Public Schools	Wetlands Order of Condition Additional; ATM 2018, ART 14	\$60,000	\$60,000
410-2	Facilities	Fire Station Roof HVAC Replacement, Add to ATM 2017, ART 20	\$252,000	\$252,000
410-3	Facilities	Police Station Roof Replacement Cost Growth	\$187,000	\$187,000
410-4	Facilities	Police Station Mechanical System Upgrades	\$96,000	\$96,000
410-5	Facilities	Senior Center Dining Facility Expansion - Design	\$35,000	\$35,000
410-6	Facilities	Center School Reuse Design	\$100,000	\$100,000
420-1	Public Works	Street Sweeper (S-23) Replacement	\$270,000	\$270,000
420-2	Public Works	Sidewalk Replacement, Walcott St.	\$45,000	\$45,000
430-3	Public Works	Street Sweeper (S-22) Replacement	\$270,000	\$0
420-4	Public Works	Super Duty Pickup/Dump (S-12) Replacement	\$86,000	\$86,000
420.5	Public Works	Tree Truck, Additional; ATM 2019, ART 20	\$100,000	\$100,000
Total Pay as You Go:			\$3,203,140	\$2,933,140

General Fund - Borrowing Excluded from Tax Levy Limit					
	Hopkinton Department	Project	Amount Requested	Town Manager Recommends	Tax Impact
220-2	Fire	Engine 2 Replacement	\$736,318	\$736,318	
		<i>Estimated Long Term Borrowing Cost for Year 1 Principal & Interest</i>	\$77,890	\$77,890	0.09%
410-1	Facilities	Fire Station 2 (Woodville) Upgrades	\$400,000	\$400,000	
		<i>Estimated Long Term Borrowing Cost for Year 1 Principal & Interest</i>	\$27,369	\$27,369	0.03%
420-6	Public Works	Lake Maspenock Dam	\$400,000	\$400,000	
		<i>Estimated Long Term Borrowing Cost for Year 1 Principal & Interest</i>	\$36,339	\$36,339	0.04%
300-4	Public Schools	Air Handling Unit Replacement	\$475,000	\$475,000	
		<i>Estimated Long Term Borrowing Cost for Year 1 Principal & Interest</i>	\$43,152	\$43,152	0.05%
300-6	Public Schools	Solar & Battery Storage Project	\$6,287,000		
		<i>Estimated Long Term Borrowing Cost for Year 1 Principal & Interest</i>			0.00%
300-7	Public Schools	Marathon School Cost (2021 ATM Art 17) Increase	\$695,900	\$695,900	
		<i>Estimated Long Term Borrowing Cost for Year 1 Principal & Interest</i>	\$47,615	\$47,615	0.06%
630-1	Parks and Recreation	Replace Surface at Fruit Street Athletic Field	\$1,671,543	\$1,671,543	
		<i>Estimated Long Term Borrowing Cost for Year 1 Principal & Interest</i>	\$179,326	\$179,326	0.22%
Total Borrowing Excluded from Tax Levy Limit:			\$9,865,761	\$4,378,761	
			<i>Estimated Year 1 Principal & Interest</i>	\$411,691	\$411,691 0.50%

Capital - Community Preservation Act				
	<u>Hopkinton Department</u>	<u>Project</u>	<u>Amount Requested</u>	<u>Town Manager Recommends</u>
2400-1	Land Use/Town Manager	Shared Housing Services for Affordable Housing	\$23,000	\$23,000
2400-2	Town Clerk	Town Clerk's Records Preservation	\$20,000	\$20,000
2400-3	TCMC	Middle School Cross Country Course Drainage and Surfacing	\$18,000	\$18,000
2400-4	TCMC	Metrowest Holdings Land Purchase	TBD	TBD
2400-5	TCMC	Cameron Woods Trailhead Parking Lot	\$15,000	\$15,000
2400-6	Upper Charles Trail	Upper Charles Trail Campus Trail Connector Engineering	\$411,600	\$411,600
2400-7	Open Space	Spring Street Land Purchase	TBD	TBD
2400-8	Parks and Recreation	EMC Skatepark phase 2	\$50,000	\$50,000
2400-9	Parks and Recreation	Pickleball/Tennis Court	\$775,000	\$775,000
2400-10	Parks and Recreation	Little League Bathroom Engineering Study	\$50,000	\$50,000
2400-11	Open Space	Land Purchase Conroy Property (Saddle Hill - Conroy)	TBD	TBD
2400-12	Open Space	Survey and Boundary Marking Cameron Woods	\$10,000	\$10,000
2400-13	Upper Charles Trail	Land Purchase/Easement East Main Street (Mezzit)	TBD	TBD
Total Community Preservation Act			\$1,372,600	\$1,372,600

Capital - Water Enterprise Fund				
	<u>Hopkinton Department</u>	<u>Project</u>	<u>Amount Requested</u>	<u>Town Manager Recommends</u>
6100-1	Water	Clean Water Tanks (3)	\$ 50,000	\$50,000
6100-2	Water	Pickup Truck (W4) Replacement	\$ 60,000	\$60,000
6100-3	Water	MWRA Connection Design Work	\$ 1,300,000	\$1,300,000
6100-4	Water	Fruit Street Well Facility Roof Replacement	\$ 77,000	\$77,000
6100-5	Water	PFAS Filtration System	\$ 600,000	\$600,000
Total Water Enterprise Fund			\$2,087,000	\$2,087,000

Town of Hopkinton 5 Year Capital Improvement Summary, FY 2023 - FY 2027


		Department	General Fund Project	FY 2023 Amount Requested	FY2024 Initial Plan	FY2025 Initial Plan	FY2026 Initial Plan	FY2027 Initial Plan
155	1	Info. Technology	End User Computer Hardware Renewal	\$66,750	\$59,650	\$52,555	\$52,555	\$52,555
155	2	Info. Technology	Datacenter Upgrades & Redundancy	\$58,000			\$75,000	
155	3	Info. Technology	Videoconferencing Updates	\$22,390			\$39,000	
155	4	Info. Technology	Electronic Document Management System	\$70,000				
155	5	Info. Technology	Multi Function Printer Cyclical Replacement (2)		\$16,000	\$16,000	\$16,000	\$16,000
210	1	Police	Patrol Cruiser Replacement (3)	\$180,000	\$185,000	\$190,000	\$197,000	\$205,000
214	1	Communications	Public Safety Radio System Upgrade	\$100,000	\$3,000,000			
220	1	Fire	Engine 2 Replacement	\$736,318				
220	2	Fire	Engine 4 Replacement	\$805,000				
220	2	Fire	Pickup (C-3) F250 Replacement		\$70,000			
220	3	Fire	Vehicle (C-5) Ford Explorer Replacement		\$60,000			
220	4	Fire	Ambulance (A-3) Replacement			\$450,000		
220	5	Fire	SCBA (?)			\$380,000		
220	6	Fire	Vehicle (C-4) Ford Explorer Replacement				\$75,000	
220	7	Fire	Vehicle (B-6) Replacement					\$100,000
300	1	Public Schools	High School Auditorium Stage & Lighting	\$325,000				
300	2	Public Schools	Technology Upgrades (FY23 Switches)	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
300	3	Public Schools	Wetlands Order of Condition	\$60,000				
300	4	Public Schools	Air Handling Unit Replacement	\$475,000	\$25,000	\$100,000	\$135,000	\$175,000
300	5	Public Schools	Middle School Roof Replacement Cost Growth		TBD			
300	6	Public Schools	Solar & Battery Storage Project	\$0				
300	7	Public Schools	Marathon Addition Cost Add; 2021 ATM ART17	\$695,900				
300	8	Public Schools	Elmwood School Renovation or Replacement		\$59,000,000			
300	9	Public Schools	Middle School Gym Partition Wall		\$35,000			
300	10	Public Schools	Master Traffic Pattern Improvement		\$2,200,000		\$870,000	
300	11	Public Schools	Additional Turf Athletic Fields (3)		\$4,000,000	\$4,000,000		
300	12	Public Schools	Building & Grounds Equipment and Vehicles			\$59,000		\$42,000
300	13	Public Schools	Loop Road, Sidewalk, Parking Paving			\$1,500,000	\$490,000	
300	14	Public Schools	Building & Grounds Storage Facility				\$450,000	
300	15	Public Schools	Kitchen Equipment					\$50,000
410	1	Facilities	Fire Station 2 (Woodville) Upgrades	\$400,000				
410	2	Facilities	Fire Station 1 (Main St) Roof Replacement	\$252,000				
410	3	Facilities	Police Station Roof Replacement Cost Growth	\$187,000				
410	4	Facilities	Police Station Mechancial System Upgrades	\$96,000				
410	5	Facilities	Senior Center Dining Facility Expansion	\$35,000	\$265,000			
410	6	Facilities	Center School Reuse Design	\$100,000				
410	7	Facilities	Senior Center Kitchen Equipment & Ventilation		\$100,000			
410	8	Facilities	Fire Main Envelope Repairs		\$140,000			
410	9	Facilities	Town Hall Boiler Replacement			\$100,000		
410	10	Facilities	Fruit St. Buliding Oil to Gas Conversion				\$100,000	
410	11	Facilities	Fruit St. Garage Repirs				\$300,000	
410	12	Facilities	Senior Center HVAC Renewal					\$275,000
420	1	Public Works	Street Sweeper (S-23) Replacement	\$270,000				
420	2	Public Works	Sidewalk Replacement, Walcott St.	\$45,000				
420	3	Public Works	Street Sweeper (S-22) Replacement		\$270,000			
420	4	Public Works	Superduty Pickup/Dump (S-12) Replacement	\$86,000				
420	5	Public Works	Tree Truck; Add to ATM 2019 Art 20	\$100,000				
420	6	Public Works	Lake Maspenock Dam	\$400,000				
420	6	Public Works	Loader (L-9), CAT 928 Replacement		\$200,000			
420	6	Public Works	Superduty Dump (S-4) INT 7600 Replacement		\$215,000			
420	7	Public Works	Backhoe (S-21) CAT 420 Replacement		\$140,000			
420	8	Public Works	Superduty Pickup (M-1) F350 Replacement			\$65,000		
420	9	Public Works	Loader (L-11), CAT 928 Replacement			\$200,000		
420	10	Public Works	Superduty Dump (S-6) INT 7600 Replacement			\$215,000		
420	11	Public Works	Superduty Dump (S-24) INT 7600 Replacement			\$215,000		
420	12	Public Works	Bopmag Roller Replacement			\$25,000		

Town of Hopkinton 5 Year Capital Improvement Summary, FY 2023 - FY 2027

		<u>Department</u>	<u>General Fund Project</u>	<u>FY 2023 Amount Requested</u>	<u>FY2024 Initial Plan</u>	<u>FY2025 Initial Plan</u>	<u>FY2026 Initial Plan</u>	<u>FY2027 Initial Plan</u>
420	13	Public Works	Car (C-1) Explorer Replacement				\$55,000	
420	14	Public Works	Superduty Dump (S-5) INT 7600 Replacement				\$225,000	
420	15	Public Works	Superduty Dump (S-8) INT 7600 Replacement				\$225,000	
420	16	Public Works	Trackless Tractor (S-18) Replacement				\$200,000	
420	17	Public Works	Car (C-2) Sedan Replacement					\$25,000
420	18	Public Works	Trackless Tractor (S-19) Replacement					\$200,000
420	19	Public Works	Superduty Dump (S-25) PB 348 Replacement					\$225,000
630	1	Parks & Rec.	Fruit Street Field Renewal	\$1,671,543				
			\$90,030,216	\$7,311,901	\$70,055,650	\$7,642,555	\$3,579,555	\$1,440,555
<i>Note: Public Schools Plan on tab (c) shows an additional \$49.39M in requests for FY 2028 - 2032</i>								
			<u>Enterprise Fund Project</u>	<u>Amount Requested</u>	<u>FY2024 Initial Plan</u>	<u>FY2025 Initial Plan</u>	<u>FY2026 Initial Plan</u>	<u>FY2027 Initial Plan</u>
6100	1	Water Enterprise	Clean Water Tanks (3)	\$50,000				
6100	2	Water Enterprise	Pickup (W-4) Replacement	\$60,000				
6100	3	Water Enterprise	MWRA Connection Design Work	\$1,300,000	TBD			
6100	4	Water Enterprise	Fruit St. Well Facility Roof Replacement	\$77,000				
6100	5	Water Enterprise	Pickup (W-3) Replacement		\$53,000			
6100	6	Water Enterprise	Superduty Dump (W-5) INT 7600 Replacement		\$100,000			
6100	7	Water Enterprise	Pickup (W-1) D 2500 Replacement			\$57,000		
6100	8	Water Enterprise	Superduty Pickup (M-2) F350 Replacement			\$80,000		
				\$1,487,000	\$153,000	\$137,000	\$0	\$0
6000	1	Sewer Enterprise	Pickup (E-2) Replacement		\$53,000			
6000	2	Sewer Enterprise	Compressor, Ingersall Rand, Replacement				\$13,000	
				\$0	\$53,000	\$0	\$13,000	\$0



TOWN OF HOPKINTON
TOWN MANAGER'S OFFICE
Norman Khumalo, Town Manager

TO: Town of Hopkinton Select Board
FROM: Norman Khumalo, Town Manager 
DATE: January 28, 2022
RE: Fiscal Year (FY) 2023 Comprehensive Budget Transmittal

As directed by the Select Board, this memorandum provides a comprehensive budget recommendation for FY 2023. The recommendation is within the constraints of the Proposition 2 ½ limit on growth in the tax levy, and considers funds available from projected new growth in the residential, commercial, and industrial tax base, local aid from the Commonwealth, and other anticipated revenue growth.

This proposal meets all statutory and regulatory requirements; and is consistent with Town Financial Policy.

After several difficult budget cycles with high sensitivity to the COVID-19 public health emergency, this proposal includes specific recommendations to address demands associated with continued growth in the Town, and the concomitant need for targeted service level adjustments. These targeted adjustments for “growth with equity” reflect an operationalization of the strategic objectives to enhance the Town’s tangible commitment to diversity, equity, inclusion, and belonging in our community. Specific priorities reflected in the budget include:

- Sustain municipal services, including educational services, at FY 2022 levels
- Meet contractual and debt obligations
- Fund targeted service expansion supporting diversity, equity, inclusion, and belonging; such as high priority special education needs funding for the Hopkinton Public Schools and for out of district special education tuition, a substantial increase in staffing at the Hopkinton Public Library to enhance service to an increasingly diverse user base, modest increases to support enhanced services for at-risk segments of the community in Senior Services, Youth and Family Service, and Police outreach programs
- The addition of dedicated staff in the Department of Public Works for tree stewardship, and in Land Use for conservation duties; and modest growth-driven increases in support staffing in the Town Clerk’s critical election function and other functions, and for Human Resources training and administration work
- Balance spending and tax impact in a way that meets service level expectations while preserving the Town’s long term financial health and stability

- Continued funding for long term costs including long-term pension funding and long-term retiree health care (OPEB) funding
- Resumption of modest contributions to stabilization reserves
- Funding all recurring costs with recurring sources of revenue, consistent with objectives identified in Town financial policy.

For the General Fund, this budget forecasts revenues of \$105,657,502, which is 7% above the budgeted revenue level for FY 2022, and which is detailed in Enclosure (1). This rise is attributable to several factors. Foremost, the tax levy is rising by \$5.1 million, with \$1.9 million tied to the statutory 2.5% increase in the tax levy and the remainder tied to new growth accrued in FY 2022 and expected in FY 2023, with most new growth associated with a major recapitalization driving tax value increases at the Eversource liquid natural gas facility. The revenue also includes an estimated \$805,000 anticipated as insurance proceeds from the catastrophic loss of Fire Engine 4 in a commercial repair shop fire. Other factors include the Governor’s proposal to increase local aid to Hopkinton by \$733,557, and an increase in funds used from certified free cash remaining from prior year activities of \$421,464.

The operating budget proposes balanced expenditures of \$105,657,502, and includes the following amounts: Operating Departments \$79,830,632; Employee benefits and insurance, \$14,852,647; Payment of principal and interest on debt, \$7,170,833,; and transfers of \$3,803,390.

Changes in spending by government function categories are as follows:

Tax lien administration costs	50,000	0.00%
State funded Library spending	28,736	0.00%
General Government	\$5,326,535	9.2%
Public Safety	\$7,692,460	4.5%
Education*	\$56,619,783	5.8%
Special Education Reserve	\$1,094,024	
Public Works	\$6,548,584	5.4%
Health and Human Services	\$1,300,075	4.9%
Culture and Recreation	\$1,170,435	37.0%
<u>Employee Benefits and Insurance</u>	\$14,852,647	8.0%
Total	94,683,279	6.5%

* Includes funding for Keefe Technical School tuition payments

There is expected to be a Town Meeting Article to create a Special Education Reserve Fund. The Hopkinton Public Schools requested a budget of \$57,116,428, which included an increase of \$1,094,024 for out-of-district special education payments. This recommendation provides the full \$57,116,428 requested by the schools, but provides \$56,022,404 directly to the School Department, and provides the complimentary \$1,094,024 as a transfer to the new Special Education Reserve Fund, with the expectation that the funds will be used to pay for out-of-district

special education costs in FY 2023 by subsequent authorization by both the Select Board and School Committee.

A high level view of the proposed operating budget is detailed in Enclosure (1). A multi-year view of the operating budget is provided as Enclosure (2), and a line-by-line budget detail is provided as Enclosure (3).

As a fiscal stewardship measure, this budget proposes to transfer \$250,000 to the General Fund Stabilization account. The Town's Financial Policy encourages maintaining a combined General Fund Stabilization balance and unallocated certified free cash balance of 5% of the General Fund budget. For this proposed budget, that 5% target would be \$5.1 million. After the proposed deposit to the General Fund Stabilization account, the balance (before investment returns) would be \$4,203,384, which when combined with unallocated certified free cash would nearly meet the Town's target, with a 4.9% aggregate reserve level. The Town also holds a Capital Stabilization Fund with a balance of \$343,164, and a School Stabilization Fund with a balance of \$3,120,075, reflecting additional financial strength.

This proposal also contains funding for the Town's public employee pension fund, including \$2,144,260 toward paying down the Town's long-term pension liability, consistent with the plan to achieve full funding of the employee pension plan by 2037. Further, the plan recommends a contribution of \$620,250 to the Town's Other Post Employment Benefit (OPEB) Trust Fund, which has been established as a fiscal stewardship measure to set aside funds to pay future retiree medical benefits that current and past employees have already earned.

As part of required financial reporting, the Town hires an actuary each year to update the estimate of the long-term liability associated with the retirement health care benefits that current and past employees have earned. Based on prior analyses, Hopkinton was on a path to contribute an amount planned for \$420,250 to the Town's OPEB Trust Fund in FY 2023, with the contribution planned to escalate by 2.5% per year, on a path to fully funding the liability by 2050. In the latest actuarial revision, received a few weeks ago, the estimated liability rose significantly as a result of changes in actuarial assumptions. In the coming weeks, the Finance Department will present an analysis of this situation to the Select Board, along with a briefing by the actuary. For this budget proposal, the contribution to the OPEB Trust Fund has been increased from \$420,250 to \$620,250, again, with a planned 2.5% escalation of contributions in future years. This adjustment will keep the Town close to the 2050 target for fully funding this liability.

The recommended budget includes a list of eighteen "pay-as-you-go" capital projects with an aggregate cost of \$2,128,140 recommended for funding from the available certified free cash balance. The pay-as-you-go list includes authorization for an additional purchase of a replacement for Fire Engine 4, which was ironically destroyed in a commercial repair shop fire, and which is expected to be funded through insurance proceeds which are recommended to be appropriated for this purpose.

The tax impact of the proposed operating budget is 2.31%, which would amount to a \$268 tax increase on the average home with a value of \$681,100 and a tax bill of \$11,599; however, because old debt which is excluded from the tax levy is being paid off faster than new excluded debt is being added, the aggregate effective tax impact for FY 2023 on existing taxpayers will be 2.08%, or \$241 on the average home with a value of \$681,100 and a tax bill of \$11,599.

This proposal also foresees putting six projects forward for Town Meeting and voter consideration as excluded debt under the Proposition 2 ½ budget scoring rules, subject to plebiscite, for an aggregate amount of \$4,378,761. As excluded debt, if these projects are approved, taxes will only be levied to support payment until the projects are paid off rather than permanently increasing the tax levy. It is anticipated that in the first year, if all six of the proposed excluded debt projects are approved, there will be an interest-only temporary borrowing with an estimated interest cost of \$62,849, with a taxpayer impact of 0.08%, however, because more excluded debt is being paid off than added in FY 2023, there will be a reduction in taxpayer expense for excluded debt, as discussed in the previous paragraph. However, it is noteworthy that if these projects are subsequently funded through long term bonding, the principal and interest costs would rise to approximately \$411,000, with an anticipated tax impact of 0.50% in FY 2024 with variances possible based on prevailing interest rates at time of eventual borrowing, and it is important to understand the eventual tax impact when considering approval of these projects.

A breakdown of tax impact is provided in Enclosure (4). A complete list of proposed FY 2023 capital projects is provided in Enclosure (5).

The Town’s Financial Policy supports the use of free cash as a supplemental source of funding for sustaining Town infrastructure and for improving financial strength and resilience. Consistent with that approach, in addition to the \$2,128,140 allocated for pay-as-you-go capital projects, \$620,250 of free cash is being recommended as a contribution to the OPEB Liability Trust Fund and \$250,000 to the General Stabilization Fund. Net revenue from the Commonwealth of Massachusetts as local aid is projected to be \$9,689,011 from the Governor’s proposed FY23 budget. If support from the Commonwealth is materially less, additional budget adjustments will be required. Local receipts are conservatively estimated at \$4,733,679. Other available funds include ambulance receipts, and other miscellaneous sources; and that category of revenue will provide \$841,098.

In developing this proposal, staff have reviewed each estimate and assumption that supports material projections for both revenue and expense. This review included factors that will impact prospective budgets beyond FY 2023, as shown in Enclosure (2). In conducting the review, the sensitivity of key estimates was analyzed with an eye toward their potential to significantly impact the overall stability of proposed budgets.

The following notes relate to accounts outside the General Fund:

The Community Preservation Funds from statutory surcharges on property taxes projected at \$1,753,150, of which \$1,339,067 is projected from property tax bills and \$414,083 from State matching funds support. The state match in FY2022 was \$553,004 and received in December 2021 and January 2022. The Community Preservation Funds budget includes pay-as-you-go capital improvements at \$1,372,600; with the following balances:

Historic Resources	\$646,713
Community Housing	\$967,090
Open Space	\$1,155,750
Recreation	\$371,594
<u>Undesignated</u>	<u>\$4,079,059</u>
Total	\$7,220,207

Enterprise revenues are projected as follows:

Water Enterprise	\$2,509,117
Sewer Enterprise	\$2,421,105

Community access cable TV programming is available in Hopkinton from HCAM, the Hopkinton Community Access and Media, Inc. On an ongoing basis, HCAM is funded from fees collected by local cable providers which are remitted to the Town and distributed to HCAM to support public access programming. In response to a recent statutory change, a proposed article at Annual Town Meeting, Hopkinton will consider adopting a pass-through mechanism established in Massachusetts law specifically for community cable TV. That provision will require the Town to accumulate and hold collected fees for an initial year, so that Town Meeting can appropriate those fees to HCAM at Town Meeting in May, 2023 and each year thereafter. Because of the shift in funding methods, HCAM will be without its normal funding source for a year, while a baseline round of fees are accumulated for future appropriation. To support HCAM operations during that year, this budget proposes an appropriation of \$346,947 from certified free cash to support HCAM during the transition year.

Forward looking factors for consideration:

This balanced budget proposal benefits from several million dollars in new tax revenue recorded in FY 2022 and projected for FY 2023 in connection with a major recapitalization of the Eversource liquid natural gas facility located here. It is noteworthy that, unlike situations where new growth is tied to residential development, the growth in tax value at the Eversource liquid natural gas facility will not generate associated demand for educational or other social services. In that context, this growth is particularly beneficial as a new revenue source without an associated new expense.

That good news on the tax front is tempered by Eversource's established record of challenging tax assessments; which introduces unusual risk in the Town's revenue stream. Reflecting that, the proposed budget includes a \$1 million set-aside to the tax overlay account, which is a reserve fund for potential losses on tax appeals.

Further, while the Town expects a two year surge in new growth revenue from the the Eversource liquid natural gas facility upgrade over FY 2022 and FY 2023, and while those funds become part of the recurring tax base, it seems unlikely that there will frequent future industrial developments of this scale to deliver additional future tranches of new growth revenue without associated educational and social service costs.

Over the past several years, operating budget increases of substantially more than 2.5% have been possible because of new growth from new residential construction at Legacy Farms and on scattered sites across the Town, and from the aforementioned increases in the industrial tax base. If the Town enters an economic phase where residential construction is likely to taper off as development shifts to smaller, scattered-site projects, and where industrial redevelopment slows; the Town will be challenged to provide service sustainment increases beyond the 2.5% level allowed by Proposition 2.5%. To the extent that compensation and other cost commitments substantially exceed 2.5% in those years, the Town will face structural budget shortfalls.

With respect to the capital improvements program, the Town has been accepted into the Massachusetts School Building Authority process which offers the chance of partial funding toward the renewal or replacement of the Elmwood School. While that support is welcome, it is likely that there will be a substantial cost to the Town in the form of a large excluded debt borrowing to supplement State funding. Experience from recent construction projects for new

schools in peer communities indicates that construction costs have risen markedly, and that the planned project here will therefore have a significant tax impact. In addition to cost escalation, any further rises in borrowing rates driven by inflation levels not seen in recent decades would compound that tax impact of a major school construction project.

Significant costs seem likely in coming years within the Water Enterprise. Currently, Hopkinton is both a producer and distributor of potable water. Per- and polyfluoroalkyl substances (PFAS) contamination in the Town groundwater supply is necessitating short term treatment actions, and prompting exploration of a mid term plan to connect to the Massachusetts Water Resource Authority's (MWRA) supply at the Quabbin Reservoir. Under that approach, Hopkinton would become a distributor of water. This plan has many merits in establishing a safe, reliable, long-term water supply; and a water supply in which treatment or other special costs are spread among millions of MWRA users, rather than the few thousand Hopkinton users served by our Water Enterprise.

While there will be some operational savings gained by dropping the water production business line, there will be many new costs, including the capital cost for physically connecting the MWRA distribution system, a potential capital contribution for system membership, and volume-based fees for the water itself. This budget proposal includes Water Enterprise spending of \$600,000 for immediate temporary water treatment capability and \$1.3 million for MWRA connection design work. Even with support from federal funds which are currently available to the Town, and with the prospect of possible additional federal or state funding for water infrastructure, it is likely that the transition to the MWRA will result in very substantial water rate increases for Hopkinton users.

Conclusion:


As the budget review progresses, I will continue to monitor and report to the Board on the refinement of current estimates involving one-time and recurring sources of revenue, projected expense amounts, new growth estimates, snow and ice removal expenses, and the status of the tax overlay account.

As in past years, I would like to remind senior citizens of the Town's Senior Citizen Tax Relief program. Program information is available from the Assessor's Office in Town Hall, by phone, or on the Town website.

Finally, I would like to thank Town Hall Staff, Department Heads, and Town Boards, Commissions, and Committees for their collaborative effort and continued support in bringing these two budget recommendations to this point for consideration. The "One Town, One Solution" approach will continue to guide the ongoing dialogue involving Town residents for the further refinement of the budget leading up to the 2022 Annual Town Meeting.

Enclosure: (1) Projected Sources and Uses of Funds, FY 2023
 (2) General Fund Five Year Financial Forecasting Model
 (3) Line by Line Appropriation Summary, FY 2023
 (4) Projected Tax Impact, FY 2023
 (5) Capital Improvement Summary, FY 2023
 (6) Five Year Capital Improvement Preview, FY 2023 - 2027

To: Select Board

From: Norman Khumalo 

Date: February 4, 2022

Ref: Staff Report - Select Board February 8, 2022 Meeting

Consider the following:

Lykan Bioscience TIF: Further to my last update to the Select Board on February 1, 2022 that negotiations between the Town, Southfield Properties and Lykan Bioscience Holdings LLC had reached a tentative draft agreement, please find attached said 14-year agreement for your consideration. In summary the highlights of the agreement are as follows:

- i. Lykan and Southfield Properties are proposing to demolish the two existing buildings at 103, 105, 107, 109 South Street and construct an estimated 112,141 SF manufacturing facility with a 54,000 SF parking area; invest approximately \$90 million (hard and soft construction costs) and approximately \$20 million for personal property paid for by the Company; create 125 new net permanent full-time jobs at the Property over a five (5) year period; limit water usage to no more than 173,000 cubic feet per six-month billing period; joining the the MetroWest/495 Transportation Management Association (TMA); take reasonable efforts to hire qualified local contractors, vendors, and suppliers; and collaborate with Hopkinton Public Schools Superintendent to create a program of internships;
- ii. In return the town will grant the exemption from property and personal taxes on the increment per the schedule depicted in the draft agreement. For one, Lykan and Southfield Properties guarantee guaranty that the Town shall receive no less \$64,973.85 comprised of real estate tax and/or voluntary payments in lieu of taxes for each fiscal year between the date of execution of this Agreement and the date of commencement of the TIF Exemption; Further, if the Company does not create and maintain the required jobs, the town does not grant the exemption and may seek decertification of the company's status in the Local Incentive-Only Project under the Massachusetts Economic Development Incentive Program. Because the tax exemptions are forward looking there is no need for a "claw-back" clause. Finally, the Southgate Properties and Lykan agree to waive the right to apply for tax abatement for the term of the agreement.

Enclosure 1: Draft Town of Hopkinton, Southfield Properties and Lykan Bioscience Holdings LLC TIF Agreement

**TAX INCREMENT FINANCING AGREEMENT
(Alternatively, the “Agreement”)
BETWEEN**

**THE TOWN OF HOPKINTON
(Alternatively, the “Town”)**

**LYKAN BIOSCIENCE HOLDINGS, LLC
(Alternatively, the “Company”)**

AND

**SOUTHFIELD PROPERTIES III, LLC
(Alternatively, the “Property Owner”)**

DRAFT

This Agreement is made as of this [REDACTED] day of May 2022 by and between the Town, the Company, and the Property Owner (together the “Parties”);

WHEREAS the Company is a Delaware limited liability company having its principal office at 97 South Street, Hopkinton, Massachusetts 01748 and is authorized to do business in Massachusetts; and

WHEREAS the Property Owner is a Delaware limited liability company having its principal office at 230 C East Main Street, Marlborough, Massachusetts 01752 and is authorized to do business in Massachusetts; and

WHEREAS the Town is a Massachusetts municipal corporation duly organized under the laws of the Commonwealth of Massachusetts, having its principal office at 18 Main Street, Hopkinton, Massachusetts 01748; and

WHEREAS the Property Owner owns property located in Hopkinton, Massachusetts which is shown on the Town Assessors Map R 29, Block 9, Lot A in connection with the Project as defined below (hereinafter, the “Property”) and which parcel is shown on the map attached to this Agreement as Exhibit A; and

WHEREAS the Property, which has a street address of 103, 105 & 107, 109 South Street, includes two buildings that the Property Owner plans to demolish; and

WHEREAS the Property Owner intends to lease the Property to the Company in connection with the Project as defined below; and

WHEREAS the Property Owner plans to construct an estimated 112,141 square foot manufacturing facility with a 54,000 square-foot parking area below, on the Property for the Company (hereinafter the “Project”); and

WHEREAS the Project investment at the Property is approximately \$90 million, including approximately \$70 million for hard and soft construction costs, approximately \$20 million paid for by the Property Owner and approximately \$50 million paid for by the Company; and approximately \$20 million for personal property paid for by the Company; and

WHEREAS the Company plans to create 125 new net permanent full-time jobs at the Property over a five (5) year period and maintain said jobs for the term of the Agreement; and

WHEREAS the Company intends to apply for status as a Local Incentive-Only Project under the Massachusetts Economic Development Incentive Program (“EDIP”); and

WHEREAS the Town supports increased economic development to provide additional jobs, expand business within Hopkinton and to develop a healthy economy and stronger tax base; and

WHEREAS, on [REDACTED], 202[REDACTED], the Hopkinton Select Board voted to recommend approval of this Agreement; and

WHEREAS on [REDACTED], 202[REDACTED], Hopkinton Annual Town Meeting voted to approve this Agreement; and

NOW, THEREFORE, in consideration of the mutual promises of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

A. THE TOWN'S OBLIGATIONS

1. A Tax Increment Financing (“TIF”) exemption is hereby granted to the Company and the Property Owner by the Town in accordance with Massachusetts General Laws Chapter 23A, Sections 3A to 3F; Chapter 40, Section 59; and Chapter 59, Section 5, Clause Fifty-first and the applicable regulations thereunder. The exemption for real estate taxes shall be for a period of fourteen (14) years (the “Exemption Term”), commencing in the fiscal year following the date a certificate of occupancy has been issued to allow the Company to use and occupy the Project in its entirety; and shall provide an exemption from real estate taxation of the increased value created by improvements to the Property resulting from the Project (the “Increment”), as determined by the Town Assessor, as follows:

Year	Exemption Percentage
Year 1	95%
Year 2	95%
Year 3	95%
Year 4	90%
Year 5	85%
Year 6	80%
Year 7	75%
Year 8	70%
Year 9	65%
Year 10	60%
Year 11	55%
Year 12	50%
Year 13	45%
Year 14	40%

2. The anticipated base assessed valuation of the Property pursuant to this Agreement shall be the assessed valuation of the Property for FY2024.

3. The base assessed valuation shall be adjusted annually by an inflation factor to be calculated pursuant to Massachusetts General Laws Chapter 40, Section 59(iii).
4. Only the Increment shall be eligible for exemption from taxation, in accordance with the Exemption schedule in Section A.1, of this Agreement.
5. The Town shall provide an exemption from personal property taxation on all personal property situated on the Property commencing in the fiscal year following the date a certificate of occupancy has been issued to allow the Company to use and occupy the Project in its entirety, until the Company is designated by the Massachusetts Department of Revenue (“MassDOR”) as a manufacturer, according to the following Personal Property Exemption Schedule:

Year	Exemption Percentage
Year 1	100%
Year 2	100%
Year 3	100%
Year 4	100%
Year 5	100%
Year 6	100%
Year 7	100%

6. The Town is granting real estate and personal property tax exemptions in consideration of the Company’s and the Property Owner’s commitments and obligations set forth in Section B.1 to and including B.10 of this Agreement, below. The Town shall not be obligated to provide the real estate and personal property tax exemptions set forth in this Section A in the circumstances specified in Section B of this Agreement, below.
7. Commencing upon the signature date of a lease between Lykan and the Property Owner, the Property Owner shall guaranty that the Town shall receive no less than a total of \$64,973.85 comprised of real estate tax and/or voluntary payments in lieu of taxes for each fiscal year between the date of execution of this Agreement and the date of commencement of the TIF Exemption provided herein.”
8. The Property Owner and Company hereby waive the right to apply for an abatement pursuant to the relevant provisions of Massachusetts General Laws Chapter 59. Notwithstanding, the prior sentence, the Town, the Property Owner and the Company shall take such appropriate steps as they may mutually agree to ensure the accuracy of the annual assessment prior to the issuance of the Actual Tax Bill for that fiscal year.

B. THE COMPANY and PROPERTY OWNER’S OBLIGATIONS

1. The Property Owner shall construct an estimated 112,141 square foot manufacturing facility with a 54,000 square foot parking area below, on the Property for the Company.
2. The Project investment at the Property shall be approximately \$90 million, including approximately \$70 million for hard and soft construction costs; approximately \$20 million paid for by the Property Owner and approximately \$50 million paid for by the Company; and approximately \$20 million for personal property paid for by the Company.

3. The Company shall create 125 new net permanent full-time jobs within the Project over a five (5) year period (“New Jobs”) following commencement of the Exemption and shall maintain said jobs for the term of this Agreement. The Company shall create and maintain the New Jobs in accordance with the following schedule, on or before December 31 of each listed year:

Year	New Jobs Created	New Jobs Maintained
Year 1	25	25
Year 2	25	50
Year 3	20	70
Year 4	20	90
Year 5	35	125
Year 6	-	125
Year 7	-	125
Year 8	-	125
Year 9	-	125
Year 10	-	125
Year 11	-	125
Year 12	-	125
Year 13	-	125
Year 14	-	125

4. The Company and the Property Owner shall limit water usage at the Property to no more than 173,000 cubic feet per six-month billing period.
5. Before the issuance of a Certificate of Occupancy for the Project, the Company shall submit confirmation to the Town that the Company is a member of the MetroWest/495 Transportation Management Association (TMA). The TMA is a membership organization that provides sustainable transportation options for MetroWest commuters and supports its member organizations by offering alternative modes of transportation to help attract and retain employees in the MetroWest communities where they are based. The Company shall coordinate, as needed, with the Town and the MetroWest Regional Transit Authority (MWRTA) in future efforts to plan local bus routes in the vicinity of 103-109 South Street.
6. The Company shall consider, in its hiring for New Jobs, or in its hiring of for any other newly created, relocated, or replacement jobs at the Property, subject to applicable law and assuming equal qualifications, the hiring of Town residents. To facilitate employment of Town residents, the Company shall use commercially reasonable efforts to advertise all vacancies for New Jobs, or any other newly created, relocated, or replacement jobs at the Property, (a) in a newspaper of general circulation within the Town of Hopkinton; (b) on online job platforms as applicable; and (c) in appropriate medium (print, online, or other) focused specifically on reaching underrepresented communities. The Company shall be mindful of the Town’s commitment to diversity, equity, and inclusion and shall ensure that its hiring practices respect those values. The Company shall maintain records of its hiring practices including all such commercially reasonable efforts, and, upon request from the Town, shall produce such records for inspection within a reasonable time after such request.
7. Subject to applicable law and assuming equal qualification, the Company and the Property Owner shall use commercially reasonable efforts to hire qualified local contractors, vendors, and suppliers, in connection with the construction and operation of the Project. “Local” shall mean a person or entity

headquartered or operating out of Hopkinton. At a minimum, the Company shall advertise in local newspapers and online procurement sites encouraging such qualified local contractors, vendors and suppliers to submit bids and proposals to the Company whenever advertisements are otherwise placed by the Company for such bids and proposals. The Company shall further use commercially reasonable efforts in its advertisement and procurement practices to encourage submissions from certified minority-owned enterprises. The Company shall be mindful of the Town's commitment to diversity, equity, and inclusion and shall ensure that its hiring practices respect those values.

8. The Company shall consult with the Hopkinton Public Schools Superintendent to create a program of internships at the Company for Hopkinton residents, including internships for students enrolled in the Hopkinton Public Schools and internships for students enrolled at local colleges. Implementation of the program of internships shall commence no later than the issuance of a temporary or permanent Certificate of Occupancy for the Project or any portion thereof. In creating such a program, the Company shall consult with the Superintendent to ensure that a portion of the available internships are reserved for members of underrepresented communities and reflect the Town's commitment to diversity, equity, and inclusion.
9. The Company shall substantially comply with the job creation plans outlined in the Employment & Job Creation section, and construction plans outlined in the Project Timeline section, of the EDIP Local Incentive-Only Application to be submitted to the State in connection with the request for the TIF exemption.
10. The Company shall submit an annual report pursuant to Massachusetts General Laws Chapter 23A, Section 3F to the Massachusetts Economic Assistance Coordinating Council ("EACC") through the Commonwealth's on-line portal for each year of the Application designation, with a copy submitted to the Town. The annual report shall include the number of jobs created, and value of the Project capital investments and other related items with respect to the Project annually and on a cumulative basis. The Company shall also submit a report as required by Massachusetts General Laws Chapter 40, Section 59(viii) to the Town and the EACC.
11. Notwithstanding the provisions of Section A of this Agreement, if the Company fails to create and maintain the New Jobs required by Section B.3 of this Agreement on or before December 31 in any fiscal year specified in the schedule set forth in that Section or otherwise breaches or defaults in any form or fashion its obligations under Sections B.1 to and including B.10 of this Agreement, the exemptions from real and personal property taxation shall be zero percent (0%) for the next following fiscal year. The exemptions from real and personal property taxation shall not revert to the schedule set forth in Sections A.1 and A.5 of this Agreement in any subsequent fiscal year unless the Company fully complies with Sections B.1 to and including B.11 of this Agreement on or before December 31 of each year listed in Section B.3 and otherwise fully curing any existing or prior breach or default of the same.
12. In addition to the provisions of Section B.11, if the Company or the Property Owner fail to meet the obligations specified in Sections B.1 to and including B.10 of this Agreement, the Town, acting by and through its Select Board, may take action to notify the EACC and/or request the EACC to revoke approval of this Agreement. Upon the EACC revocation of its approval of this Agreement, the Town shall discontinue the Tax Increment Financing benefits provided to the Company, and the Property Owner, commencing in the fiscal year in which approval of the Agreement is revoked, or if such benefits have already been received by the Company for the fiscal year in which approval of the

Agreement was revoked, commencing in the first full fiscal year after approval of the Agreement has been revoked.

13. Prior to taking any action to request revocation of this Agreement by the EACC pursuant to Section B.11 or B.12 of this Agreement, the Town shall give written notice of the alleged material default to the Company and the Property Owner and provide the Company and Property Owner an opportunity to meet with Hopkinton officials having the relevant authority under this Agreement to discuss a remedy for the alleged default. The Company and Property Owner shall have sixty (60) days from the receipt of such written notice to respond to the Town regarding any alleged default and one hundred twenty (120) days from the receipt of such written notice to remedy such alleged default, or, with respect to alleged defaults which by mutual agreement of the Parties cannot be remedied within such one hundred twenty (120) day period, within such additional period of time as is required to reasonably remedy such alleged default, provided the Company and Property Owner exercise due diligence in the remedying of such alleged default.
14. If the Company plans to move from the Property during the Exemption Term, the Company shall give the Town thirty (30) days advance written notice.

C. OTHER CONSIDERATIONS

1. Pursuant to Massachusetts General Laws Chapter 40, Section 59 (v), this Agreement shall be binding upon the Company, its successors and assigns, the Property Owner, and subsequent owners of the Property.
2. If the Company ceases to be an operating entity during the term of this Agreement and has not conveyed its assets or ownership to another qualified company that continues to operate on the Property, and has not assigned its rights and obligations under this Agreement as set forth in Section C.1 of this Agreement to said successor company, then the Town shall be under no obligation to continue any tax exemption provided for by this Agreement.
3. The matters described in this Agreement as obligations of the Company and Property Owner are only conditions to the eligibility for tax exemptions under this Agreement and do not create any other enforceable obligation or covenants of the Company and Property Owner. The Town shall have no remedies or recourse for breach of or default under this Agreement beyond the provisions of Sections B.11 to and including B.13 of this Agreement.
4. This Agreement is subject to Massachusetts General Laws Chapter 23A, Section 3A to 3F, Chapter 40, Section 59, and Chapter 59, Section 5, Clause 51, and the applicable regulations thereunder.
5. The Property Owner shall pass on all real estate tax savings resulting from this Agreement to the Company. The Property Owner and Company shall provide the Town with a Notice of Lease setting forth the major provisions of the lease on or before December 31, 2022.
6. This Agreement's validity, interpretation, construction, performance, and enforcement shall be governed by Massachusetts law, without regard to Massachusetts' choice-of-law or conflicts-of-law principles or rules. Any claim or action arising under or relating to this Agreement may be brought only in Middlesex County Superior Court, and the parties hereby agree that venue is proper, and shall be proper, only in that forum.

7. If any provision of this Agreement shall be found invalid for any reason, such invalidity shall be construed as narrowly as possible, and the balance of the contract shall be deemed to be affected to the minimum extent necessary to provide to the parties substantially the benefits set forth in this Agreement.
8. All notices or other communications required or permitted by this Agreement or by law shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or sent for overnight delivery by a nationally recognized courier such as Federal Express, to the addresses listed below or at such other address as may be specified by a party in writing and served upon the other in accordance with this section. Such notices shall be deemed given when delivered or when delivery is refused.

Company: Lykan Bioscience Holdings, LLC
97 South Street
Hopkinton, MA 01748
Attn: Patrick Lucy, President & CEO

Property Owner: Southfield Properties III, LLC
230 C East Main Street
Marlborough, Massachusetts 01752
Attn: Harold Nahigian, Manager

Town: Town of Hopkinton
18 Main Street
Hopkinton, Massachusetts 01748
Attn: Norman Khumalo, Town Manager

With a copy to:
Hopkinton Town Counsel
Miyares and Harrington LLP
40 Grove Street, Suite #190
Wellesley, MA 02482

Any party may change its address for notice from time to time by serving notice on the other party as provided above. The date of service of any notice served by mail shall be the date upon which such notice is deposited in a post office of the United States Postal Service.

9. If and to the extent that the Company or the Property Owner is directly prevented from performing an obligation under this Agreement by an event of *force majeure*, the Company shall not receive the Exemption specified in this Agreement, but shall otherwise be excused from performing that obligation and shall not be liable in damages or otherwise for the time period that the *force majeure* event directly prevents such performance, and the parties may also negotiate in good faith with respect to appropriate modifications to the provisions of this Agreement. If and to the extent that the Town is directly prevented from performing an obligation under this Agreement by an event of *force majeure*, the Company and Property Owner shall be excused from performing that obligation and shall not be liable in damages or otherwise for the time period that the *force majeure* event directly prevents such performance, and the parties instead shall negotiate in good faith with respect to appropriate modifications to the provisions of this Agreement. The term "*force majeure*" shall mean only the

supervening causes described here, each of which is beyond the reasonable control of the affected party: fire, earthquake, floods, explosion, war, terrorism, riots, mob violence, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, laws or orders of governmental or military authorities, epidemic or pandemic, or any other cause similar to the foregoing, and shall explicitly exclude changed market conditions.

10. This Agreement is subject to approval by the EACC pursuant to Section 3E of Chapter 23A and the applicable regulations thereunder and this Agreement cannot be modified unless approved by the EACC.
11. This Agreement is the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Agreement may not be modified or amended except in a written instrument signed by the parties.
12. Any party's failure to enforce the provisions of this Agreement strictly shall not be construed as a waiver of any obligation in this Agreement.
13. There are no third-party beneficiaries to this Agreement.
14. This Agreement may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

Signatures Follow on Next Page
[remainder of page intentionally blank]

WITNESSETH the execution and delivery of this Agreement by the Town, the Company and the Property Owner, as an instrument under seal, as of the date first above written.

AGREED TO:

Lykan Bioscience Holdings, LLC

By: _____

Name: _____

Title: _____

Date of Signature

Southfield Properties III, LLC

By: _____

Name: _____

Title: _____

Date of Signature

Town of Hopkinton

Irfan Nasrullah
Select Board, Chairman

Amy Ritterbusch
Select Board, Vice Chair

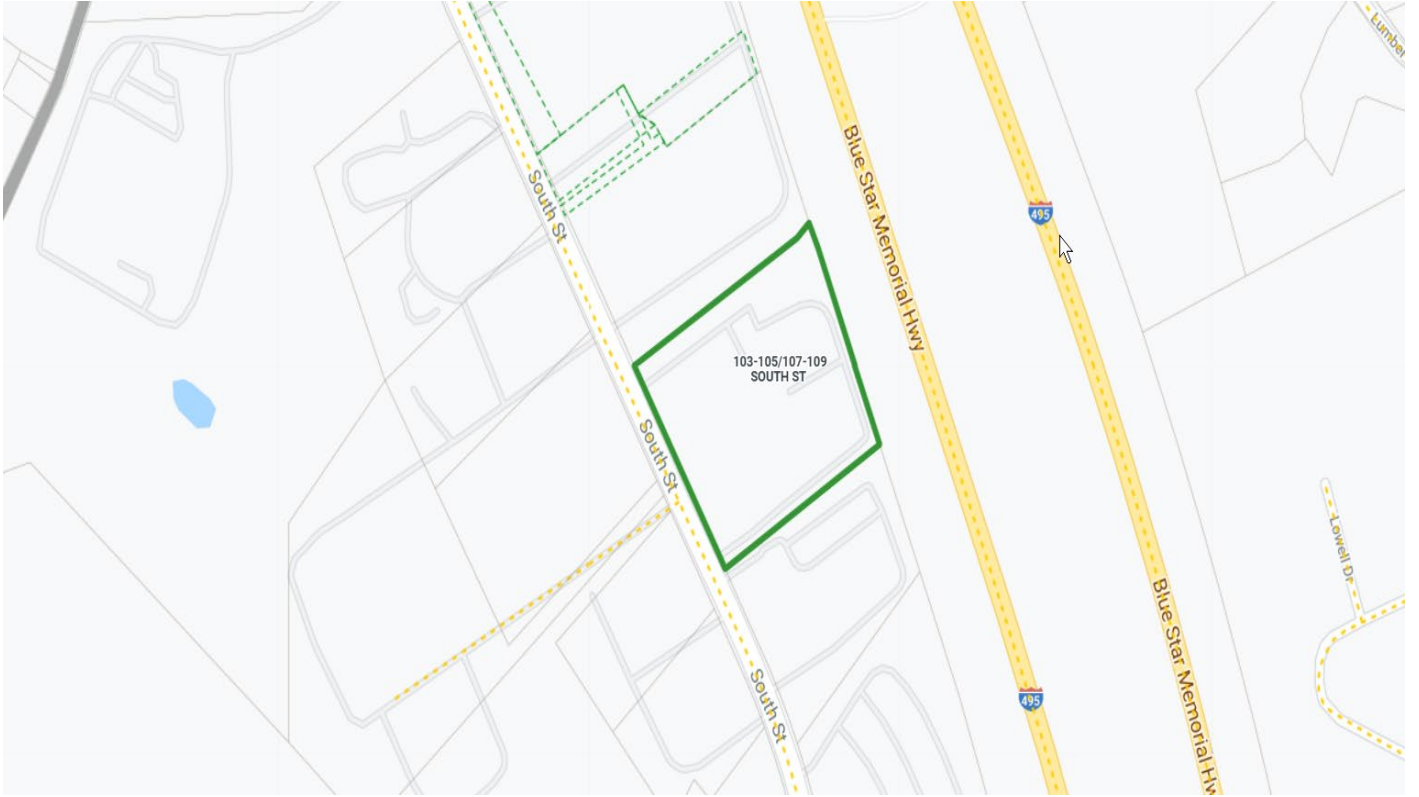
Brendan Tedstone
Select Board, Clerk

Mary Jo LaFreniere
Select Board, Member

Muriel Kramer
Select Board, Member

Date of Signature

**EXHIBIT A
PROPERTY MAP**



SELECT BOARD LIAISON LIST FY 2022 - Approved	Brendan	Irfan	Mary Jo	Amy	Muriel	Norman	Elaine
FINANCE							
Appropriation Committee						X	
Board of Assessors			X				
Town Manager's Budget Advisory Team					X		
Capital Improvement Committee						X	
Cable Advisory Committee						X	
PUBLIC SAFETY							
Animal Control							X
Fire Department	X						
Police Department	X						
PERMITTING							
Board of Appeals					X		
Conservation Commission		X					
Planning Board					X		
Board of Health			X				
Permanent Building Committee		X					
EDUCATION							
School Committee		X					
Reg. Voc. Tech School Committee	X						
School Reentry Advisory Group	X						
PUBLIC SERVICES							
Cemetery Commission			X				
HUMAN SERVICES							
Town Clerk's Office						X	
Personnel Committee						X	
Council on Aging			X				
Veterans Services						X	
ADA Oversight Committee				X			
Veterans Celebration Committee	X						
Tax Relief Committee			X				
CULTURAL/RECREATIONAL							

