



May 14, 2018

To: All HCG Member Towns

Re: Proposed FY-2019 Budget Message

Attached please find a Fiscal Year 2019 summary of the operating budget for HCG along with the accompanying presentation made to the Finance Committee, Executive Committee, and Full Council. The enclosed budget is recommended by the Finance and Executive Committees.

HCG helps towns, cities, nonprofits, and businesses combine their purchasing power to realize greater savings and benefit the local economy. Our purpose is to build communities by empowering local, sustainable, and efficient economies. We are not primarily funded by taxes, grants, assessments, or government handouts. Instead, we raise revenue by providing goods and services at discounted prices and every cent that we earn goes back to supporting the communities of Western Massachusetts through our own philanthropic efforts. Over the last few years we have added new programs to better meet the needs of the towns and lay the foundation for increased efficiency and additional savings.

Please note that as in years past, the three primary revenue generating activities (Purchasing, Sustainability, and Electricity) of HCG are covering their own expenses and bringing in extra revenue to help cover HCG's administrative costs and legacy costs associated with Hampshire Care. However, the FY19 budget shows a net negative year-end financial position, primarily due to these legacy costs (Hampshire Care worker's comp, health insurance for Hampshire Care retirees, HCG retiree health insurance, pension costs, other ongoing expenses) and insufficient anticipated excess revenue from Electricity. Because HCG cannot assess these liabilities to the communities (as some other COGs are able) and because the Commonwealth does not absorb health insurance costs for retirees as they do for other regional bodies, and because HCG is not a Regional Planning Agency and thus eligible for millions of dollars of federal grants that are used to cover administrative costs, the full administrative burden of HCG must be covered by our programs and services or else a negative year-end financial position will be realized. This is unique in the Commonwealth and we will continue to work with the Legislature to find a meaningful and lasting solution to this issue.

Please contact my office if you would like to receive a copy of the budget details. A public hearing on the budget is scheduled for **Thursday, May 24, 2018, at 6:00 PM** in the Old Courthouse located at 99 Main Street in Northampton MA.

A handwritten signature in blue ink, appearing to read "T. Ford", is written over a faint circular stamp.

Todd D. Ford
Executive Director