

Financial Scenario Update



Select Board

April 27, 2020

Town Administration's Perspective on COVID19

- We are all experiencing fear, stress, anxiety, and unprecedented uncertainty.
- Our services will be more important than ever as people confront and adapt to this new world.
- This is a long duration event – we must make decisions now for how the Town will operate in 6, 12, 18 months and beyond.
- We must look forward – if we innovate and look to the future we will be able to successfully navigate this challenge.
- We must learn from our vulnerabilities that have become apparent during this crisis and modernize our systems.
- Natick is uniquely positioned to meet the needs of our residents while charting a course for how municipalities can come together to deal with seemingly insurmountable challenges.

ONE NATICK

Our Primary Focus

- The health, safety and welfare of our residents and employees.
- Ensuring the future viability of our Town.

How we will do this

- Working together.
- Only by everyone contributing to this effort will we be able to navigate these challenging times successfully

State Aid & Local Receipts

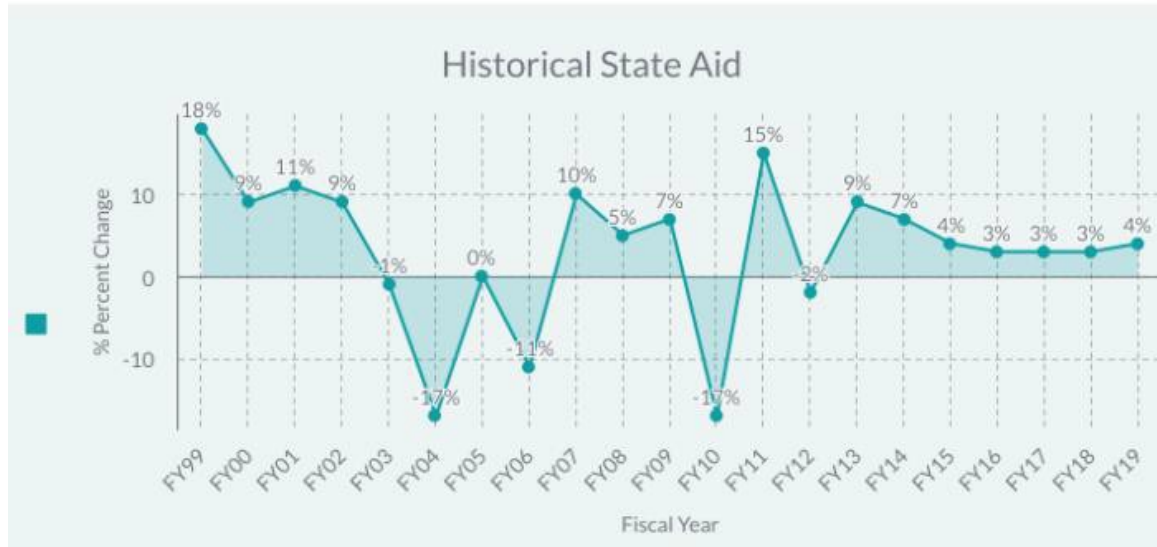
Historical Context

1998 - 2019

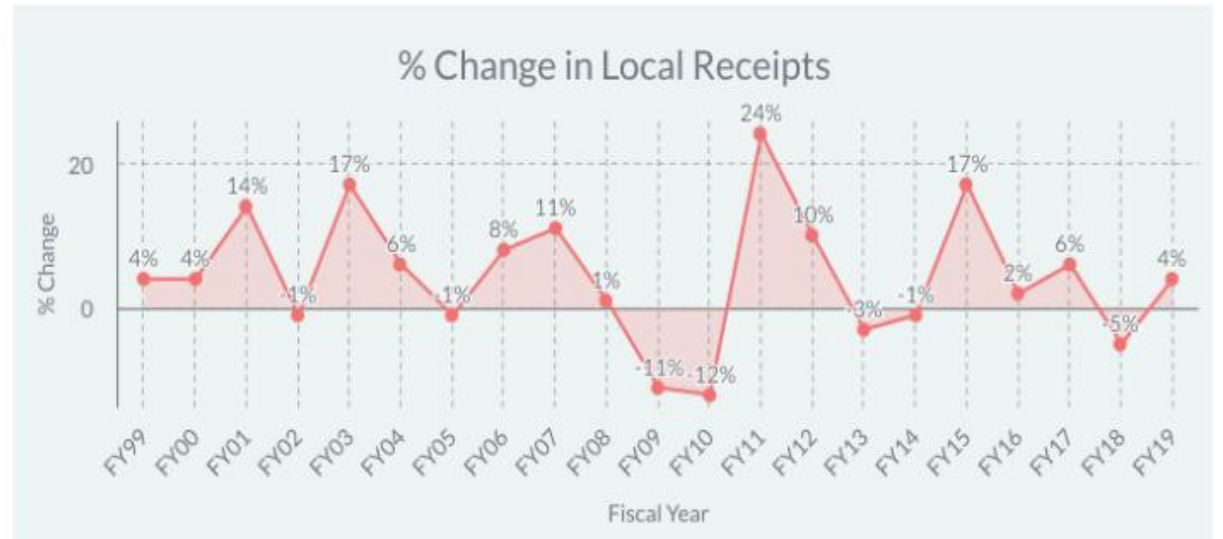


Historical Trends State Aid & Local Receipts

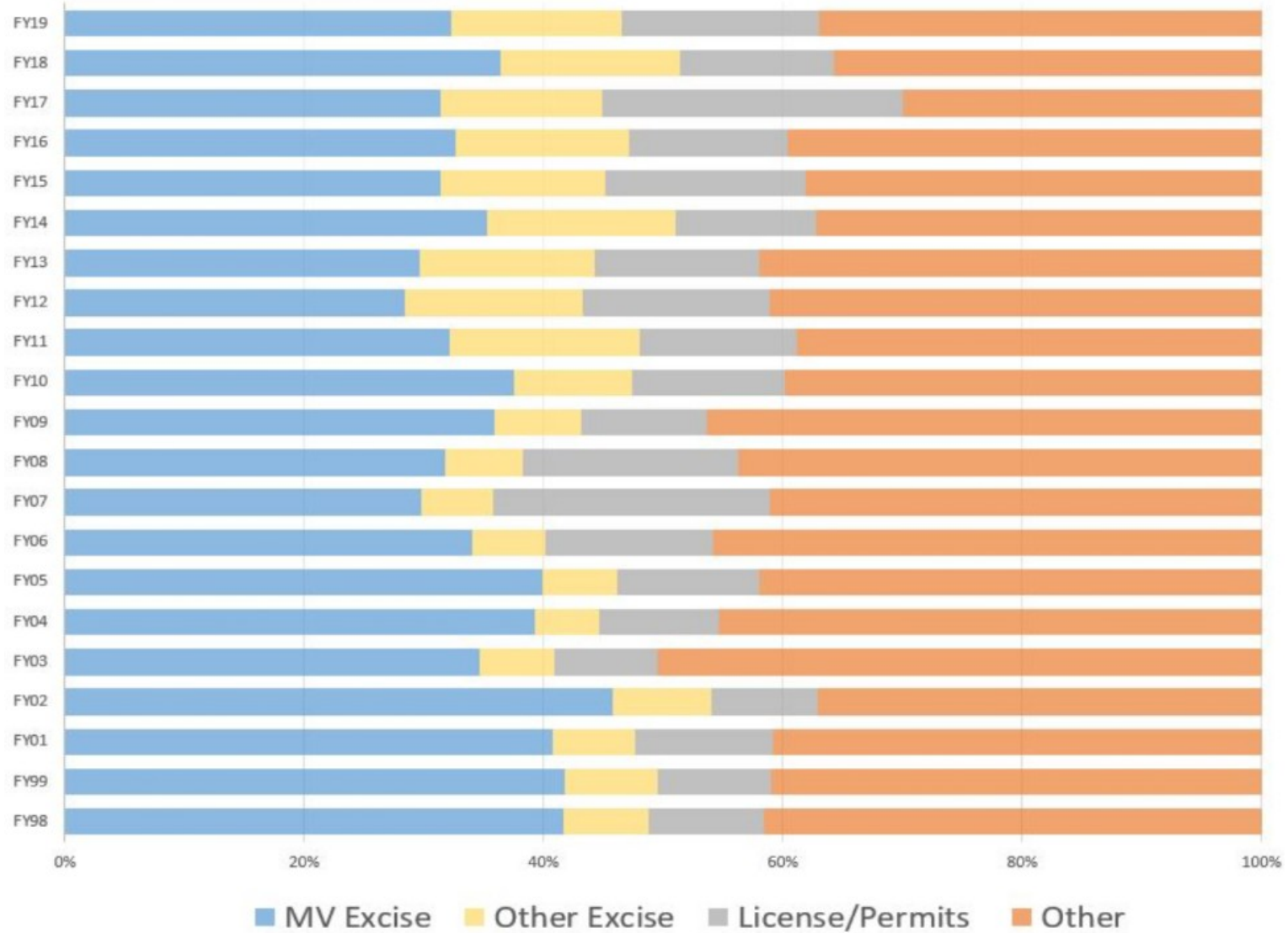
% Change in State Aid



% Change in Local Receipts



Local Receipt Breakdown



Scenarios

State Aid & Local Receipts Variations

1/12th Budget Plan

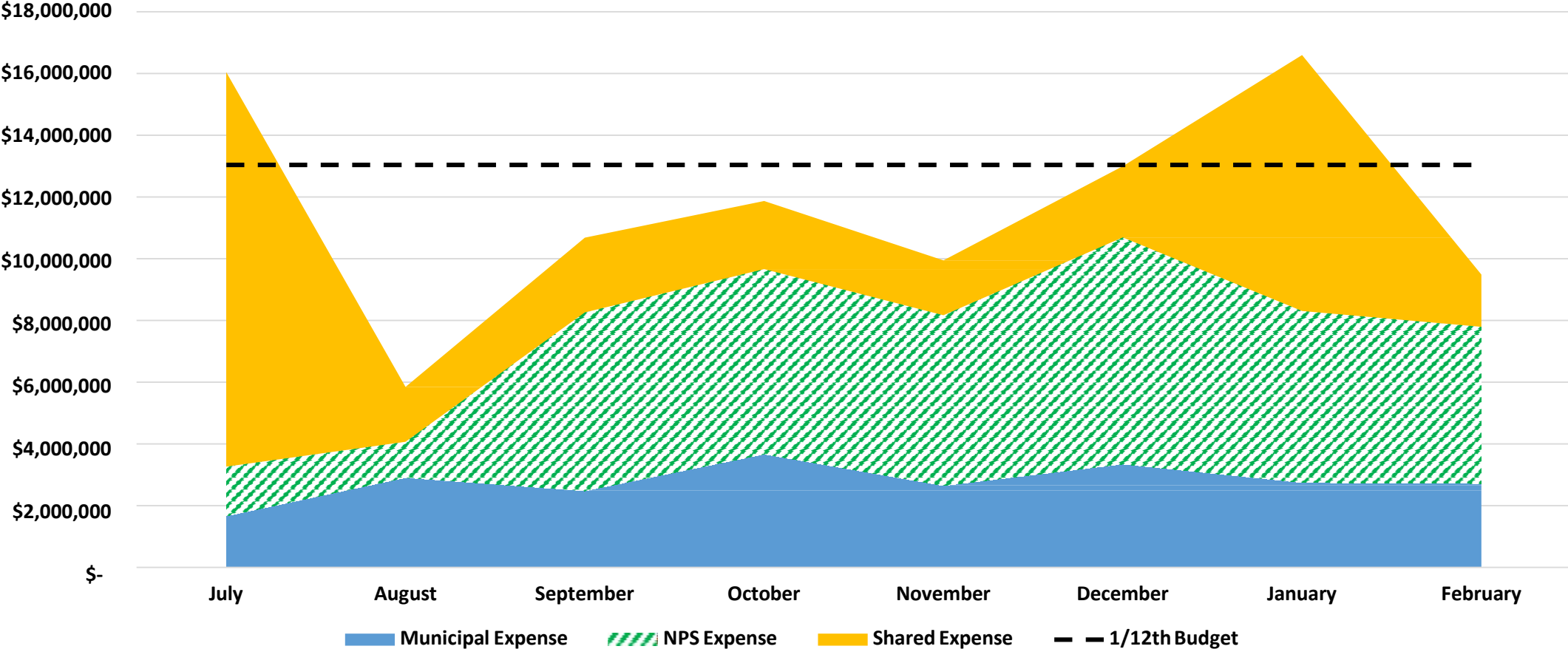


Scenarios of State Aid & Local Receipt Reductions

Scenario A: 17% Reduction in State Aid, 21% Reduction in Local Receipts					
	FY20 Budget	FY21 ScenarioA (-17 SA -21 LR)	Proportional Cut Balance FY21	Scenario A \$ FY20- FY21	Scenario A % FY20 -FY21
Revenue	166,661,160	160,026,350	160,026,350	(6,634,810)	-4.0%
FY20 MUNI	39,014,114	39,014,114	38,152,799	(861,315)	-2.2%
FY20 NPS	67,810,346	67,810,346	66,343,782	(1,466,564)	-2.2%
FY21 Shared & Keefe Tech	49,445,849	49,769,189	49,769,189	323,340	0.7%
Other	10,313,841	5,760,580	5,760,580	(4,553,261)	-44.1%
Balance	77,010	(2,327,879)	-		

Scenario B: 17% Reduction in State Aid, 30% Reduction in Local Receipts					
	FY20 Budget	FY21 ScenarioB (-17 SA -30 LR)	Proportional Cut Balance FY21	Scenario B \$ FY20- FY21	Scenario B % FY20 -FY21
Revenue	166,661,160	158,415,213	158,415,213	(8,245,947)	-4.9%
FY20 MUNI	39,014,114	39,014,114	37,556,678	(1,457,436)	-3.7%
FY20 NPS	67,810,346	67,810,346	65,328,766	(2,481,580)	-3.7%
FY21 Shared & Keefe Tech	49,445,849	49,769,189	49,769,189	323,340	0.7%
Other	10,313,841	5,760,580	5,760,580	(4,553,261)	-44.1%
Balance	77,010	(3,939,016)	-		

1/12th of FY20 Expenses



	July	August	September
1/12th Scenario	\$ 13,036,628	\$ 13,036,628	\$ 13,036,628
Municipal Expense	\$ 1,675,903	\$ 2,917,740	\$ 2,487,966
NPS Expense	\$ 1,589,191	\$ 1,148,713	\$ 5,774,612
Shared Expense	\$ 12,782,534	\$ 1,782,076	\$ 2,424,368
Total	\$ 16,047,628	\$ 5,848,529	\$ 10,686,946
Variance	\$ (3,011,000)	\$ 7,188,099	\$ 2,349,682

Total FY20 Q1 EXP \$32.5M

Decision Points – *defining the general course of budget development*

Scenario A – State Aid is severely reduced; Local Receipts while starting out year depressed makes a comeback in Q3 & Q4. – Projected deficit - **\$2,327,879**

Scenario B - State Aid is severely reduced; Local Receipts are seriously reduced throughout FY21 – Projected deficit - **\$3,939,016**

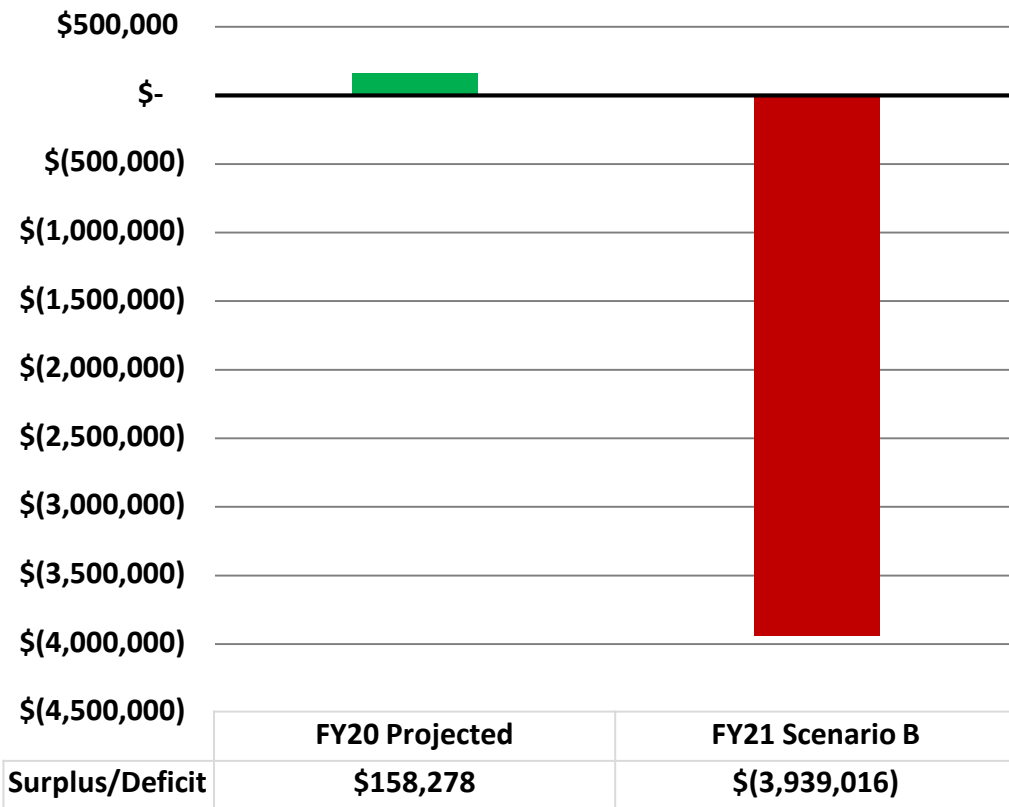
Scenario C – Given that 15-20% of our revenues are still unconfirmed and the continuing restricts on group meetings does the Board wish to recommend delaying Town Meeting until the fall? If yes, the Board will need to adopt a plan for a monthly budget of 1/12 of FY20 budget until a special Town meeting or the Fall Annual Town Meeting. Projected deficit - **\$1,200,000**

Scenario “B” Revenues with FY20 Operating Budgets & FY21 Shared Budget

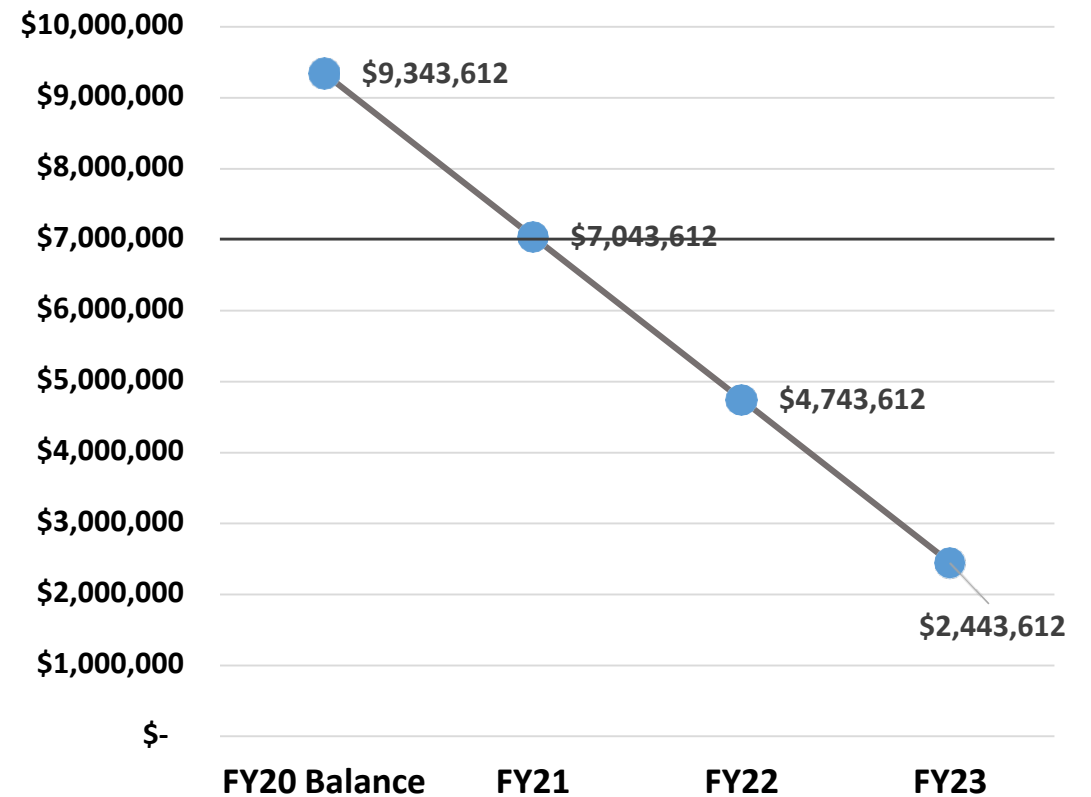
FY20 General Fund Budgets: Municipal Depts. \$39,014,114 & NPS \$67,810,346

FY21 General Fund Shared Expense Budget: \$49,769,189

Projected Surplus/Deficit



General & Operating Stabilization Funds



Using 25% of Stabilization per FY
(approx. \$2.3M annually)

Decision Point – Use of Stabilization Funds

Regardless of the scenario selected above, with the current revenue projections, the Town will face a deficit position at Town Meeting. Under your financial policies, the current economic conditions warrant the use of stabilization funds to support Town Operations for FY21.

- Scenario A – 25% (\$2.3million)
- Scenario B – 35% (\$3.3million)
- Scenario C - 1/12 – 13% (\$1.2million)



Capital Update

Select Board, April 27, 2020

Overview

- **Provide an update on Capital Appropriations – Release to Free Cash**
- **Review Appropriated Capital Projects to preserve liquidity**
- **Update the 2020 Spring Annual Town Meeting Capital Requests**

Capital Projects Designated for Closeout

Remaining Funds will fall to Free Cash

Project	Appropriation	Remaining
Replace Automatic External Defibrillators	\$ 35,200.00	\$ 41.50
Natick High School - Install Irrigation System	\$ 55,000.00	\$ 24,760.22
Brown - Replace the Privacy Partitions	\$ 50,000.00	\$ 27,876.47
Purchase and Install Shade Apparatus and Picnic Tables at the CSC	\$ 5,500.00	\$ 2,389.08
Replacement of Folding Partition Wall-CSC	\$ 30,000.00	\$ 7,537.83
Lilja - Replace Hallway Flooring	\$ 105,000.00	\$ 40,326.00
JOHNSON SCHOOL PLAYGROUND	\$ 150,000.00	\$ 1,849.16
REPLACE GARAGE LIFT AND EQUIPMENT	\$ 30,000.00	\$ 0.71
REPLACE H-54 TRUCK/PLOW	\$ 67,000.00	\$ 0.20
TextBook Package Upgrade	\$ 251,000.00	\$ 115.72
Bennet Hemenway - Replace Toilets	\$ 30,000.00	\$ 6,500.00
Bennet Hemenway Replace Bathroom Partitions	\$ 40,000.00	\$ 19,910.96
Johnson School - Replace Exterior Doors	\$ 50,000.00	\$ 7,110.00
Repairs to Camp Arrowhead	\$ 255,000.00	\$ 11,776.58
Replace Hook-Lift Truck (Vehicle 205)	\$ 140,000.00	\$ 422.98
Bennett Hemenway Bi-Directional Amplifiers	\$ 44,000.00	\$ 29,206.27
Replace Variable Message Boards	\$ 17,250.00	\$ 12,434.00
Replace Comparator And 8 Voting Modules	\$ 12,500.00	\$ 648.00
Memorial - Replace 32 Exhaust Fans	\$ 65,000.00	\$ 25,699.10
Replace Laptop Computers	\$ 6,200.00	\$ 565.48
Replace Vehicle 428 (H-67) Bombadier	\$ 220,000.00	\$ 282.97
Replace Vehicle 402 (H-40) Dump Truck	\$ 135,000.00	\$ 64.60
Field Renovations	\$ 167,000.00	\$ 639.66
REPLACE S-31 (TRASH PACKER)	\$ 290,000.00	\$ 404.80
REPLACE H-58 (FRONT END LOADER)	\$ 270,000.00	\$ 10.10
Replace Trash Packer (Vehicle 504)	\$ 305,000.00	\$ 1,044.36
Replace Truck/Sander (Vehicle 408)	\$ 250,000.00	\$ 1,370.74
Replace H-70 Trackless (Vehicle 426)	\$ 250,000.00	\$ 1,183.79
BenHem Water Heater	\$ 10,000.00	\$ 2,890.15
Lilja Water Heater	\$ 30,000.00	\$ 25,864.00
Brown Water Heater	\$ 30,000.00	\$ 23,284.85
BenHam Roof Exhaust	\$ 45,000.00	\$ 17,617.90
NCOF Roof	\$ 65,000.00	\$ 8,751.43

A total of \$302,579.61 is recommended for closeout.

Capital Projects Designated to be put on hold

A total of \$2,100,500 is recommended to be put hold and discussed at the 2020 Fall Annual Town Meeting

Project	Appropriation	Funding Source
REPLACE COLE CENTER ROOF	\$ 500,000.00	Tax Levy Borrowing
Memorial Field Parking Improvements	\$ 350,000.00	Capital Stabilization Fund
Morse Library - Replace Carpeting	\$ 150,000.00	Capital Stabilization Fund
Document Storage Systems	\$ 150,000.00	Capital Stabilization Fund
Wilson - Replace Library Carpet, Furniture, Paint	\$ 125,000.00	Capital Stabilization Fund
Document Storage Systems	\$ 100,000.00	Capital Stabilization Fund
Memorial School - Electrical or Generator Upgrade	\$ 75,000.00	Capital Stabilization Fund
Capital Maintenance	\$ 100,000.00	Capital Stabilization Fund
Ben Hem - Resurface Parking Lot And Sidewalks	\$ 160,000.00	Capital Stabilization Fund
Public Safety - Replace Carpeting Throughout	\$ 60,000.00	Capital Stabilization Fund
Wilson Middle School - Paint 12 Classrooms	\$ 50,000.00	Capital Stabilization Fund
Lilja - Replace Hallway Walls With Drywall	\$ 40,000.00	Capital Stabilization Fund
Bennett Hemenway - Paint Second Floor Classroom Walls & Ceilings	\$ 40,000.00	Capital Stabilization Fund
Johnson - Rehab Three Office Bathrooms	\$ 20,000.00	Capital Stabilization Fund
Rescue Boat	\$ 30,000.00	Capital Stabilization Fund
Tree Replacement	\$ 30,000.00	Capital Stabilization Fund
Town Hall - Renovate Town Hall Offices	\$ 25,000.00	Capital Stabilization Fund
Brown Elementary School - White Board Replacement (9)	\$ 25,000.00	Capital Stabilization Fund
Replace Dumpsters	\$ 17,500.00	Capital Stabilization Fund
Sawin House Acquisition (79 South Street)	\$ 10,000.00	Capital Stabilization Fund
Community Garden Plot Repair-J Lane	\$ 10,000.00	Capital Stabilization Fund
NHS Preschool - Install Classroom Connecting Door	\$ 8,000.00	Capital Stabilization Fund
CSC Open Space Preliminary Design	\$ 25,000.00	Capital Stabilization Fund

2020 SATM Original Capital Budget

reclD	department	projTitle	Funding Source	2021
1027	Bd Slectmen/Tn Administrator	Hunnewell Field Upgrade Design	Capital Stabilization	\$ 50,000
1027	Bd Slectmen/Tn Administrator	90 Oak St Contamination Clean-up & Park Amenities	Tax Levy Borrowing	\$ 450,000
1029	Bd Slectmen/Tn Administrator	Capital Emergencies - Improvements	Capital Stabilization	\$ 50,000
1029	Bd Slectmen/Tn Administrator	Capital Emergencies - Equipment	Capital Stabilization	\$ 50,000
1031	Bd Slectmen/Tn Administrator	Cochituate Rail Trail MBTA Connection Engineering	Capital Stabilization	\$ 75,000
428	Community Services - Recreation & Parks	Historical Monument Restoration	Capital Stabilization	\$ 10,000
647	Community Services - Recreation & Parks	Playground Safety Updates	Capital Stabilization	\$ 15,000
724	Community Services - Recreation & Parks	Henry Wilson Roof	Capital Stabilization	\$ 5,000
985	Community Services - Recreation & Parks	Install Toddler Playground - Bennett Hemenway Elementary	Tax Levy Borrowing	\$ 75,000
991	Community Services - Recreation & Parks	Cole Center Playground Enhancements	Capital Stabilization	\$ 30,000
610	Facilities Management	Morse Library - Replace 5 Air Handling Units	Tax Levy Borrowing	\$ 300,000
805	Facilities Management	Bennett Hemenway Elementary - Expand Parking Lot And Resurface	Capital Stabilization	\$ 150,000
806	Facilities Management	Brown Elementary - Replace Boilers - Engineering	Tax Levy Borrowing	\$ 40,000
809	Facilities Management	Lilja Elementary - Replace Boilers - Engineering	Tax Levy Borrowing	\$ 40,000
821	Facilities Management	Fire Station 1 - Replace Office Carpet	Capital Stabilization	\$ 15,000
857	Facilities Management	Replace NFM-82 Work Van	Capital Stabilization	\$ 55,000
1021	Facilities Management	Police/Fire Station - Upgrade HVAC Controls Engineering	Capital Stabilization	\$ 15,000
1023	Facilities Management	Senior Center - Upgrade HVAC DDCSystem	Capital Stabilization	\$ 10,000
1025	Facilities Management	Bennett Hemenway Elementary - Fire Alarm Panel Replacement	Tax Levy Borrowing	\$ 75,000
1030	Facilities Management	Facility Assessment	Capital Stabilization	\$ 115,000
987	Fire Department	Turnout Gear	Tax Levy Borrowing	\$ 240,000
993	Morse Institute Library	RFID Implementation	Capital Stabilization	\$ 94,000
1022	Natick Public Schools	FCC Auditorium Microphone & Systems Upgrade	Capital Stabilization	\$ 40,000
986	Police and Fire Department	CRT Public Safety Vehicle and Equipment	Capital Stabilization	\$ 75,000
194	Police Department	Cruiser Replacement	Capital Stabilization	\$ 130,000
964	Police Department	Primary Repeater And Antenna Replacement	Capital Stabilization	\$ 23,500
191	Public Works Engineering	Roadway & Sidewalk Improvements	Tax Levy Borrowing	\$ 2,500,000
979	Public Works Engineering	Complete Streets Priority Plan Update	Capital Stabilization	\$ 15,000
1028	Public Works Engineering	Street Acceptance Plan Prep	Capital Stabilization	\$ 100,000
674	Public Works Highway	Replace Vehicle 512 (S-102) Side Arm Recycling Truck	Tax Levy Borrowing	\$ 335,000
916	Public Works Highway	Replace 421 (Street Sweeper)	Tax Levy Borrowing	\$ 280,000
990	Public Works Highway	Replace Vehicle 504 Rear Load Trash Packer	Tax Levy Borrowing	\$ 325,000
496	Public Works Lnd Fac/Nat Res	Park And Field Renovations	Tax Levy Borrowing	\$ 175,000
860	Sustainability	Energy Efficiency	Capital Stabilization	\$ 100,000
406	Town Clerk	Preservation Of Historical Records	Capital Stabilization	\$ 100,000
				\$ 6,157,500

2020 SATM (COVID) Capital Budget

reclD	department	projTitle	Funding Source	2021
1027	Bd Slectmen/Tn Administrator	Hunnewell Field Upgrade Design	Capital Stabilization	
1027	Bd Slectmen/Tn Administrator	90 Oak St Contamination Clean-up & Park Amenities	Tax Levy Borrowing	\$ 450,000
1029	Bd Slectmen/Tn Administrator	Capital Emergencies - Improvements	Capital Stabilization	\$ 50,000
1029	Bd Slectmen/Tn Administrator	Capital Emergencies - Equipment	Capital Stabilization	\$ 50,000
1031	Bd Slectmen/Tn Administrator	Cochituate Rail Trail MBTA Connection Engineering	Capital Stabilization	
428	Community Services - Recreation & Parks	Historical Monument Restoration	Capital Stabilization	
647	Community Services - Recreation & Parks	Playground Safety Updates	Capital Stabilization	\$ 15,000
724	Community Services - Recreation & Parks	Henry Wilson Roof	Capital Stabilization	\$ 5,000
985	Community Services - Recreation & Parks	Install Toddler Playground - Bennett Hemenway Elementary	Tax Levy Borrowing	
991	Community Services - Recreation & Parks	Cole Center Playground Enhancements	Capital Stabilization	
610	Facilities Management	Morse Library - Replace 5 Air Handling Units	Tax Levy Borrowing	
805	Facilities Management	Bennett Hemenway Elementary - Expand Parking Lot And Resurface	Capital Stabilization	
806	Facilities Management	Brown Elementary - Replace Boilers - Engineering	Tax Levy Borrowing	
809	Facilities Management	Lilja Elementary - Replace Boilers - Engineering	Tax Levy Borrowing	
821	Facilities Management	Fire Station 1 - Replace Office Carpet	Capital Stabilization	
857	Facilities Management	Replace NFM-82 Work Van	Capital Stabilization	
1021	Facilities Management	Police/Fire Station - Upgrade HVAC Controls Engineering	Capital Stabilization	
1023	Facilities Management	Senior Center - Upgrade HVAC DDC System	Capital Stabilization	
1025	Facilities Management	Bennett Hemenway Elementary - Fire Alarm Panel Replacement	Tax Levy Borrowing	\$ 75,000
1030	Facilities Management	Facility Assessment	Capital Stabilization	
987	Fire Department	Turnout Gear	Tax Levy Borrowing	
993	Morse Institute Library	RFID Implementation	Capital Stabilization	
1022	Natick Public Schools	FCC Auditorium Microphone & Systems Upgrade	Capital Stabilization	\$ 40,000
986	Police and Fire Department	CRT Public Safety Vehicle and Equipment Reduced from 75,000	Capital Stabilization	\$ 40,000
194	Police Department	Cruiser Replacement Reduced from 130,000	Capital Stabilization	\$ 65,000
964	Police Department	Primary Repeater And Antenna Replacement	Capital Stabilization	\$ 23,500
191	Public Works Engineering	Roadway & Sidewalk Improvements	Tax Levy Borrowing	
979	Public Works Engineering	Complete Streets Priority Plan Update	Capital Stabilization	
1028	Public Works Engineering	Street Acceptance Plan Prep	Capital Stabilization	
674	Public Works Highway	Replace Vehicle 512 (S-102) Side Arm Recycling Truck	Tax Levy Borrowing	\$ 335,000
916	Public Works Highway	Replace 421 (Street Sweeper)	Tax Levy Borrowing	
990	Public Works Highway	Replace Vehicle 504 Rear Load Trash Packer	Tax Levy Borrowing	
496	Public Works Lnd Fac/Nat Res	Park And Field Renovations	Tax Levy Borrowing	
860	Sustainability	Energy Efficiency	Capital Stabilization	\$ 100,000
406	Town Clerk	Preservation Of Historical Records	Capital Stabilization	
				\$ 1,248,500

Collections update (RE, MVE & WS)

Total Collected – FY 20 YTD: **\$112,959,616**

Total FY 20 Q4 all commitments: **\$ 29,901,767**

FY 20 Q4 collections as of 04/27/20: **\$9,087,806** (30%)

FY 20 Q4 outstanding on 04/27/20: **\$20,813,961** (70%)

Amounts outstanding from mortgage service providers:
\$9,500,000

Percentage of Q4 commitment collected as of 04/27 for:

FY20: 30% FY19: 61% FY18: 78% FY17: 66% FY16: 63%

Fees and Interest charged in FY19 Q4: **\$74,955**

Collections - Decision Points

1. Whether or not to adopt the provision to waive interest and payments due on through June 1, 2020 for excise, tax, betterment, water or sewer, for bills due between March 10 through June 30,2020 ?
2. Whether or not to adopt provision to extend due date of property taxes until June 1, 2020 ?

Questions?