



## Natick Finance Committee

Pursuant to Chapter 40, Section 3 of the Town of Natick By-Laws, I attest that the attached copy is the approved copy of the minutes for the following Meeting:

**Town of Natick Finance Committee**

**Meeting Date: January 9, 2020**

The minutes were approved through the following action:

Motion:	Approval
Made by:	Mr. Hayes
Seconded by:	Mr. Linehan
Vote:	14 – 0 – 0
Date:	February 25, 2020

Respectfully submitted,  
Bruce Evans  
Clerk  
Natick Finance Committee

**NATICK FINANCE COMMITTEE MEETING MINUTES**



***TOWN OF NATICK***

**Meeting Notice**

POSTED IN ACCORDANCE WITH THE PROVISIONS OF M.G.L. CHAPTER 30A, Sections 18-25

**Natick Finance Committee**

**PLACE OF MEETING**

School Committee Meeting Room, 3rd  
Flr, Town Hall, 13 East Central St.  
Natick, MA 02760

**DAY, DATE AND TIME**

January 9, 2020 at 7:00 PM

**MEETING AGENDA**

Posted: Tuesday, January 7, 2020 at 1:30 PM EST

1. Call to Order
  - a. Pledge of Allegiance & Moment of Silence
  - b. Advisement of Pegasus Live Broadcast and Recording for On-Demand Viewing
  - c. Review of Meeting Agenda and Ordering of Items
2. Announcements
3. Public Comments
  - a. [Committee policy & procedures available via this link and also at the meeting location](#)
4. Town Administrator's FY2021 Budget - Public Hearing
  - a. Budget Overview Presentation (30 minutes)
  - b. Q&A from Committee (up to 45 minutes)
  - c. Public Comments on FY2021 Budget Overview (consistent with Committee's public comments guidelines)
  - d. Committee Discussion on Budget Overview (up to 30 minutes)
5. New Business
6. Committee and Sub-Committee Scheduling
  - a. Scheduling of School Department Budget Overview
  - b. Review of Sub-Committee Assignments & Practices
  - c. Proposed Approach for Scheduling Sub-Committee Meetings on Tuesday & Thursday Evening
7. Committee Discussion (for items not on the agenda)
8. Adjourn

Meeting may be televised live and recorded by Natick Pegasus. Any times listed for specific agenda items are approximate and not binding. Please note the committee may take the items on this agenda out of order.

**MEMBERS PRESENT:**

Patrick Hayes, Chairperson  
Linda Wollschlager, Vice-Chairperson  
Bruce Evans, Clerk  
Michael Linehan, Member  
Bill Grome, Member  
David Coffey, Member  
Jim A. Scurlock, Member  
Daniel Sullivan, Member  
Philip Rooney, Member  
Jeff DeLuca, Member  
Tony Lista, Member  
Kristine Van Amsterdam, Member

**MEMBERS ABSENT:**

Guimel DeCarvalho, Member  
Dirk Coburn, Member  
Jerry Pierce, Member

Mr. Hayes indicated that this meeting is largely an informational session on the Town Administrator's Preliminary FY2021 budget. The intention is to provide questions at a high-level and to refer detailed questions to the subcommittees to follow up with Town Administration and School Administration.

**Public Comments**

Mr. Frank Foss, Town Moderator said that some members of the public approached him and said that they don't have ample time to speak before the Finance Committee or they feel inhibited by the schedule the Committee lists for public speak and encouraged the Committee to ensure greater equity for citizens to make comments.

Mr. Evans moved to open the public hearing to review the Town Administrator's FY2021 Budget hearing, seconded by Mr. Linehan, voted 12 – 0 – 0

The Town Administrator's budget can be found [here](#).

**Presenters:**

Ms. Melissa Malone, Town Administrator  
Mr. John Townsend, Deputy Town Administrator – Finance Director  
Mr. Sean O'Brien Assistant Director – Finance

Ms. Malone underscored the importance of planning over multiple years in the FY21 budget and emphasized that we are "One Natick" meaning that we need to look thoughtfully at all

departments and take a multi-year view. In Ms. Malone's opinion, the FY21 is different in some respects, because it's a pivot towards taking a multi-year view to create a starting point for conversations that the community must have together. Ms. Malone asked the Committee and those watching at home to review the budget message to provide context as we look towards the future.

- Revenue

- In some ways, it's similar to FY20, where the majority of revenue is derived from tax levy. We put a placeholder in the preliminary budget that includes a 3% increase YOY increase in state aid and noted that the town has not received the cherry sheets from Department of Revenue (DOR).
- Local receipts are down compared with FY20 because, in FY20, we were able to use the investment income from bond proceeds and that was divided between municipal departments and the school department. However, these projects are moving along, which decreases the available amount of money (lower principal and thus, lower interest income) since we're now paying the contractors for their work on these projects.
- Over the course of a number of years, we have prudently put money in stabilization funds. The combination of Free Cash, stabilization indirects, and overly surplus comprises approximately 6% of revenue or approximately \$10.7 million.
- Another notable difference in the FY21 budget is that we requested that the Assessors release \$500,000 from the overlay account. This was done because we need to continue to borrow money for our schools, roads, or sidewalks and infrastructure. We felt this was a prudent use to increase the amount for the school department.

- General Fund Expenses

- These remain similar to FY20.
- Natick Public Schools and Shared Expenses (this includes all fringe benefits including pensions and healthcare for town department and NPS) continue to take up a large amount of the pie. In addition, Finance Committee members can access the ClearGov platform to go down on a more granular level for all departments and percentages. In summary, we find that the ClearGov platform has been helpful in quantifying and explaining Y-O-Y differences.
- Local receipts decreased by a little over 5.5% partly due to lower investment income as I mentioned earlier. In addition, not being available. We need to keep track of local receipts as the level of local receipts has historically shown wild and

dramatic changes over the past few years.. We need to be mindful of this volatility in planning to use these local receipts for items, especially capital.

- We propose a 5% increase over the FY20 over the Town Meeting appropriation for the Natick Public Schools.
- On the town government side, we're increasing by 1.4% or \$514,823 over the base FY20 budget, and the net decrease in the table reflects the total that includes the amount that was added to the town side at 2019 Fall Annual Town Meeting. We were able to fund the initiatives in the budget book and moderate the increase in the FY21, in part, because of a large number of senior personnel retirements in some departments that produced cost savings. When we add Shared expenses, we have a 1.3% increase for the municipal department budgets.
- The Shared Expenses budget is going up a little more than 0.05% Y-O-Y. We anticipate getting updated numbers from West Suburban Health in March and will update the budget accordingly. We also have completed analysis of Shared Expenses at the end of last year that we'll be able to share with the Finance Committee in the weeks ahead.
- Capital Expenditures have decreased 12% from FY20 to FY21. As many of you recall, the capital budget and use of capital stabilization funds needs to be balanced against our debt. This budget represents a mindful approach to funding capital projects with a view of keeping these expenditures manageable until our debt schedule is reduced in 2024 when payments for the High School, Community Senior Center, and Wilson School are paid in full. At that point, there's room on the debt schedules to do something a little bit more dynamic. But until then, it is quite tight. In February 2020, we anticipate going out to borrow for over \$18 million. This is another reason that I would advocate for use of overlay as opposed to capital stabilization or any other stabilization fund to augment any budget requests. One of the things that we have been working for a number of months on with our colleagues is to consider multiyear budgeting – to introspectively look across department items that may need to be augmented. But as you'll see as we go on in the presentation, it also identifies items that are not being utilized and no longer using them so that we can appropriately respond to community services requests through the new initiatives that we have included.

### Budget Highlights

I encourage you to look at the multi-year approach taken in the budget book that delineates other requests that we are contemplating slotting into future years. Each department has needs that are responsive to the community. To ensure that we look at it holistically, we have placed these requests into actual years so that we can appropriately set expectations and have a plan for

particular initiatives.

New Initiatives:

Ms. Malone stated that there were new initiatives that were included in the budget book, but not funded at the present time until there is a clearer financial picture & encouraged the Finance Committee to examine these.

- **Community programming** adds \$2,000 for the Bacon Free Library to fund approximately five events.
- **Part-time Teen Center Manager (\$16,614)** is needed to support the increased number of students who are using the Teen Center, which has seen an increase of students. The Teen Center is one of the ways to combat substance abuse by providing alternative things to do after school. The town is receiving support from the State to help in this area to let us use some of our state earmarks to run a pilot test between January and the end of FY20. In light of that, we proposed two part-time positions to support that effort. At the end of FY20, we'll have data to determine if this is something we need to plan for in the coming five years.
- **Two LFNR FTEs for maintenance of Cochituate Rail Trail and Kennedy Middle School (\$106,064):** The town is doing many capital projects and roadway and bridge improvements that can be seen on the town's GIS website that specifies the year and the dollar amount of these projects. In light of spending on improving our infrastructure, we need more individuals to service and maintain those particular structures. The CRT is estimated to come online in November 2020. The new Kennedy Middle School will (hopefully) open halfway through the school year (early 2021). Both projects require upkeep so the budget adds two additional LFNR positions to assist with CRT and Kennedy Middle School exterior maintenance, including vegetation management for the CRT.
- **Increased Police Clerk hours (\$10,511):** There has been an uptick on request from individuals seeking information, document requests and expunging of records in the Police Department.
- **Traffic Enforcement Initiative (\$141,826):** Two additional police officers dedicated to traffic enforcement to handle the increased traffic safety requirements since there are many traffic management issues and we want to ensure that we're providing the safeguards for our neighborhoods (to deter speeders, ensure safe crosswalks, etc.). In conversations with other MetroWest leaders, traffic and transportation are issues that everybody is trying to grapple with and we are collaborating to find ways to manage this with our partners.
- **Custodians for KMS (\$125,000):** Two custodians for Kennedy Middle School who are

required to handle the increased footprint of the school relative to the current school and the overlap of maintaining the current school while transitioning to the new school.

- **Time and Attendance Monitoring System (\$100,000):** Process modernization is a key cross-department theme. We will replace the antiquated paper-based system with a more appropriate web-based system with an estimated cost of \$100,000.
- **Redevelopment Authority of Natick (\$200,000):** Some of you may recall that this existed in the 1970s and was subsequently dissolved by Town Meeting. However, many of the issues and opportunities that we have as a town are contingent on being more fluid and nimble. The Redevelopment Agency will ensure that we are responsive, and help us utilize underutilized spaces in our community. It would be able to obtain financial assistance from public and private partners to assemble solutions to existing problems that the Town is unable to resolve with its current resources. We will provide more detailed information on this initiative in a future meeting.
- **Massachusetts Equal Pay (MEPA)** requires that individuals with one employer doing the same job should have identical compensation that includes salary, vacation hours, and fringe benefits. We're budgeting \$150,000 in FY21, in addition to the \$50,000 we allocated in FY20 and anticipate needing \$150K in FY22 and FY23 to correct current disparities. As this year goes forward, we'll have a better idea of the full amount required. In part, it's contingent on working with our partners in the School department.

### **Education & Learning**

**Natick Public Schools:** The preliminary budget for Natick Public Schools proposes a 5% increase, which is approximately \$3.9 million over last year's Town Meeting appropriation, providing approximately \$71 million for our school district, and approximately \$800,000 of new revenue for other town departments. The graph shows the trend from FY18 through FY21. By having multi-year planning discussions one of the issues that we have encountered is the idea of "compounding" or what it actually means when things are added Y-O-Y. In FY18, the actual budget was \$61.3 million and the FY21 preliminary budget of \$71.2 a nearly \$10 million increase over four fiscal years. We're working to understand how compounding works within the actual tax levy for both Natick Public Schools & other town departments.

### **Keefe Tech:**

We budget a slight increase and expect to receive updated information from Dr. Evans.

**Morse Institute Library & Bacon Free Library:** Trajectories for both Libraries remain relatively constant from FY18 to present, so we've included a modest increase to reflect that.



**Public Safety:** We've already spoken about the two new patrol officers for traffic enforcement and the increased police clerk hours. When you look at the Public Safety budget, there is a Y-O-Y 1.7% decrease as a result of employees retiring at top step and bringing in employees coming in at a lower salary, pursuant to collective bargaining.

**Public Works:** One of the initiatives we are undertaking is to invest incrementally to ensure that we have appropriate roadway maintenance and, hopefully, reduce the spending in the longer term. Last year, the Finance Committee underscored the need to avoid using one-time investment income to fund ongoing activities. In FY20, we used \$400K of one-time investment income for roadway improvements. As a result, while we have increased the amount we budgeted for roadway improvements on the capital improvements side, we are budgeting a net decrease of approximately \$50,000 in FY21. We've added two LNFR laborers to assist on facilities maintenance. One of the points of emphasis in multi-year budgeting is to ensure that we maintain the value of our infrastructure investments. As we add more infrastructure in future years, we probably will need to add more employees to maintain that infrastructure.

**Community and Health Services:** We're adding two part-time Teen Center mentors and results to date indicate that this has been successful in achieving its objectives. We're also putting in \$1,500 for additional wellness programs for seniors and Ms. Ramsey, Director – Community Services will ensure that this money is deployed in a thoughtful way.

**Administrative Support Services:** Overall, there is a 0.2% decrease. We've spoken about the Redevelopment Authority which has \$200,000 in seed money. With the presidential election in November 2020, we've added to the Town Clerk's budget to handle the increased requirement. We're also updating our MUNIS Accounts Receivable (AR) and Utility Billing (UB) modules. Mr. Townsend and his Finance team has been working on this and identified the need prior to my arrival. In addition, prior to my arrival, they requested state matching funds to improve AR and UB and provide greater efficiency. It will also enable departments to work more cooperatively with each other.

**Committees and Commissions:** Level-funded in FY21 at \$120,550.

**Shared expenses:** We budget a 0.68% increase (or \$328,803). The largest increase is healthcare and this is a place-holder, pending updated information from West Suburban Health Group in March. We completed analysis with respect to other options that may be possible and can provide more information on that in the coming weeks. On the pension side, we budgeted for an employer contribution increase of 7.7% in FY21. In our estimation, although we don't have the end of 2019 actuarial report, we believe that we will need to invest even higher percentage (over



8%) in FY 23 and FY24, based on the returns for the last five years. We're going to monitor this closely. Note that this is the town pension contribution, not the LIUNA contribution.

As noted before, we're stressing the importance of multi-year budgeting. To that end, as we go through department budget, we're looking to see where positive synergies are and assessing where programs might have to be reduced so others can be increased. We also need to hear from the community as to what's needed most. In doing that we are going to put particular initiatives and costs into specific years to better see what we can afford over a three-to-five year period.

### **Free Cash, New Growth, Marginal Tax Changes**

This slide shows the certified Free Cash going back to 2011. As you know, we've become more accurate in estimating free cash since 2017 so you see We put in a charge of that now, as many of you know, the budgeting process is more accurate since 2017. We added the dollar amount of new growth added to the tax levy. It's important to note that in 2013 and 2014, you can see the volatility of new growth in doing so and there's a sizeable decline in 2015. When this amount fluctuates so much, it is hazardous to become too dependent on new growth to finance operations. The black line indicates the Y-O-Y changes in the Natick Public Schools. The interesting thing to note here is this is the additional change of dollars of the tax levy. It's important to put all of these variables together when budgeting for FY21 and over the next five year period. When we look at 2017 Free Cash, we believe that this number is unlikely to be replicated again and is an aberration over the historic amount. If we use this high watermark to establish the budget then we will have issues.

The second slide titled Budgeted Marginal Revenue and Appropriation Changes show the net Y-O-Y revenue change in blue, the amount that the tax levy is growing, excluding debt and shared expenses. This gives us a better idea of how much revenue we can expect in a particular year and how much and where it's being spent. In 2016, we had a \$2.5 million increase in revenue and you can see what happens in the following years. This helps illustrate the effect of compounding on the revenues. For example, if you look at 2019 and 2020, even though the trajectory is less so that it's a smaller Y-O-Y increase, the budget still went up. In fact, the budget went up over \$2.8 million. When we try to plan how much revenue we actually have and can anticipate Y-O-Y, we have to take into account that when we add money in a given year. If we're adding incrementally, it's something that we can plan for. However, if we're adding \$3, \$4, or \$5 million dollars Y-O-Y, it quickly becomes unsustainable. So as we look forward, and part of the philosophy of the driver of the FY21 budget is to start thinking dynamically so that when FY24 and FY25 comes, we'll know where we're going. These plans will take shape over time and I'm hopeful that the Finance Committee and the public will look not only at FY21 requirements but look at the longer-term view when assessing community needs.

Next steps:

- We have a public community forum at the Community Senior Center on January 22, at 7pm where we will share the information you're seeing tonight and talk about the philosophy and multi-year budgeting and capital.
- We'll continue with our long range planning and forecasting.
- When we're planning for large capital projects, we need to plan for both the building and the maintenance of infrastructure to ensure we maintain those investments. In addition, we need to determine whether investment in a new building roof is worthy of the investment by understanding the long-term viability of that building and make plans accordingly so that we can continue to provide the services and figure out when the money can be borrowed.

Questions from the Committee

Ms. Malone reviewed the questions the Finance Committee had submitted to her on the FY21 budget:

1. With respect to CRT and Kennedy Middle School, are any of the additional proposed positions contractor positions? We as a municipality have union contracts and the work being done at our schools and along with our other infrastructure maintenance are union positions. We explored other options and believe these positions are needed. In fact, one of the things that we need to plan for the future as we build infrastructure, we need to ensure that these are properly maintained.
2. Regarding the two part-time positions for the Teen Center, could use individuals that are at the Library or the Senior Center. Ms. Malone said they do have part-time individuals at both of those places, but the individuals we are seeking are specifically for the Teen Center and we would be increasing part-time hours to do this. We're very cognizant of adding new individuals, but feel this is a need, and we can share the data points, which are available to you on ClearGov that show the drop in population using the Teen Center due to lack of staffing.
3. Where is the town headed with respect to healthcare expenses? Healthcare is a very large part of our shared expenses and we do not see it decreasing in FY21. Last year, we were fortunate to have the advocacy of Mr. Chenard and I'm sure he will do his best with West Suburban Health Group. We also saw some savings on the retiree side that we were able to capture. We will be back before this committee to see what options are available, although our preliminary analysis suggests that our options are very limited and we will explore that with respect to what is available, given market conditions and coverage requirements.
4. Pension costs: Our pension costs went up 7.7%. We recognize that when we hire

employees that there are these pension costs and the contribution that the town must make to the pension fund is an obligation once you hire an employee. By statute, a town employee cannot opt out of the pension fund. Where possible we employ temporary employees, for example with summer employees. But we also have to abide by state law and when we need an employee we need to the employee and do have to pay the fringe benefits. Before we propose any new employees, we look very seriously at various options.

5. Will the town and the schools use the same new HR system? At the present time, the school is not yet on board with using the same HR system as the town. MUNIS is the town's system and we would hope that we both could use this system down the road. The primary objective is move away from the present paper-based system. That's something that is more akin to what many of you are used to seeing, having employees able to go directly to payroll. Our hope is that as we modernize and use this that it is also more responsive to employees. To Mr. Townsend's credit as well as the Comptroller, we're launching an employee self-serve capability for all municipal employees to get their W-2s, their paycheck, see their vacation hours, their weekly time at work. In addition, employees will be able to download an app so that they sell all this information. We'll continue to work with our partners in the modernization.
6. Are there any shared staffing assignments between the Bacon Free Library (BFL) and the Morse Institute Library (MIL) to help with the \$2000 community programming initiative? The BFL and MIL trustees are very much interested in working together and continue to do that. One of the things that we look for across the board are positive synergies. There already is a lot of collaboration between the two institutions we expect even further collaboration in the future and modernization on our library side. In the proposed capital plan there is a \$94,000 line item for RFID installation. This technology will streamline checkouts and will let our libraries get to the top of the queue when requesting books and other material from the Minuteman Library system. This infrastructure will be at the Morse library, but the Morse librarians will be able to assist the Bacon librarians by routing these requests through the RFID system. This is an example that illustrates, while they're in two separate places, they are working cooperatively working and thinking towards the future.
7. Traffic enforcement: Has the town explored state grant programs to do extra traffic enforcement for roadways and other traffic initiatives and whether we've considered using details for these extra enforcement needs. Ms. Malone said they do foresee traffic enforcement, particularly given the infrastructure challenges to be a huge issue. On page 68 of the budget book, you will note that we have included two police officers whose duty will be traffic enforcement. We don't know of any grants that are available to fund these individuals. In fact, we're seeing an increased need for police detail officers, not

only for our own infrastructure needs but with utility companies. Whenever Verizon or Eversource needs to open a road, we need to have police officers available to cover these details. Both the Police Chief and I feel that it is prudent to add these two officers.

#### Questions from the Committee

Mr. Rooney asked for confirmation that Free Cash and available surplus is \$10.7 million. Mr. O'Brien said they plan to use \$4.5 million of Free Cash - \$2.2 million for Operations and \$2.3 million for stabilization accounts. Mr. Rooney requested that town administration indicate that, if this budget were approved, what would the Free Cash Balance be and what would be the new totals in the stabilization funds. Mr. Townsend noted that we have this conversation of whether we can forecast Free Cash in our budget each year and town administration does not want to do that. Mr. Rooney acknowledged that this number will change – he advocated for improving the context to show the current Free Cash balance and the proposed usage of Free Cash in the budget.

Mr. Rooney asked how the town planned to ensure that employees utilized the new Time and Attendance system. Mr. Townsend that there are two platforms we currently operate that can run this sort of system. One is MUNIS, but that a very expensive system that didn't meet our needs. The other platform is a Kronos system that DPW is using in a pilot evaluation to see what the benefits are. Unfortunately, this is also expensive (\$400,000) , but we also want to look at some other systems before we make the decision. Mr. Hayes noted that it would be helpful to include the cost/benefit analysis of the systems, along with the anticipated training and adoption costs. Ms. Malone said that they would provide that information and added that they appreciate that policy changes are needed as part of the rollout of the new system. There will be more information coming in the future.

Mr. Rooney asked that the town be clear about the implications of MEPA so the public understands whether comparisons are to jobs within Natick departments or as compared with jobs in municipal governments in similar towns. Ms. Malone said MEPA is within the organization (within Natick) and there are other adjustments that are made that are comparable to what a given position is paid in other communities. Ms. Malone said MEPA is exclusively internally focused on ensuring that a male or female employee with the same level of experience doing the same work within town departments is getting equal pay. We can make a footnote if you'd like us to clarify this. A MEPA analysis for Natick employees is in process by our HR department and this information will be provided to Town Counsel exclusively and any necessary adjustments will be made.

Mr. Rooney asked whether town employees who have multiple skills can be used by other departments rather than hiring another employee. Mr. Rooney acknowledged that many union contracts preclude this.

Mr. Rooney expressed concern that the discussion on compounding needs to be described in a way that's more readily understood by taxpayers.

Mr. Scurlock asked if there are any outstanding contracts that would affect FY21. Ms. Malone said a number of contracts are outstanding. For FY19, FY20, & FY21, we still have the Superior Officers contract, Fire Department, and dispatcher contracts. Contracts with the Local 1116, laborers, & Superior Officers are only executed through FY19. Should we be able to come to agreement we have available funds.

Mr. Scurlock stated that in a number of years, we've projected that Natick will start making significant contributions to OPEB. Are we still anticipating starting that on time with significant contributions as projected two or three years ago? Mr. Townsend said they have been making contributions based on our financial principles and plan to increase our OPEB contributions once we resolve the pension benefits liability issue. Based on the actuarial information that we've recently seen, we will meet those 2030 deadlines with regards to pension. At that point, we will address the OPEB concerns.

Mr. Scurlock asked for confirmation that the town had a negative pension plan return this past year. Ms. Malone said that this was true for FY18, but they don't yet have the figures for FY19.

Mr. Scurlock asked for clarification on the need for increased traffic enforcement. In reading the justification of increased traffic there is a disconnect between what the Planning Board and Zoning Board of Appeals say (large projects before them that will not increase traffic issues) and the statement that we need increased traffic enforcement. Ms. Malone responded that the Cloverleaf and other developments did static studies specific to those areas of town. However, in consultation with the Police Chief, we are going to have increased need for traffic details. In particular, and to underscore the magnitude of what is going to be happening in this timeframe is we will more likely to not have South Main Street from the Sherborn/Natick line to Cottage Street under construction. On North Main Street, there will be construction from the interchange right up the road all the way down to the Wayland town line minus the Rte. 9/27 bridge that hopefully will be funded and then be under construction in 3-4 years. We will also have a \$40 million MBTA project under construction. In addition, Natick DPW has \$3.2-\$3.3 million of road repaving work throughout the town. Along with that, we have received complaints about excessive speed in one particular area, but also other areas in town have seen an uptick in

speeding. We also have utility companies that need to access and do need to service. We have details that are currently right now going unfulfilled that not only create safety issues but when a utility company can get on the road to perform service. If it's an emergency, we have to let them in the road irrespective of whether we have an available detail or not. This is a multi-pronged problem so we're looking to have the most flexibility.

Mr. Scurlock asked if, once these large projects are completed, are these traffic enforcement still needed. Ms. Malone said they will still be a need after these projects are done. There's a \$40 million project over the Rte. 9/27 Interchange that will be a minimum 3-4 year project. In additionally, as part of our multi-year planning, we've had a significant amount of growth in the town without the commensurate increase in public safety hiring. Along with police, we're analyzing the fire department requirements.

Mr. Sullivan said that preliminary Town Administrator specifies a 5% increase to the Natick Public School budget. Others have contended that the actual increase is 3-3.5% and there is a discrepancy on what the baseline number is (\$68,646,000 vs. \$67,810,000). I looked back at what Town Meeting voted and that was \$67,810,000. Mr. Townsend confirmed that the \$67,810,000 was what Town Meeting approved.

Mr. Sullivan noted that there are ebbs and flows to budgets and this preliminary budget and the final budget that goes to Town Meeting will have changes and alterations. Right now, it looks like there's a gross total about \$3.9 million in available growth that you're forecasting in this budget and \$515,000 is allocated to shared services and municipal and \$3.39 million to NPS. Mr. Townsend confirmed that this breakdown is correct.

Mr. Sullivan said, based on those figures, approximately 87% of the total growth in tax levy and new growth in the Town Administrator's budget is allocated to NPS and 13% is allocated to both municipal and shared services. Mr. Townsend confirmed that is approximately correct.

Mr. Sullivan stated that of the \$515,000 in shared services and municipal, approximately \$125,000 is for custodians at the Kennedy Middle School that equate to 15- 25% of that municipal and shared services budget, Mr. Townsend confirmed this is correct.

Mr. Sullivan stated that he thought the School Committee requested a \$5.3 million increase in FY21. Ms. Malone acknowledged that this request was made and noted that the Superintendent will be here next week to discuss her budget. However, our understanding is that the request was inconsistent with the Town Meeting appropriation since that request assumes utilization of the revolving funds and other one-time funding sources last year. If you look at the Town Meeting

appropriation, the requested budget is 7.4% over the NPS budget approved by Town Meeting. Based

Mr. Sullivan noted that with tax levy and new growth equaling \$3.8 million, the \$5.3 million request by NPS is 136% of the total new revenue growth in FY21. Mr. Townsend confirmed that this is correct.

Mr. Sullivan noted that he appreciates the foresight in creating the Natick Redevelopment Authority. I've spent time looking at significant retail occupancy trends and Natick has been to backfill some large vacant retail spaces and that he saw some large pieces of property in the Golden Triangle that have been vacant in excess of 6-12 months. Given the just sizable dependence our taxpayers have on retail, looking forward to how we might redevelop these spaces in the future will be helpful.

Mr. Linehan asked whether the increase in police clerk hours is for one year. Ms. Malone said it is adding hours to an existing position and will be for multiple years given the increased volume of requests the Police Department is seeing. For example, with the legalization of marijuana, many individuals are seeking to expunge any records associated with marijuana and that is a pretty detailed process that requires a fair amount of time, not only working on the database but also working on hard copy files.

Mr. Linehan asked why in the new initiatives that are benefits-eligible don't include the health insurance expense. Mr. Townsend said this is because salaries for the new FTEs are included in the departmental budgets and benefits such as health insurance are included in the shared services budget.

Mr. Linehan asked how the town is creating the review structure to ensure that positions within both departments on the municipal side as well as the NPS side are receiving comparable salaries and benefits. Ms. Malone said that the structure is established by law and has been established by variables that are included and considered compensation. These include the salary, number of hours worked, fringe benefits, vacation, etc.. As a municipal department, we have a Personnel Board and have various unions on the department side. We have other unions that have contracts with our school partners. Our challenge is that we have to look at this as a town across all departments. That means we must look closely at municipal and school employees in terms of actual functions and actual hours to define the salary. Then, we have to assess the complexity and other factors to identify where we have to make adjustments. When an adjustment is required, it is never a downward adjustment – that person would continue to receive their present salary. As we plan for multi-year budgeting, I emphasize that this is a partnership between the



municipal and school sides so an upward adjustment made on the town side also goes up on the school side. We know we do have a lot of work to do.

Mr. Linehan: With multiple time periods for union contracts with different bargaining units and different bargainers (town administration, School Committee), how will the town ensure that salaries and benefits keep from creating a ratcheting-up environment. Ms. Malone acknowledged that the way the law is written makes it difficult for any employer, particularly towns negotiating with multiple unions. There is danger in that we can agree to something with one particular union and have that agreement changed by outside forces because we're forced to collectively bargain with each union. That said, it requires a greater cohesiveness among bargaining units where if there is a change for one unit, we need to ensure that this change is made for comparable positions in another unit. We need increased coordination to ensure that we are aligned with the finite amount of available resources,

Mr. Coffey asked whether the two proposed traffic enforcement officers are on-duty officers while working details. Ms. Malone said duty officers do not necessarily work details, but if we do need an officer in an emergency situation, an on-duty officer may perform traffic detail or incidents. Typically, they are off-duty volunteer, but there are many dynamic situations that occur in town. And it's not an absolute, it is quite possible that an on duty officer would be called to a scene and would have to do traffic detail for a period of time. We want to hire these individuals because we anticipate an exponential amount of work required in response to the growth of the community and have not added to the police department in many years. In the next five years, we have more than \$100 million of investment on the state side and Natick will spend more than \$10 million of our own investment in roads and infrastructure. We have to be thoughtful about what the needs are going to be while we're continuing to improve. And, we're seeing greater complexity requirements for the Police force to deal with opioids and other

Mr. Coffey asked whether Natick Police has considered using flagmen rather than detail officers. Ms. Malone said, within the patrolman's contract there is a provision for the Police Chief to develop a plan that includes traffic constables and we are working towards an efficient system.

Mr. Coffey asked when the West Natick fire station is projected to open. Ms. Malone said it's scheduled to open in approximately 9-10 months, hopefully before the end of 2020. However, given our winter conditions and the slight delays we had earlier in the summer, it's more likely to be in January 2021.

Mr. Coffey asked with the opening of the fire station whether additional firefighters will need to be hired in FY21. Ms. Malone said one of the challenges that multi-year budgeting places on

everyone is we need to thoughtfully plan to meet our needs. One example is that we had a department that had \$23,000 that went unspent for three years so that amount was repurposed for other things. It doesn't mean that there wasn't value in that department. We're asking departments to look deep and look where we can gain efficiencies. So, in the out years, we have included an increase on the fire department side. We're doing across-the-board analysis not simply adding things. We anticipate that we're going to have growth to staff the West Natick Fire Station, but we want to present information that's backed up with very clear data points. So I think there'll be more to come on this not only for the Fire department, but other departments as well.

Mr. Coffey: Regarding the Time and Attendance system would there be any additional cost to support the system once it's installed? Mr. Townsend said there would be no additional operational cost since they are already running MUNIS.

Ms. Wollschlager asked, given we will know more about state aid in February and healthcare costs in March, and any union contracts that are settled, are there other external factors that might influence this budget and change the budget. Mr. Townsend said the biggest variable is the healthcare costs and the other variable is the Keefe Tech budget that we put in as a 3% increase. Mr. Sullivan noted that he had spoken with Dr. Evans of Keefe Tech from the Education subcommittee side and he thought that the FY21 Natick allocation would either be flat or a slight decrease based on a small enrollment decline in Natick students, but this information is preliminary.

Mr. Hayes asked how confident the town was in its estimate of local option taxes. Ms. Malone noted that local option tax has been very variable in the last five years. Mr. Townsend noted that they aren't seeing significant softening of revenues. There's always variability in those numbers, but we're not really foreseeing them and neither is the state for that matter as well. The state doesn't anticipate a softening through calendar year 2021.

Ms. Wollschlager asked if there is any additional risk in the budget associated with potentially increased recycling costs. Ms. Malone acknowledged that, based on conversations with MAPC contacts, recycling costs are increasing in Mass. However, we have some available options and are having ongoing discussions that are in the Select Board executive session.

Mr. Townsend noted that other variables are the cost of gas and oil as well as interest rates for the upcoming bond issue. We expect a competitive rate but that could change but we don't see that as a large risk.

Ms. Wollschlager asked for an explanation for why the pension returns have been so low given our current climate of strong economic growth over the past few years. Mr. Townsend noted that this is a lengthier conversation that we need to have with the Committee. Mr. Hayes suggested that Mr. Townsend describe the structure of the Pension Board to the Committee and citizens. Ms. Malone added that the Pension Board is comprised of both appointed and elected members, some individuals that are elected by the membership and other various seats are appointed. With respect to pensions in general that are a large part of our budget, I think one of the things that we look forward to doing is to understand the investments to a greater extent, and also being able to provide the employees and this committee with further information. The investment income that they have received over the last five years has been less than what the investment rate of return is. As Mr. Townsend mentioned, while we are still on a trajectory of 2030, in order to meet that goal, the amount the employer pays has to make up for that difference. So when the investment rate of return is 7.375%, and the amount of actual return is - 3.44%, additional employer payments are paid in out over a number of years to smooth out the effect over a longer period. The variable that can be adjusted is the employer contribution; employees are paying up to 9% into it, but that is a set percentage. We have heard concerns from our employees and are looking to be more responsive. However, this is an independent board that is not controlled by either the Town Administrator or Deputy Town Administrator and we will provide that information to the Finance Committee as it becomes available. And at this point, we're still waiting on the calendar year 2019 returns so the amounts that are represented and appropriately noted in the budget message

Ms. Wollschlager asked whether the Town Administrator could provide a priority list of things that if budget was available that you would like to see done this year. Ms. Malone said she sees FY21 as a pivotal year because I think it represents a change in trajectory. I'd like to see us look at our needs as one Natick rather than tearing the town apart. My bigger initiative is to do multi-year planning. This idea of cherry-picking the shiny object for one year or another year is something that we have to get away from and that we have multi-year planning and not have these one offs.

Ms. Van Amsterdam: As you look to multi-year planning do you see that Natick will be facing an override. Ms. Malone stated that Natick will need to make a decision for FY22 and opined that the next nine months are very important in determining what the community needs, and what the community wants if there's money remaining. I do not think that even if we were to hold our breath and stand still and have no budget increases, just by compounding naturally, we will not be able to avoid an override in FY22 and I understand I'll need to explain that a little bit better. He forecast that is included in the budget book was completed in September 2019 and we're not seeing numbers that are moving in a positive direction. Absent an override for FY22, sharp cuts

would need to be made and/or raiding stabilization funds and I say raid because, as Mr. Townsend noted, we are continually borrowing money. In fact, when we had the bond rating agency call on January 13, one of the questions was how we are you using our stabilization funds and whether we're complying with our financial management principles. Adhering to these financial management principles is essential to maintaining our AAA bond rating. The bottom line is that, unless we're planning to reduce services, we need an override.

Ms. Van Amsterdam asked whether all town departments and NPS are cognizant of this forecast. Ms. Malone said all municipal department leaders, including Dr. Nolin are aware of the FY22 issue. The budget that we've provided is recognition of where we, as the leaders of various departments, see the town going and what we believe is needed. I have asked all of my colleagues to go through their departments and analyze the things that are working and not working things as well as items that need to increase and those that can decrease. In the next 9 months, the challenge is figuring out what we really need want and what we really want. My concern is that needs are going to be very high and we may not be able to fit in a lot of wants. As a community, we'll need to determine what we can afford to do and what we cannot afford to do.

Mr. DeLuca asked for more information on the two LFNR positions. Ms. Malone suggested that this discussion be deferred until Mr. Marsette, DPW Director is present.

Mr. DeLuca asked whether the demand for police details might be solved through work with other towns in our area. Ms. Malone said that surrounding communities have similar public safety issues and wouldn't be able to backfill police details. The Police Chief can get the specifics, if needed.

Mr. DeLuca RE: the Time and Attendance system, does the proposed system include information security features and is integrated with the town's IT plan and what is the projected maintenance cost following initial installation, and what's the product life cycle of the product? Mr. Townsend said in looking at various systems, MUNIS' operational costs are fairly high and Kronos, the alternative we are looking at is also expensive, so we're trying to find another vendor that provides better value for us than these particular vendors

Mr. DeLuca said the description "blighted area" in the discussion of the need for the Natick Re-Development Authority and wondered where the "blighted areas" in Natick are. Ms. Malone said the Natick 2030 plan refers to areas in town that could be redeveloped or enhanced (industrial parks) or are areas that are underutilized or need improvement. We view the Re-Development authority as a viable way to bring parties together and work together in a nimble manner. I don't think there are statutory requirements that must be met insofar as the funding of

the geographic region. My hope is we would have members who would be able to deliberate on the specifics as to which part of town they want to concentrate on initially.

Mr. Hayes noted that the state statute that authorizes a Redevelopment Authority uses those words inside of the statute itself as guidance, but for instance, there's a town to the west of us that has a similar Redevelopment Authority, and they a redevelopment project in an area that could not be described as a blighted area, but it passed the test to be able to be done through that Redevelopment Authority in that community

Frank Foss, Town Moderator: This is one of the most detailed budgets that I have seen, with explanation and the information that really was necessary. One thing I'd like to take one step further and is the school budget. It's imperative that we not get into the position we were in last year and wait as long as we did to get to a decision. I suggest that the chairman of the Finance Committee, the Town Administrator, and the School Superintendent talk in one language, not starting from two different numbers because you need to get agreement on the starting point. With last year's budget, here's my understanding of what happened. The town appropriation was 67 million plus and the NPS spent \$68 plus million and using one-time revenues and reserves, Using such funds for operating expenses on an ongoing basis is the "kiss of death" is not sustainable. I want to make certain that the Finance Committee carries that message to them. We have been lucky that we've been able to use Free Cash and overlay surplus and certain amounts of money for a period of time. Our luck is up. In the Town Administrator's budget, the revenues and expenses are converging. When I read the budget message, one thing that I that struck me was the projected deficits for FY22, FY23, and FY24 that range from \$1.4 million to \$2.4 million to \$9.1 million. And that's only if we keep doing the things as we're doing today, with no additional services. You need to get this message out to people and say it over and over again. People need to understand that we're going to need overrides to get ourselves out of this mess. Or we're going to have the destruction of some of the everyday services we want in this town. In my opinion, everyone knew of the distance between the government and the School Committee last year – it's the same thing we're facing today and I question why, following Fall Town Meeting when we knew we were spending one-time money on these budgets that we didn't discuss an override then.

Mr. Rooney said there are a number of citizens who told him that the Finance Committee failed in its function to manage the town's money. The Town Moderator has pointed out how important our approach is with this budget because in reading the budget message, the probability of an override is apparent. I think citizens aren't interested in revenues, but are more concerned about expense.

Mr. Linehan asked whether one of the positions on the retirement board is appointed by the Select Board. Mr. Townsend confirmed. Mr. Linehan asked whether Town Administration has a seat on the Retirement Board. Mr. Townsend said that the Comptroller is also on the Retirement Board. Mr. Townsend noted that 2018 investment returns were bad across the board – Natick wasn't an outlier. Ms. Malone added that because 2018 was a one-year loss and the town looks over its contribution needs based on smoothing it over a five year period. Town Administration takes the pension fund performance very seriously and knows that it's going to require attention as we go forward having these discussions with the public about override and the discussion about fixed costs.

Mr. Sullivan noted that in 2012, we built our high school and is constructing a new middle school – what is the total debt for these two projects still on the books. Mr. Townsend said total debt is \$110 million, including the MSBA commitment. Mr. Sullivan asked what the total interest will be for this debt. Mr. Townsend said that he would obtain that information for the Finance Committee. Part of the issue is that the high school bonds were re-financed so I need to verify the amount. Mr. Sullivan noted that the town is creeping up to about \$250 million in capital projects in the last 10 years with maybe \$50 million in total interest. Ms. Malone said this is in the ballpark and Town Administration will provide the committee with the complete debt schedule to substantiate the amount - it is a very large number. We've grown exponentially and have to do a better job is planning across the board.

Mr. DeLuca noted that we have discussed possible overrides, assuming the Natick Redevelopment Authority is created. Public/private development partnerships have been made across the state. Typically, these aren't funded by the private partner. Would the town be in a financial position to pay for these partnerships? Ms. Malone noted that she would defer to the members of the Redevelopment Authority, which is an independent body. The benefit of the public/private partnership is that the Authority can piggy-back on the strong credit rating of the town for borrowing. The purpose of the Redevelopment Authority is to proactively look at redevelopment opportunities so the town is poised and ready when financial conditions are right to redevelop areas of town. I'm being purposely vague in answering this question because it's not in my purview to determine what this independent body would do. Our residential population is 36,000, but we estimate that 70,000 to 100,000 people are in Natick on a daily basis. In a business development context there are opportunities that need to be explored. The Redevelopment Authority has certain financial freedoms that complement the town's financial responsibility and provides a great opportunity because university partners and businesspeople see MetroWest as a place that is going to flourish.

Mr. Coffey asked whether there is opportunity for revenues from marijuana dispensaries. Ms.

Malone said Natick has made significant progress. We have our licensing, we also have an RFI. This topic has been discussed most recently about a month ago before the Select Board and we are scheduled to talk about this in the coming thirty days. I think that the jury's still out on revenue. In talking with department heads, there are a number of compliance issues along with issues such as vaping. In speaking with other communities, it's not clear whether this is a one-time increase and we have to figure out where the watermark is and then plan accordingly.

Mr. Coffey said that the two LFNR positions cost \$180,000 in salary and expenses and \$30,000 in expenses for vegetation management, how much of this is going to support the CRT? Ms. Malone said that it is not a 50/50 split. The new KMS will have a new turf field that requires maintenance and has a much larger footprint. Mr. Marsette can elaborate on this, but again, we want to invest in maintaining our capital investment.

Mr. Coffey said that he raised the issue because his understanding was that the Friends of the CRT planned to raise funds to assist in the upkeep of the rail trail - has any progresses been made on this. Ms. Malone said that she didn't have an amount to report for FY21 and would get back to the committee on this issue.

### Meeting Minutes

Mr. Evans requested that approval of September 24, 26 & October 1, 2019 & October 3, 2019 minutes be put on the January 16, 2020 agenda.

*Mr. Coffey moved to adjourn, seconded by Mr. Evans, voted 12 – 0 – 0*

*Meeting ended at 10:38 PM*