



Town of Natick • Town Administrator

June 29, 2020.

Dear Town Meeting Members:

I hope that you and your family and friends are well during this very trying time.

I would encourage everyone to read the prior budget messages and letters to Town Meeting attached to this correspondence to understand why the COVID-19 crisis has laid bare our community's budget, governance, and oversight shortcomings.

This budget reflects the Board of Selectmen's current requests and feedback from some within our community. It is designed to maintain the status quo. However, it is Town Administration's collective opinion that the continued financial fallout from COVID-19 will require drastic adjustments. Our budgets should reflect our fiscal reality and all of our community members' needs. How we fund and deliver services within our community will be different and we will need to modify our operations accordingly.

Town Administration remains ready, willing, and able to provide pragmatic policy and financial options to consider as we work through all of these matters.

Very truly yours,

Melissa A. Malone

Enclosures



Town Administrator's Fiscal Year Amended Preliminary Budget

June 8, 2020

Dear Honorable Select Board, Finance Committee Members, Town Meeting Members, Town of Natick residents and business owners:

Now more than ever, it is incumbent upon us to act as One Natick and recognize that we are stronger when we are together. We are a community that must continue to be welcoming of different races, genders, cultures, ethnicities, and political viewpoints. We must be willing to hear others' perspectives, and recognize our community must change to evolve.

Given the complexity of our community, we must rely on best available data points and talented professionals to provide sound recommendations and guidance for deliberation by our respective bodies and committees. Every Town department must be transparent in their spending, as residents and businesses will need to contribute more, and we will need every individual and business owner to have faith and understanding of decisions made on their behalf. We must be willing to confront our own bias and budget in a manner that will allow us to meet the diverse needs of all of our residents.

Since the introduction of the original fiscal year 2021 budget on January 2nd, 2020, much has happened in the world causing cataclysmic changes that warrant me as your Town Administrator to issue an amended preliminary budget. It is important to note that the circumstances, economic conditions, and revenue forecasts that were utilized to issue that original preliminary budget in January of this year have completely changed in just a few short months. It would be an unfruitful exercise to assess the changes in this amended budget relative to the one issued in January.

COVID-19 brought catastrophic loss of life, stressed local small business owners already operating on slim margins, and exacerbated issues such as: already declining retail, disrupted supply chains, and affected the financial markets in ways that we never could have imagined. Many things we took for granted changed in the blink of an eye: empty thoroughfares in Boston where bumper-to-bumper traffic was always the norm; an unnatural quiet as we pass public parks on sunny days vacant of children's laughter; one-way lanes at grocery stores; toilet paper becoming a new commodity; and closed school buildings and child care facilities leaving many working parents struggling to carry out their normal jobs and their new roles as part-time educators. Staggering unemployment rates have impacted us all. This has been part of our collective norm since March,

and as we begin re-opening we will all need to adapt to new guidance and protocols to ensure that the public health of employees and residents remain at the forefront of our minds. Many have referred to a "new normal" and in these coming months we will all collectively learn exactly what that looks like and the requirements it places on all of us. Municipal government will need to be nimble, flexible, and responsive to the adaptations required in the new normal.

Even as sadness grips us with the loss of life of our relatives, friends, and neighbors from COVID-19 and the real implications of the unpredictability of the financial times become more defined, we have also seen our community come together in amazing ways. There has been an outpouring of support for each other, increased donations to our local food pantry, 01760-heart grassroots campaign, a local volunteer group sewing face masks for our Town employees and medical professionals on the front lines, birthday and graduation parades recognizing important milestones with participation by our local public safety officers, check-in calls and shopping done for our elderly neighbors, and eye-smiles as we walk about Town with our faces darned with masks.

We all will have pre-COVID-19 and then post-COVID-19 memories, and life will be different in various ways for each of us. While we may harbor some feelings of angst regarding the current state of affairs, we must continue to act with laser focus, cognizant that we must plan and provide the community with detailed information regarding public health and fiscal information. As we do this, we must get more comfortable with being uncomfortable, with making decisions based upon the most accurate information that we currently possess, and we must be willing to recognize that data points will change and we will need to pivot accordingly. Standing still is not an option, we must and will learn from our experiences of the past 3 months, analyze how we have done things in the past years, and adapt to this new world reality.

Executive Summary

Guiding the amended preliminary budget is fidelity to the following core principles: public health, employee retention, critical services, financial resiliency, scalability, and modernization. Moreover, as was noted on January 2, 2020, the amended preliminary budget maintains a commitment to all members of our community, ensuring that we allocate resources to serve all of our needs. Fiscal year 2021 revenues are expected to be negatively impacted - approximately 8.4 million dollars less in revenue as compared to fiscal year 2020.

However, thanks to the fiscal prudence demonstrated by Town Meeting over the years, we have stabilization funds that will help during this time of crisis. Since Fall Annual Town Meeting 2018 1.25 million dollars have been appropriated to General and Operational stabilization funds. While there is no exact consensus of the magnitude of the COVID-19 public health and fiscal impact, strong evidence supports that this downturn will be more dramatic and extensive than what occurred in 2008. Our fiscal forecast of September 2019 noted if we had a fiscal downturn similar to 2008, and reductions of expenses were not made, the Town would only have 18 months of reserves to assist with operational deficits. At this time, there are 9.1 million dollars available in Operational and General stabilization funds and the amended preliminary budget includes the utilization of 2.3 million dollars from General Stabilization.

Due to uncertainty and seemingly unprecedented confluence of events, the amended preliminary budget contains reductions for every Town department. The Natick School Department has the

lowest recommended reduction of (1.05%) from its Fiscal Year 2020 Town Meeting appropriation. Further, the amended preliminary budget includes a 2.75% increase from the school bus subsidy appropriated at SATM 2019, totaling \$421,416. This underscores our continued commitment to the Natick School Department. As of June 8, 2020, the Natick School Department is seeking \$69,001,035. The School Department request is \$1,899,802 over the proposed appropriation within the amended preliminary budget.

Collectively the Town Municipal Departments' reductions total (2.17%) as compared to their collective Fiscal Year 2020 Town Meeting appropriations. Each of the reductions are specified in the attached pages for the community to review. It bears noting that in March of 2020 we instituted a spending freeze. I am appreciative of my colleagues' ingenuity and willingness to contribute to the Town's common cause and anticipate utilizing Municipal Departmental savings as we attempt to close fiscal year 2020 without a deficit.

Revenue Sources and Budget Challenges

At this time, we are unaware of the depths of this recession and many of our questions regarding state aid and local receipts will not be answered until later in the fiscal year. Recognizing possible changes to revenue, however, does not obviate our responsibility to plan based upon information we have to date, even if the numbers are less than what we wished them to be. Given the extent of the COVID-19 crisis, anticipated decreases in funds from the Commonwealth, possible relapse in the fall and/or second wave of COVID-19 infections, anemic retail growth, and uncertainty impinging upon individuals' discretionary spend, the following amended budget includes a 30% reduction in local receipts and 20% reduction in state aid as compared to fiscal year 2020. Even as we anticipate these decreases, we also anticipate modest new growth of 1.25 million (down from 1.8 million in fiscal year 2020), which will allow us to increase the tax levy. The amended preliminary budget includes an increase to the tax levy of 2.9%, totaling an additional 3.5 million in revenue for fiscal year 2021. Consequently, Town residents and businesses will collectively pay 3.5 million dollars more than they paid in fiscal year 2020. The amended preliminary budget depends upon the same collection rate as we have in recent prior years. We recognize that this is difficult, given the required shutdown of many businesses in the last few months and impacts of furloughs and job losses on many of our families. However, we also must collect these monies to fund our community's critical services.

The budget challenges previously identified are exacerbated by our new COVID-19 reality. We anticipate higher fixed cost in the years to come, particularly with respect to pension and healthcare. At the same time, there is a need to retain our talented employees, invest in ourselves, and modernize and improve our infrastructure. We must upgrade antiquated processes, recognizing the changes that impact our ability to deliver services to the community, and be willing to depart with past practices for the future. It is important to consider that as of the date of this message, the following collective bargaining agreements remain open: Clerical (expired as of June 30, 2019), Department of Public Works Supervisors and Laborers (expired as of June 30, 2019), and Fire Department (expired as of June 30, 2018). I will be supporting collective bargaining

agreements with the Police Superiors and Dispatchers at our next Town Meeting. If Town Meeting approves those contracts then the following agreements will expire on June 30, 2021: Police Officers and Superiors, Dispatch, and Library.

Further, in the months ahead we will need frank dialogues with the community and careful analysis of what we can expect from residents, businesses, and the Commonwealth in the near term. It will also mean delineating our community's "wants" and actual "needs" to determine expenditures of our finite resources. The discussions must be based upon accurate estimates, articulated consequences, and aspirations of the entire community.

Solutions and Next Steps

It is a testament to our communal and intellectual strength that there has been robust discussion in the last few months about our revenues and proposed spending. The community wants to understand how their tax dollars are spent, and what services could or will be impacted as a result of any budget changes. All Town departments have the opportunity to use the same transparent platforms on ClearGov to explain changes to their budgets. In addition, we look forward to introducing the capital plan feature on the Cleargov platform to more clearly articulate our capital needs and costs.

And while Town Meeting is scheduled for July, there are opportunities ahead for community discussion and dialogue. We look forward to hosting a community forum later in the month to present information and hear resident and business feedback. Town Administration will continue to explore opportunities to maintain or expand services through private/public partnerships. Additionally, once we have an opportunity to gather more specific information on what is occurring within Natick, Town Administration will be able to provide a revised multi-year budgeting forecast.

It also bears worth noting that Natick is a community that hosts two annual Town Meetings and this affords us the ability to make any necessary adjustments that more information and certainty related to revenues and forecasts would afford. We are hopeful that conditions recover quicker than most economists predict and if they do, we will be in a position to adjust and alter budgets in the future accordingly. I make the commitment to the entire community that if we are afforded this opportunity, we will take full advantage of it.

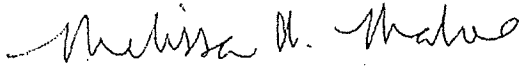
One community leader noted to me that it seemed like "I was juggling machetes on a tightrope". While that feels like an apt description on some days, I also believe we are capable of getting to the other side of the rope together. None of us is to blame for COVID-19 besieging our lives. But we will be held responsible if we ignore the present and fail to take into account all of the impacts within our community. This will mean asking and answering tough questions.

I am pleased to have by my side talented employees, including but not limited to Deputy Town Administrators, School Administrators, Town department leaders who are asking how they can evolve and improve the delivery of their critical services for the entire community. They are learning from other communities and institutions, seeking to employ best practices, and willing to challenge the status quo. Together we have the smarts, courage, and determination to serve the

community today and into the future. Moreover, I take solace that the Town of Natick has persevered through challenging times in our past. I am confident that our community will rise to the occasion and make the necessary decisions in support of the diverse needs of Natick today - and, more importantly, the Natick of tomorrow.

I wish you and your families all the best during this trying time. Be well and stay safe.

All the best,

A handwritten signature in cursive script, reading "Melissa A. Malone". The signature is written in dark ink and is positioned above the printed name.

Melissa A. Malone



Town Administrator's Fiscal Year 2021 Budget Message

January 2, 2020

To the Honorable Select Board, Finance Committee, Town Meetings Members, Town of Natick's residents and business owners, it is with honor that I submit the Town Administrator's Fiscal Year 2021 budget.

We are all fortunate to be able to call Natick our home and to be able to enjoy the amenities of living in a full service community. From clean water coming from our taps, to education, to public safety, to snow and ice removal, to public health safety, to processing building permits and inspections – we truly do it all and we do it well. As we move forward in the coming months, it is imperative that all Town departments operate as a cohesive unit so that everyone can thoughtfully plan for the community's future. With fidelity to data driven analysis and realistic budgeting, we can then delineate our entire community's needs and accordingly design ways to achieve our objectives. This budget represents just one of multiple steps toward realizing a more holistic community vision.

I am pleased to report that we continue to make progress with our community infrastructure improvements. We anticipate that the new Kennedy Middle School and the West Natick Fire Station will open early in calendar year 2021. Further, two new playgrounds are substantially complete, Connor Heffler Park and Whitney Field at Navy Yard (totaling more than 4 million dollars of recreational investments). Additionally, our Little Leaguers will be able to enjoy our ball fields at Hunnewell with additional improvements totaling approximately 185k. This coming spring we will also be opening the Town's first dog park – Eddie's Park.

We continue to work toward upgrading our infrastructure, and the Spring of 2020 will bring sidewalk and road improvements to South Main Street, along with the beginning phase of construction for North Main Street/Route 27 and the new downtown Natick MBTA Station, and later in calendar year 2020 the rail trail will be substantially completed. Along with the South Main Street project, the capital plan for FY 2021 has over 7.5 million dollars of important projects to our community including: 3.4 million dollars in road and sidewalk improvements; an expanded and improved parking lot for Bennett Hemenway Elementary school; updated public safety radio equipment; funding for parks and fields improvements and over 10 trees to keep Natick green. You can find a complete list of projects in the Town of Natick Capital Project Plan at the back of this budget book.

Our proximity to Boston and fiscal prudence has provided us with an abundance of resources, from increased tax revenue to new community members who share different experiences and cultures. However, I would be remiss if I failed to note rising compounding fixed costs, even with strong business growth has a financial reality. This past September Town Administration provided the community with a five-year fiscal forecast to demonstrate how our historic spend correlates to our anticipated revenues. The compounding fixed increases will outpace revenue growth in fiscal year 2022, even with minimal rising costs in the Town's departments. Consequently, with the fiscal year 2021 budget it is critical to demonstrate our commitment to all town employees, residents, local businesses, and bond rating agencies. The preliminary budget takes into account all of our departments, all of our residents, and stakeholders and allows us as a community to utilize the coming months for dynamic and thoughtful planning without raiding our reserves. It is my hope that this budget pivots our community in the direction of accurate and dependable 3 and 5 year budgeting cycles that are data driven and continually evaluated in a transparent and clear manner.

Executive Summary

The proposed budget underscores a commitment to all members of our community, at the same time ensuring fiscal longevity so that we can continue to borrow monies for our schools and municipal buildings. It is estimated that the Town of Natick's budget will be slightly over 161 million dollars for fiscal year 2021 (this represents an increase of approximately 3.4 million dollars over Town Meeting's fiscal year 2020 appropriations), and assumes utilization of all allowable dollars within Proposition 2 ½. The proposed budget provides for a 1.4% increase for municipal departments and 5% increase for the Natick School department over the Spring Annual Town Meeting (SATM) 2019 appropriations (fiscal year 2020). The Natick School Department has requested 7.4% (\$5,302,414) over the Town Meeting appropriation of \$67,810,346. This preliminary budget provides \$3,392,143 in additional funds for the Natick School Department over Town Meeting's SATM 2019 appropriation.

There is one new caveat within the proposed budget as compared to last year's budget – the use of \$500,000 of overlay, which is still subject to approval of the Board of Tax Assessors. Analysis and review of pending matters and historical data, provided to Town Administration allowed us to conclude this reduction was a reasonable means to ensure that our School Department had this one-time additional resource. On January 3, 2020, I will formally request that the Board of Assessors consider releasing these funds for the fiscal year 2021 budget.

Revenue Sources, Budget Challenges, & Solutions

Town revenue sources for municipal budgets are limited, with the primary sources of revenues coming from property taxes (73%), local receipts (11%) and State Aid (9%). This narrow revenue stream, compounded by the restrictions of Proposition 2 ½ leaves Natick (like other municipalities), facing a constant erosion of its spending power as fixed costs such as salaries, health care, pension costs (to name just a few) rise. This means we are vulnerable to economic downturns as accelerating expenses outpace our revenues. At this time, the forecast shared during the fall of 2019 remains accurate regarding our reserves, specifically that we would have approximately 18 months of reserves to preserve existing Town services should there be a sustained downturn in the economy. Given the legitimate concerns about softening of the economy and historic market corrections that have taken place, preservation of stabilization funds for their articulated purposes remains my recommendation.

As of the end of fiscal year 2019, our New Growth helped increase our levy for fiscal year 2020 by approximately 1.8 million. All totaled the increase in the tax levy creates an additional 3.4 million dollars of revenue for the Town of Natick for FY 2020. While this is an increase over the previous year and it is certainly something that we welcome, the projections for FY 2021 are significantly lower. This abrupt fluctuation serves as a reminder why all department budgets should track with a shared fiscal reality and the importance of maintaining adequate reserves. Given the Town of Natick's revenue restrictions and rising fixed costs, it is impossible for any department budget in excess of 8-10 million dollars to see 4% consecutive growth for a decade without creating the need for an override and/or reducing residents' services by cutting other departments' budgets.

Our budget challenge from last year remains the same, increasing fixed cost limits our ability to fund department initiatives necessary to maintain municipal services. Given the Town of Natick's pension plan return for calendar year 2018 (- 3.44%) and taking into account its 5 year investment performance (5.96%) and its assumed investment rate or return of 7.375% it seems likely that the employer contributions for this pension fund will increase more than previously estimated and should be tracked closely. For fiscal year 2021, the employer contribution is 7.67% higher than fiscal year 2020 appropriation. Further, we continue to explore solutions regarding mitigating the Town's liability with respect to the LIUNA pension plan. Healthcare costs remain an

issue, and in the coming year we will report out on options that are available as the Town's healthcare agreement with all collective bargaining unions expires on June 30, 2021.

Understanding the nuances of these benefits is complex and difficult to extrapolate, however, it is something that we must do. I am hopeful that the sense of urgency and positive deliberation will be contagious and mark the beginning of community discussions about the future of our Town. This will require frank dialogue, analysis, careful consideration of what we can expect from residents, businesses, and the Commonwealth in the near-term future, and understanding of economic forecasts beyond Natick's border. Some of these conversations will require distinguishing between our "needs" and "wants" and what we are going to do the same or differently in the years ahead. Absent these thorough and honest discussions about how our finite resources are spent could result in arbitrary reductions in services.

Paramount to these discussions is that we recognize that this is about something bigger than any one Town department. Consider for example, that Natick 2030 is complete and now we must integrate our actions items within departments' budgets and initiatives. This means modernizing our municipal technology and embracing new ways to organize and solve problems. While systematically going through our action items articulated within Natick 2030, it seems that we cannot ignore change that is happening across communities in our country and region - individuals selecting to have less children, individuals living longer in their own homes and wanting to live in smaller places independently, individuals seeking more communal places to gather and enjoy recreation options and nature, individuals frustrated with transportation delays - these are all real and will impact our departments and our community. We must prioritize what we need and want as a community, think boldly and recognize that that the past is not the carbon copy of our future.

In the coming months, while the fiscal 2021 budget is being deliberated upon by the Finance Committee I anticipate presenting to the Select Board specific information on why an operational override will be required for fiscal year 2022 and accompanying analysis that will need to be completed by all departments. At the same time, we will need your input and participation. And while this is all happening, including feedback from the community, I will be working with Town Department heads to explore and to articulate initiatives for the coming 2-5 years that we believe are responsive to the community. We understand with great challenge there is great opportunity, and truly believe we can design budgets with clarity and focus that meets the needs of today and tomorrow.

What is new for Fiscal Year 2021?

Over the years, we have seen increased growth in commercial and residential developments, however, our municipal departments have not kept pace and there is much by way of needed modernization of systems and functions that will enable us to better service the community. Our resident population is estimated to be 36,000, while our daytime population may be as high as 100,000 depending upon the time of year. This presents the Town of Natick with an opportunity for further business growth but also exacerbates existing problems for our infrastructure and services. Recognizing the immediate community needs and along with our fiscal reality, this preliminary budget funds approximately 825k in new initiatives for fiscal year 2021:

- Additional 2 Police Officers to assist in traffic safety
- Additional 2 DPW employees to assist with rail trail and new Kennedy Middle School exterior maintenance
- Additional 2 part-time staff members for the Teen Center that has seen increased utilization
- Additional 2 custodians for the new Kennedy Middle School
- Seed money for the creation of a Redevelopment Authority to assist in downtown improvements
- Increased community library programming

➤ Funds to ensure compliance with Massachusetts Equal Pay Act

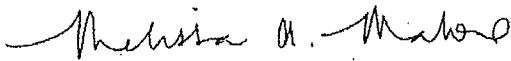
Town Administration recognizes that the proposed budget represents significant asks of our residents. It means increases in taxes, which in our eyes requires increased transparency so everyone is aware of how their tax dollars are being spent. Similar to last year, we will utilize www.cleargov.com to show all municipal departments proposed spend and how it compares to prior years. We are hopeful sharing information in this easy to use format, will encourage thoughtful dialogue.

Additionally, there will be a public forum on January 22, 2020 at 7:00 pm at the Community Center to present budget information to our residents and local business owners and further explain multi-year budgeting philosophy and Town Administration's thoughts on next steps.

Many thanks to all the Town of Natick's employees who ensure that our community provides first-class service 365 days of the year. We are grateful for your dedication and all the extra efforts you take to make Natick a special place to live and work.

I wish you and your families all the best for the New Year.

Warm regards,

A handwritten signature in cursive script, appearing to read "Melissa A. Malone".

Melissa A. Malone

/mam



Town of Natick

December 20, 2019

Dear Town Meeting Members:

We are writing to you to express our thoughts on the present and the future and what we as appointed leaders in a variety of specialties see for the Town of Natick. Along with the talented elected and appointed individuals who help within the community, the Town of Natick provides public services from the following departments: Fire, Police, Schools, Public Health, Public Works, Community and Economic Development, Human Resources, Finance, Parks and Recreation, Facilities, Community Services, Information Technology, Morse Institute Library, and Bacon Free Library. While we (the undersigned) have various tenures working for the Town of Natick, we are unanimous in our thoughts about what we believe this community needs. We need to focus on **1 Natick** and holistically approach the opportunities and challenges that are present and on the horizon.

As the Town's leaders, we recognize that we are but one part of a whole, and want to plan, and thoughtfully move forward together in a cohesive way for the community's future. We believe that it is paramount for the Town of Natick to recognize every household - from working professionals, to empty nesters, to individuals just entering the workforce, to single parents, to seniors, to parents raising their children, to adults caring for their children and parents simultaneously. We recognize that everyone in our community deserves attention and focus and our Town's budgets should be reflective of all of our residents' needs. We are pleased to be able to provide the community with exceptional services including but not limited to:

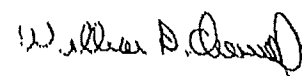
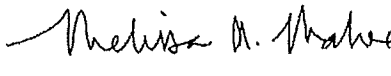
- Plowing snowy and icy roads and parking lots for our municipal and school buildings;
- Educating and caring for the Town of Natick's children;
- Monitoring the Town's water supply and food facilities to ensure your safety;
- Repairing and improving your roads and sidewalks;
- Maintaining responsive programming for seniors;
- Assisting in the building of new infrastructure;
- Providing 24-hour police, fire, and EMS responses from dedicated professionals;
- Launching and maintaining comprehensive solutions to substance use issues that have impacted many families;
- Ensuring all safety inspections are complete for developments and building improvements;
- Contributing to business and economic growth throughout the Town;
- Processing permit applications that ultimately help provide for New Growth and Free Cash;
- Offering extensive recreational options for children and adults;

- Collecting with dependability your trash and recycling; and
- Creating and maintaining interactive programming and expansive library services.

Over the last decade, each of our departments has felt the impact of the Town's growth and development albeit in different ways. There are no do-overs, and we do not wish to re-live the past. However, we believe that it is our responsibility to plan, to commit, and to move forward together as **1 Natick**.

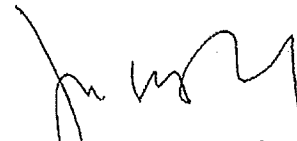
We all believe that we must turn a corner now. We must squarely focus with one voice and work to ensure that the Town's budgets truly champion **1 Natick**. In the coming months, as the Legislative Body of the Town we welcome you to participate in the public conversations that we will be having about our goals and objectives, initiatives, and the resources that we will need to continue to deliver first-class services to our community. We live in an ecosystem that is dependent upon the success of all departments. Together, we must collaborate to remove the barriers to our success. We need your help, input, and participation to ensure that the community will thrive in the years ahead. Thank you in advance for your willingness to devote your time and efforts to the Town of Natick.

Very truly yours,

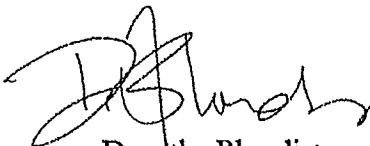


Melissa A. Malone
Town Administrator

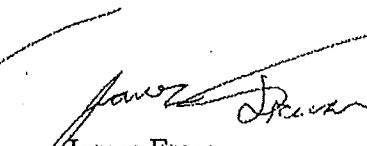
William D. Chenard
Deputy Town Administrator



John M. Townsend
Deputy Town Administrator
Director of Finance



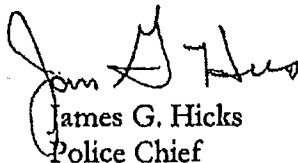
Dorothy Blondiet
Director of Human
Resources



James Freas
Director of Community
Economic Development



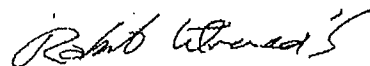
John Gadson
Director of Facilities



James G. Hicks
Police Chief



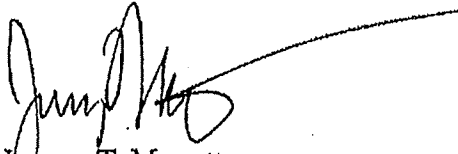
Jason Homer
Director Morse Institute Library



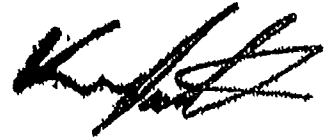
Robert LaFrancois
Director of Information
Systems



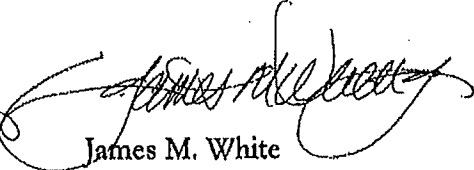
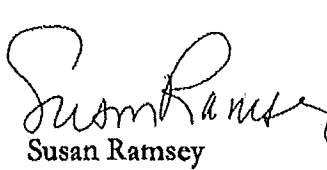
Michael Lentini
Fire Chief



Jeremy T. Marsette
Director of Department of
Public Works



Karen Partanen
Director of Parks & Recreation



Susan Ramsey
Director of Senior Center
& Community Services

James M. White
Director of Public Health



October 4, 2019

Dear Town Meeting Members,

Thank you again for volunteering your time and efforts for our community. As the leaves continue to fall, we walk and drive to Wilson Middle School for Town Meeting.

In the coming year, I urge us all to come together to honestly look at how we have historically spent our tax dollars and make thoughtful decisions about our future. During calendar year 2018, we proposed and supported two debt exclusions and completed the largest ever borrowing in the Town's history. Along with the presentations to Town meetings (Fall Town Meeting 2018 and Spring Town Meeting 2019) and correspondence shared with all taxpayers, Town Administration developed comprehensive fiscal forecasts to help our entire community understand the fiscal challenges that lay ahead. I encourage you all to review this information to understand where we have been and our current trajectory. The Financial Indicators and Fiscal Forecasts can be found at <https://www.natickma.gov/DocumentCenter/View/8693/Financial-Indicator-and-Trend-Analysis--10-4-2019> . Further, for your convenience a detailed memorandum and the forecasts are also included in the appendix of this recommendation book.

With respect to the very near term, the estimates provided in Spring of 2019 closely track where we estimate the Town to be in fiscal years 2020 and 2021. As we look further on, I recognize seeing deficit numbers creates angst among many including: young homeowners; families in the middle juggling assistance to aging parents and their own children's needs; Town employees; and seniors living on fixed incomes.

However, I see this budget challenge as an opportunity – a chance to recognize successes in our past, improve upon budgetary transparency, creatively find solutions, and together chart a prosperous sustainable path forward. There will certainly be tough conversations but in the end, our Town will be stronger after critically analyzing the past, discussing what we need, and want for our future. We are fortunate to have talented professionals across Town and dedicated committee members, who care and are willing to spend the time to find feasible ways to adapt to change, who understand that the past is not identical to how we will handle the future, and who are willing to see things from different perspectives.

Financial Update



Select Board

March 24, 2020

Thank you!

- To Town Employees
- To the Board of Selectmen
- To all Department Heads
- To sister Boards, community leaders , other municipalities
- To our residents
- Together we are pulling together to address these unprecedented challenges

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 been presented during this crisis and modernized 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.

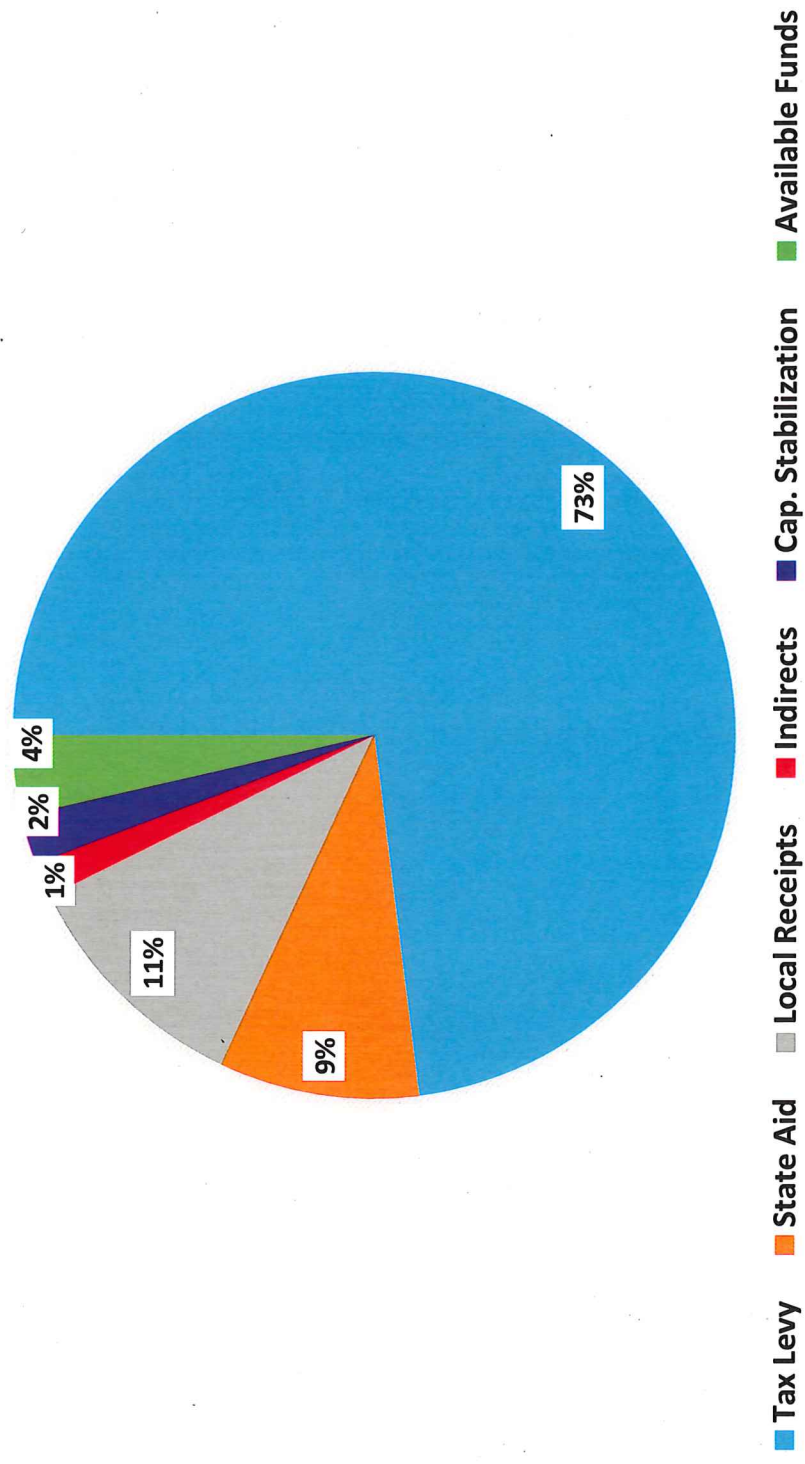
How will we do this

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

Budget Updates - Process

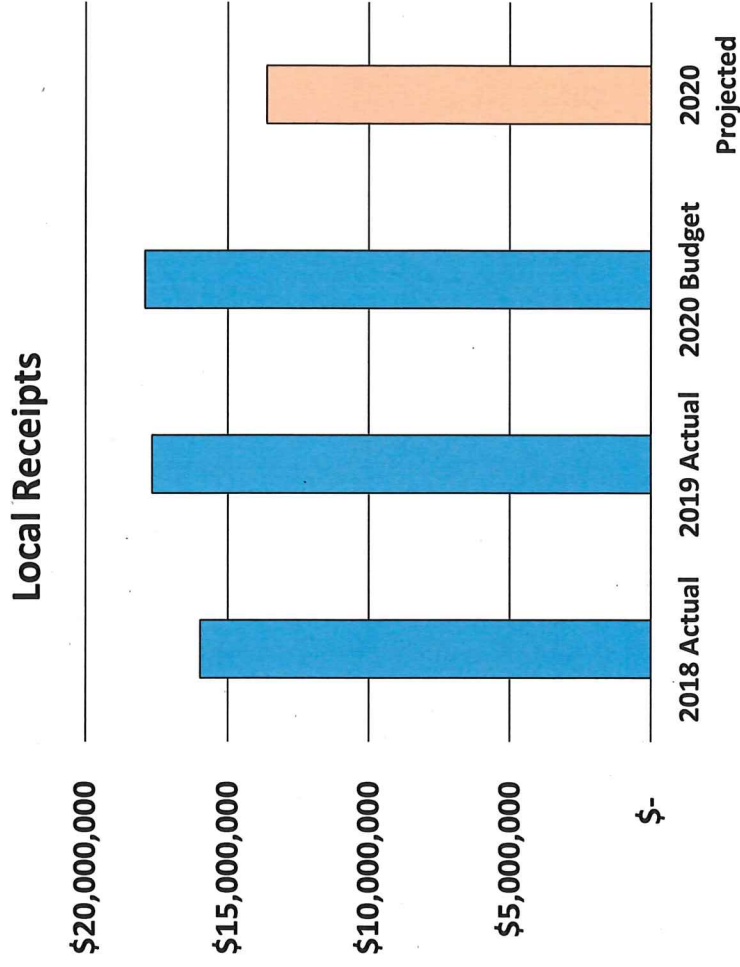
- With the outbreak of COVID-19, Town Administration began financial modeling to ensure continuity of essential services.
- Financial models are preliminary, and will evolve as new information is available.
- The following slides contain initial forecasts of FY20 year-end estimates of revenue and expenses.
- I will provide a revised FY21 budget by mid-April to the Board of Selectmen

Town of Natick Revenue Budget FY20



Revenue Projections

- At this time, all revenues except for local receipts are anticipated to come in as budgeted
- Estimated local receipts are \$13.6M compared to \$17.9M budgeted.



Local Business Survey

We were lucky to already have a takeout system in place which is keeping us afloat, I feel bad for the places who don't have one" – *Large sit down Restaurant*

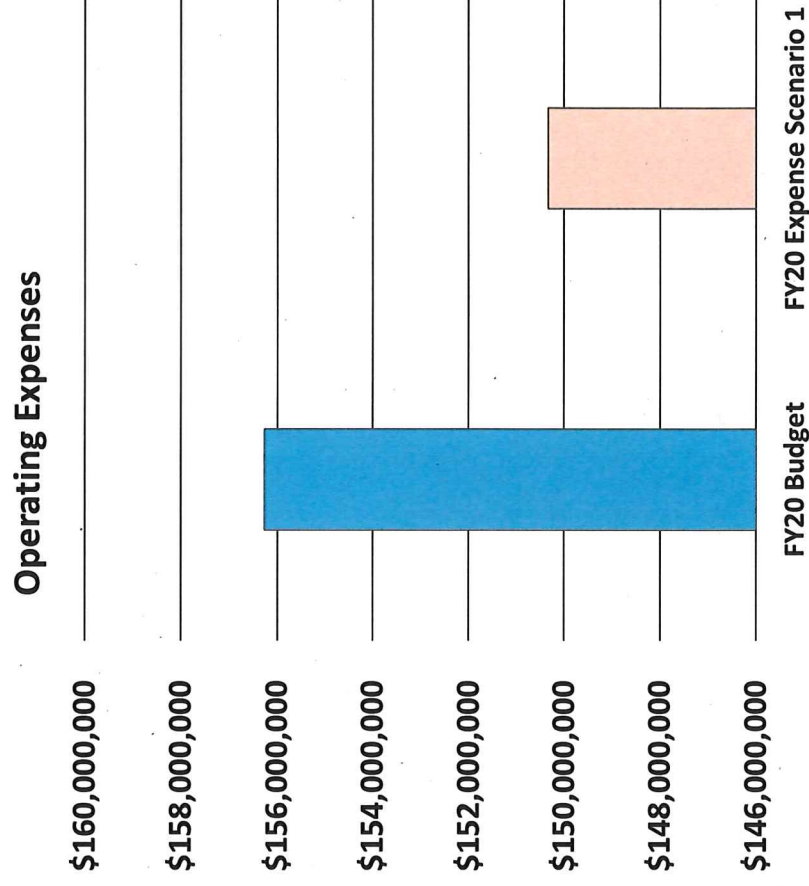
"There is nobody here now except us (The Owners), we have had to lay everybody else off. Alcohol is a big part of our revenue and with the takeout restriction we don't know what to do. We have only enough money until the end of the week to stay open"- *Local Café*

"I don't really know how we will deal with this in the future, but initial thoughts are that we will not wait for the states directions any longer, we will have to take action (Layoffs) quicker" –*Sit down Restaurant*

"I don't really know what the future is, because to be honest we are new as a hotel and there just is not a lot of historical data to see what we need to do or how we deal with this situation" – *Hotel Management*

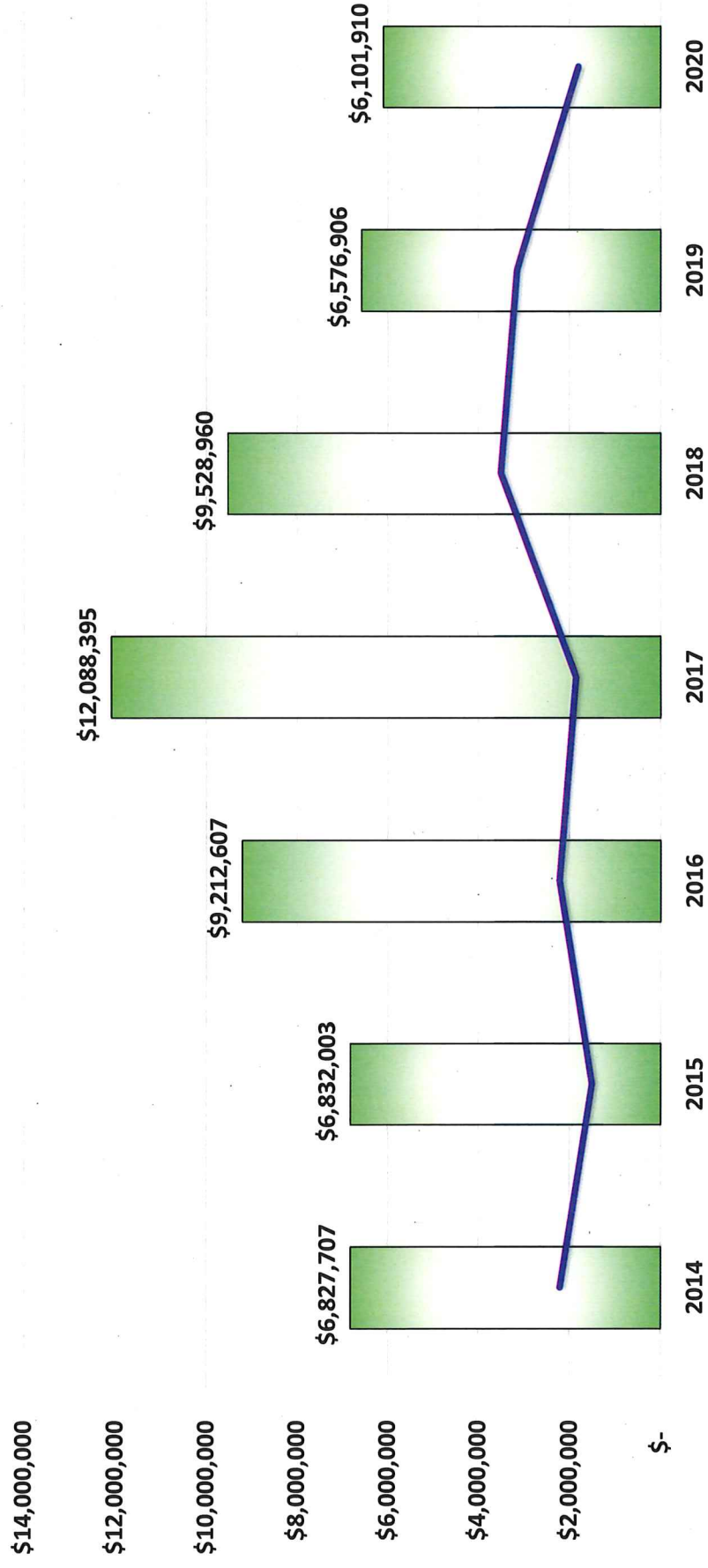
Expense Projections

- Operating expense accounts are as of 3/20/20, unless the account is a fixed cost. Shared expenses have been projected to year-end.
- Working with all departments in the coming weeks to determine savings that may be present due to services not being offered.



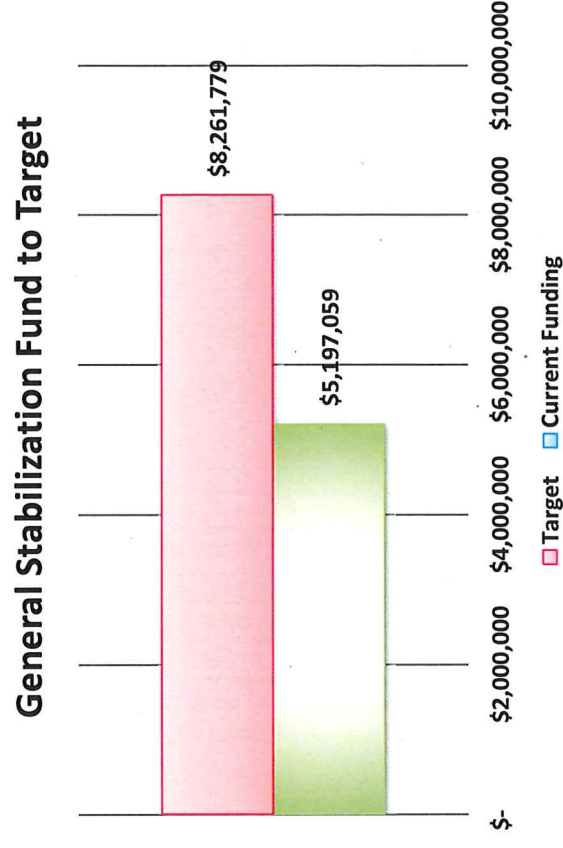
Free Cash History

Certified Free Cash & Free Cash Used for Operations



General Stabilization Fund

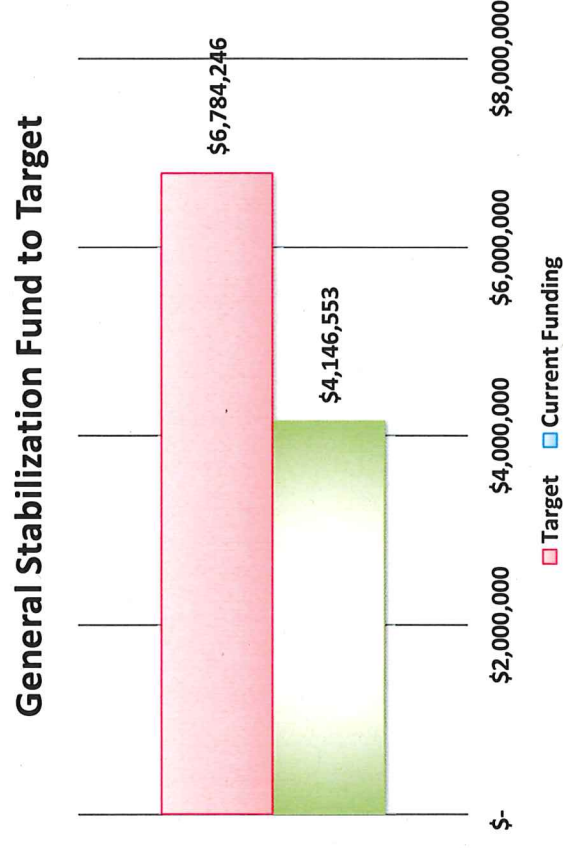
Fiscal Year	Beginning Balance	Transfer In	Transfer Out	Investment Income	Ending Balance
2015	\$4,305,656	\$150,000		\$20,275	\$4,475,931
2016	\$4,475,931			\$26,969	\$4,502,900
2017	\$4,502,900			\$27,745	\$4,530,645
2018	\$4,530,645			\$39,659	\$4,570,303
2019	\$4,570,303	\$250,000		\$86,341	\$4,906,644
2020	\$4,906,644	\$250,000		\$40,415	\$5,197,059



- **Purpose** – For unforeseen and catastrophic expenses
- **Balance** - \$5,197,059 (63% Funded)
- **Benefits** – Financial flexibility in case of emergencies, and a strong bond rating

Operational Stabilization Fund

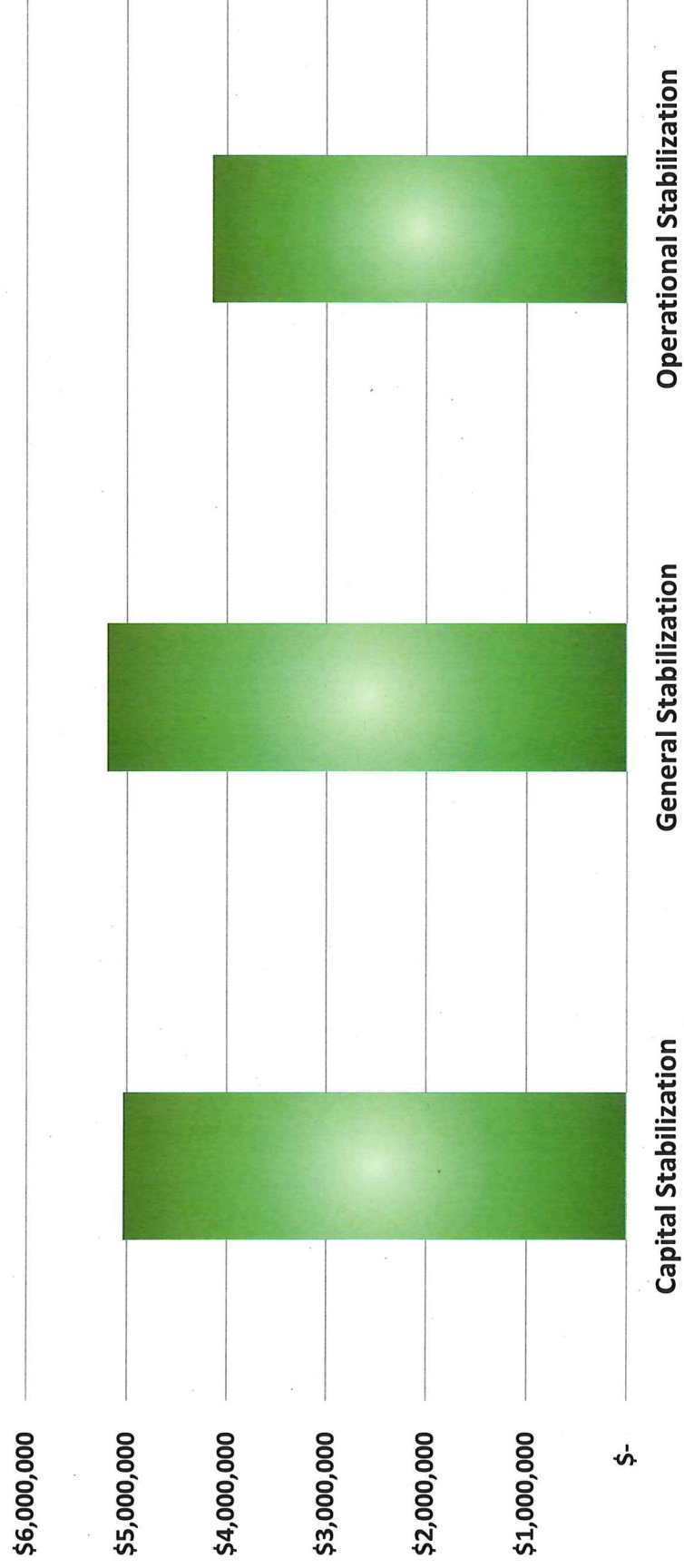
Fiscal Year	Beginning Balance	Transfer In	Transfer Out	Investment Income	Ending Balance
2015	\$1,717,933	\$625,000		\$41,472	\$2,384,405
2016	\$2,384,405			\$96,918	\$2,481,323
2017	\$2,481,323			\$67,417	\$2,548,740
2018	\$2,548,740	\$500,000		\$21,755	\$3,070,495
2019	\$3,070,495	\$250,000		\$226,461	\$3,796,956
2020	\$3,796,956	\$250,000		\$99,596	\$4,146,553



- **Purpose** – Augmenting operations in case of a sustained economic downturn
- **Balance** - \$4,146,553 (61% Funded)
- **Benefits** – Financial flexibility in case of a recession, and a strong bond rating

Stabilization Fund Balances

Fund Balances FY20



Planning Ahead & Next Steps

- Continue to provide essential services to residents
- Attempt Bond Refinancing (within levy and excluded debt)
- Broad discussion with all Town departments about expenses FY 20 & revised FY 21
- Implement hiring freeze for any new positions
- Assess impact of new federal and state legislation
- Cease all non-essential operating expenses
- Continue to update FY20 year-end projections
- Likely need a reserve fund transfer to cover COVID-19 costs – FY 20
- Revise FY21 budget
- Discuss possible creation of CV-19 Task Force

S&P Global Ratings

S&P Global Ratings List of Rated AAA/AA+ Municipalities AS OF NOVEMBER 4, 2020

This list was prepared by individuals on behalf of the USPF Group of S&P Global Ratings and is current as of November 4, and complete information on any credit ratings referenced in this list, please visit www.standardandpoors.com.

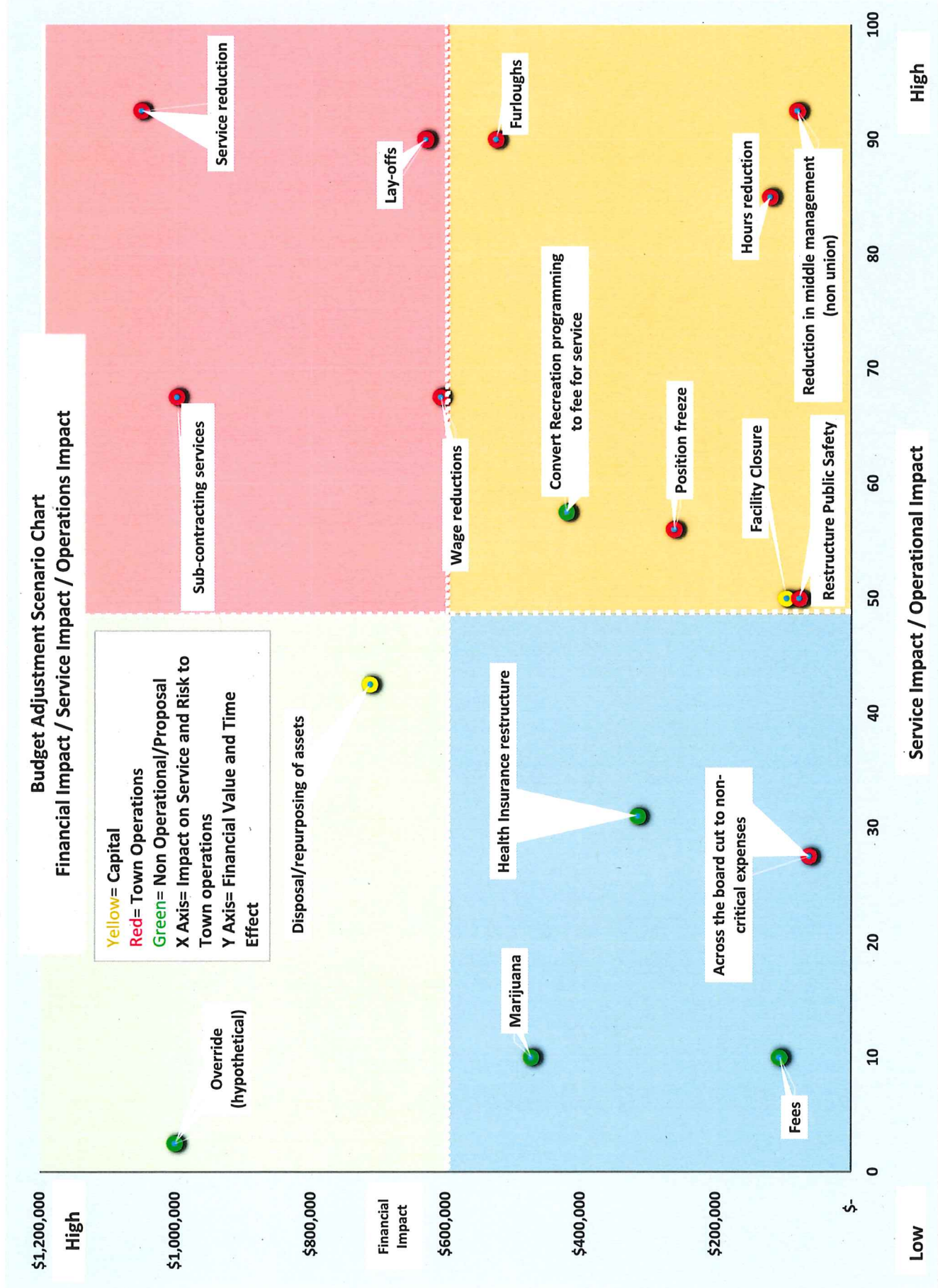
Organization	State	Rating	Outlook	Creditwatch
Lincoln Twn	MASSACHUSETTS	AAA	STABLE	
Hamilton-Wenham Regl Sch Dist	MASSACHUSETTS	AAA	STABLE	
Hadley	MASSACHUSETTS	AAA	STABLE	
Hopkinton Twn	MASSACHUSETTS	AAA	STABLE	
Norwell Twn	MASSACHUSETTS	AAA	STABLE	
Chatham	MASSACHUSETTS	AAA	STABLE	
Marblehead Town	MASSACHUSETTS	AAA	STABLE	
Lincoln-Sudbury Regl Sch Dist	MASSACHUSETTS	AAA	STABLE	
Dover-Sherborn Regl Sch Dist	MASSACHUSETTS	AAA	STABLE	
Hamilton Twn	MASSACHUSETTS	AAA	STABLE	
Topsfield	MASSACHUSETTS	AAA	STABLE	
Acton Boxborough Regl Sch Dist	MASSACHUSETTS	AAA	STABLE	
Bolton Town	MASSACHUSETTS	AAA	STABLE	
Boston	MASSACHUSETTS	AAA	STABLE	
Cambridge	MASSACHUSETTS	AAA	STABLE	
Dartmouth	MASSACHUSETTS	AAA	STABLE	
Reading	MASSACHUSETTS	AAA	STABLE	
North Andover	MASSACHUSETTS	AAA	STABLE	
Brewster Town	MASSACHUSETTS	AAA	STABLE	
Canton Twn	MASSACHUSETTS	AAA	STABLE	
Hingham Twn	MASSACHUSETTS	AAA	STABLE	
Marlborough	MASSACHUSETTS	AAA	STABLE	
Watertown	MASSACHUSETTS	AAA	STABLE	
Danvers Twn	MASSACHUSETTS	AAA	STABLE	
Littleton	MASSACHUSETTS	AAA	STABLE	
Arlington	MASSACHUSETTS	AAA	STABLE	
Burlington	MASSACHUSETTS	AAA	STABLE	
Westford Town	MASSACHUSETTS	AAA	STABLE	
Winchester	MASSACHUSETTS	AAA	STABLE	

Milton	MASSACHUSETTS	AAA	STABLE	
Dedham	MASSACHUSETTS	AAA	STABLE	
Wellesley	MASSACHUSETTS	AAA	STABLE	
Weston	MASSACHUSETTS	AAA	STABLE	
Ashland	MASSACHUSETTS	AAA	STABLE	
Natick	MASSACHUSETTS	AAA	STABLE	
Needham	MASSACHUSETTS	AAA	STABLE	
Westwood	MASSACHUSETTS	AAA	STABLE	
Mashpee Town	MASSACHUSETTS	AAA	STABLE	
Medway	MASSACHUSETTS	AAA	STABLE	
Cohasset Town	MASSACHUSETTS	AAA	STABLE	
Newburyport	MASSACHUSETTS	AAA	STABLE	
Welfleet	MASSACHUSETTS	AAA	STABLE	
Orleans Twn	MASSACHUSETTS	AAA	STABLE	
Northampton	MASSACHUSETTS	AAA	STABLE	
Mattapoisett	MASSACHUSETTS	AAA	STABLE	
Harwich	MASSACHUSETTS	AAA	STABLE	
Dennis	MASSACHUSETTS	AAA	STABLE	
Great Barrington	MASSACHUSETTS	AAA	STABLE	
Sudbury	MASSACHUSETTS	AAA	STABLE	
Barnstable	MASSACHUSETTS	AAA	STABLE	
Falmouth Twn	MASSACHUSETTS	AAA	STABLE	
Chilmark Town	MASSACHUSETTS	AAA	STABLE	
Boxborough Twn	MASSACHUSETTS	AAA	STABLE	
Stow Twn	MASSACHUSETTS	AAA	STABLE	
Sherborn	MASSACHUSETTS	AAA	STABLE	
Foxborough Twn	MASSACHUSETTS	AAA	STABLE	
Harvard Town	MASSACHUSETTS	AAA	STABLE	
Duxbury Twn	MASSACHUSETTS	AAA	STABLE	
Groton Twn	MASSACHUSETTS	AAA	STABLE	
Acton Twn	MASSACHUSETTS	AAA	STABLE	
Westborough Twn	MASSACHUSETTS	AAA	STABLE	
Marion Twn	MASSACHUSETTS	AAA	STABLE	
Wenham Twn	MASSACHUSETTS	AAA	STABLE	
Bedford Twn	MASSACHUSETTS	AAA	STABLE	
Andover	MASSACHUSETTS	AAA	STABLE	
Southborough	MASSACHUSETTS	AAA	STABLE	
Manchester-By-The-Sea	MASSACHUSETTS	AAA	STABLE	
Boxford	MASSACHUSETTS	AAA	STABLE	
Wakefield Twn	MASSACHUSETTS	AAA	STABLE	

Newton	MASSACHUSETTS	AAA	STABLE	
Ipswich Twn	MASSACHUSETTS	AAA	STABLE	
Lenox	MASSACHUSETTS	AAA	STABLE	
Lexington Twn	MASSACHUSETTS	AAA	STABLE	
Brookline	MASSACHUSETTS	AAA	STABLE	
Belmont Twn	MASSACHUSETTS	AAA	STABLE	
Shrewsbury	MASSACHUSETTS	AAA	STABLE	
Woburn	MASSACHUSETTS	AAA	STABLE	
Newbury	MASSACHUSETTS	AAA	STABLE	
Plymouth	MASSACHUSETTS	AA+	STABLE	
Quincy	MASSACHUSETTS	AA+	STABLE	
Somerville	MASSACHUSETTS	AA+	STABLE	
Tewksbury Twn	MASSACHUSETTS	AA+	STABLE	
Wilmington	MASSACHUSETTS	AA+	STABLE	
Lakeville	MASSACHUSETTS	AA+	STABLE	
Dennis-Yarmouth Regl Sch Dist	MASSACHUSETTS	AA+	STABLE	
West Bridgewater	MASSACHUSETTS	AA+	STABLE	
Berlin Town	MASSACHUSETTS	AA+	STABLE	
Sturbridge Town	MASSACHUSETTS	AA+	STABLE	
Holliston	MASSACHUSETTS	AA+	STABLE	
Masconomet Regional Sch Dist	MASSACHUSETTS	AA+	STABLE	
Eastham	MASSACHUSETTS	AA+	STABLE	
Easthampton	MASSACHUSETTS	AA+	STABLE	
Essex	MASSACHUSETTS	AA+	STABLE	
King Philip's Regional School District	MASSACHUSETTS	AA+	STABLE	
Wareham	MASSACHUSETTS	AA+	STABLE	
Mansfield	MASSACHUSETTS	AA+	STABLE	
Monomoy Regional School District	MASSACHUSETTS	AA+	STABLE	
Mendon Upton Regl Sch Dist	MASSACHUSETTS	AA+	STABLE	
Rowley Town	MASSACHUSETTS	AA+	STABLE	
Leicester Town	MASSACHUSETTS	AA+	STABLE	
Nauset Regl Sch Dist	MASSACHUSETTS	AA+	STABLE	
Nantucket Twn	MASSACHUSETTS	AA+	STABLE	
Hampden Twn	MASSACHUSETTS	AA+	STABLE	
Manchester Essex Regional School District	MASSACHUSETTS	AA+	STABLE	
Freetown	MASSACHUSETTS	AA+	STABLE	
Marshfield Twn	MASSACHUSETTS	AA+	STABLE	
Billerica Twn	MASSACHUSETTS	AA+	STABLE	
Medford	MASSACHUSETTS	AA+	STABLE	
Agawam	MASSACHUSETTS	AA+	STABLE	

West Tisbury Twn	MASSACHUSETTS	AA+	STABLE	
Provincetown	MASSACHUSETTS	AA+	STABLE	
Norwood	MASSACHUSETTS	AA+	STABLE	
Rochester	MASSACHUSETTS	AA+	STABLE	
Norton Twn	MASSACHUSETTS	AA+	STABLE	
Braintree	MASSACHUSETTS	AA+	NEGATIVE	
Holden	MASSACHUSETTS	AA+	STABLE	
Sandwich Twn	MASSACHUSETTS	AA+	STABLE	
Chelmsford Twn	MASSACHUSETTS	AA+	STABLE	
Rockport Twn	MASSACHUSETTS	AA+	STABLE	
Waltham	MASSACHUSETTS	AA+	STABLE	
Lynnfield	MASSACHUSETTS	AA+	STABLE	
Melrose	MASSACHUSETTS	AA+	STABLE	
Sutton Twn	MASSACHUSETTS	AA+	STABLE	
Charlton Twn	MASSACHUSETTS	AA+	STABLE	
Town of Bourne	MASSACHUSETTS	AA+	STABLE	
Tisbury	MASSACHUSETTS	AA+	STABLE	
Yarmouth	MASSACHUSETTS	AA+	STABLE	
Seekonk Twn	MASSACHUSETTS	AA+	STABLE	
Norfolk Twn	MASSACHUSETTS	AA+	NEGATIVE	
Beverly	MASSACHUSETTS	AA+	STABLE	
Oak Bluffs	MASSACHUSETTS	AA+	STABLE	
Bellingham Twn	MASSACHUSETTS	AA+	STABLE	
Lunenburg	MASSACHUSETTS	AA+	STABLE	
Franklin Twn	MASSACHUSETTS	AA+	STABLE	
Westminster	MASSACHUSETTS	AA+	STABLE	
East Longmeadow Twn	MASSACHUSETTS	AA+	STABLE	
Kingston Twn	MASSACHUSETTS	AA+	STABLE	
Grafton Twn	MASSACHUSETTS	AA+	STABLE	
Swansea Twn	MASSACHUSETTS	AA+	STABLE	
Wrentham Twn	MASSACHUSETTS	AA+	STABLE	
Blackstone Twn	MASSACHUSETTS	AA+	STABLE	
Truro Twn	MASSACHUSETTS	AA+	STABLE	
Williamsburg Twn	MASSACHUSETTS	AA+	STABLE	
Petersham Twn	MASSACHUSETTS	AA+	STABLE	
Plympton	MASSACHUSETTS	AA+	STABLE	
Stockbridge Twn	MASSACHUSETTS	AA+	STABLE	
Mendon	MASSACHUSETTS	AA+	STABLE	
Amherst	MASSACHUSETTS	AA+	STABLE	
Upton Twn	MASSACHUSETTS	AA+	STABLE	

[illegible]



Attachment E

General Fund Revenue/Expenditure Summary 10-28-20

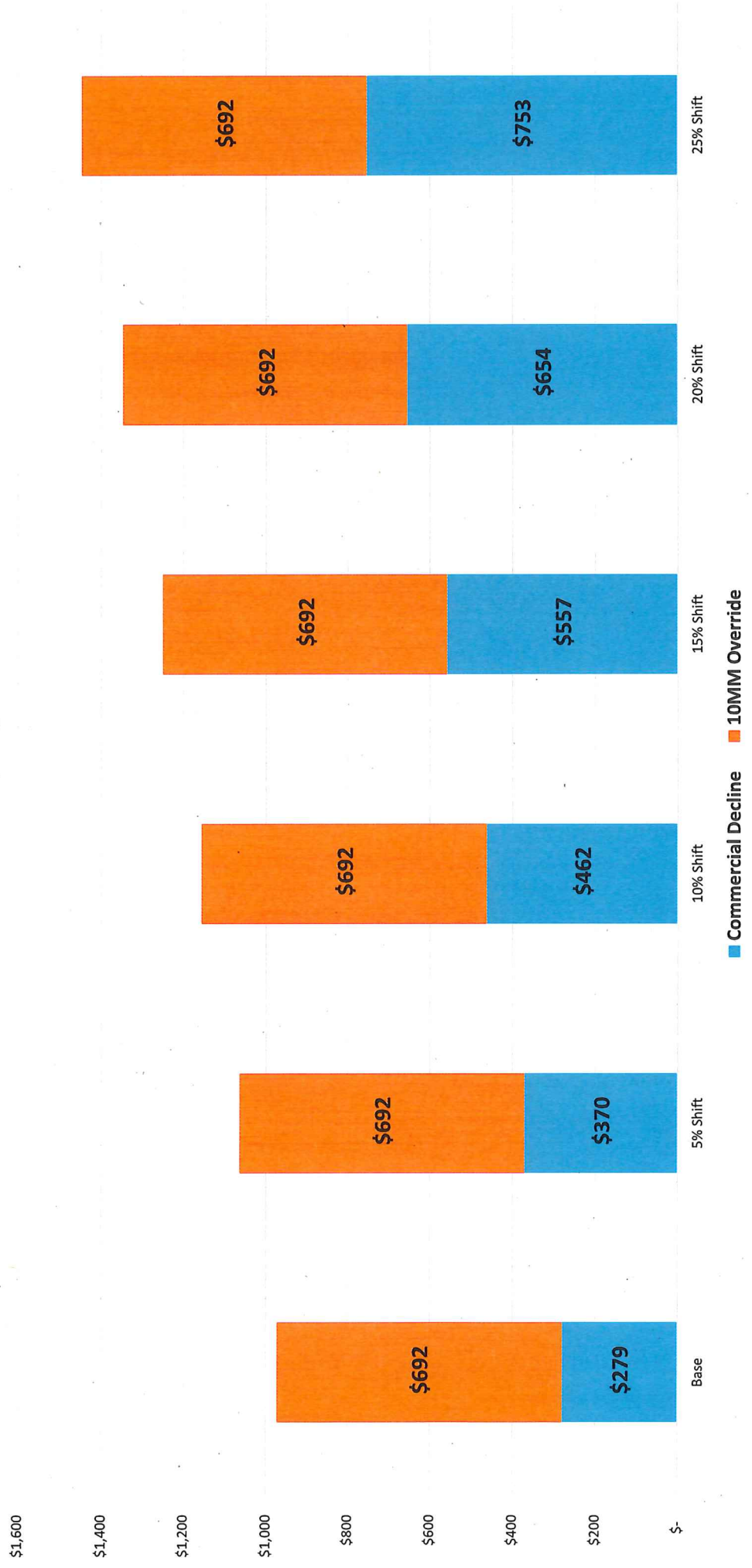
	2021	2021	2022	2021 AP v 2022 Scenario W/Article 1	
	Amended Prelim	Updated Budget W/Article 1 Motion A	Scenario W/Article 1 Motion A	\$ (+/-)	% (+/-)
General Fund Revenues					
Tax Levy	\$ 125,159,992	\$ 126,170,611	\$ 130,571,275	5,411,283	4.32%
State Aid	\$ 11,951,055	\$ 14,889,559	\$ 13,400,603	1,449,548	12.13%
Local Receipts	\$ 12,531,132	\$ 12,531,132	\$ 12,131,132	(400,000)	-3.19%
Other Local Receipts					
Indirect	\$ 2,752,576	\$ 2,752,576	\$ 2,752,576	-	0.00%
Free Cash	\$ 2,000,000	\$ 8,653,460	\$ 2,000,000	-	0.00%
Stabilization Fund (s)	\$ 4,161,500	\$ 2,300,000	\$ -	(4,161,500)	-100.00%
Overlay Surplus	\$ 1,000,000	\$ -	\$ -	(1,000,000)	-100.00%
Other Available Funds	\$ 282,740	\$ 282,740	\$ 282,740	-	0.00%
Total General Fund Revenues	159,838,995	167,580,078	161,138,326	1,299,331	0.81%
General Fund Expenses					
	2021	2021	2022		
Education & Learning					
Natick Public Schools	\$ 67,097,246	\$ 68,405,246	\$ 72,840,279	5,743,033	8.56%
Keefe Tech	\$ 1,334,398	\$ 1,334,398	\$ 1,334,398	-	0.00%
Morse Institute Library	\$ 2,357,612	\$ 2,357,612	\$ 2,357,612	-	0.00%
Bacon Free Library	\$ 182,306	\$ 182,306	\$ 182,306	-	0.00%
Public Safety	\$ 17,171,627	\$ 17,223,244	\$ 17,378,244	206,617	1.20%
Public Works	\$ 8,921,276	\$ 8,953,792	\$ 9,033,792	112,516	1.26%
Health & Human Services	\$ 2,676,631	\$ 2,729,499	\$ 2,739,499	62,868	2.35%
Administrative Support Services	\$ 6,630,119	\$ 7,323,119	\$ 7,265,052	634,933	9.58%
Committees	\$ 115,550	\$ 115,550	\$ 115,550	-	0.00%
Shared Expenses					
Fringe Benefits	\$ 16,938,091	\$ 17,448,091	\$ 18,430,495	1,492,405	8.81%
Prop & Liab. Insurance	\$ 863,972	\$ 863,972	\$ 863,972	-	0.00%
Retirement	\$ 10,843,395	\$ 10,843,395	\$ 12,307,258	1,463,863	13.50%
Debt Services	\$ 15,143,814	\$ 15,106,191	\$ 15,106,191	(37,623)	-0.25%
Reserve Fund	\$ 250,000	\$ 750,000	\$ 250,000	-	0.00%
Facilities Management	\$ 3,552,324	\$ 3,552,324	\$ 3,606,324	54,000	1.52%
General Fund Oper. Expenses	154,078,361	157,188,739	163,810,972	9,732,612	6.32%
Capital Improvements	\$ 1,861,500	\$ -	\$ -	(1,861,500)	-100.00%
School Bus Transportation	\$ 421,416	\$ 421,416	\$ 421,416	-	0.00%
State & County Assessments	\$ 1,416,751	\$ 1,414,710	\$ 1,414,710	(2,041)	-0.14%
Cherry Sheet Offsets	\$ 320,913	\$ 320,913	\$ 320,913	-	0.00%
Snow Removal Supplement	\$ 350,000	\$ 350,000	\$ 350,000	-	0.00%
Overlay	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	-	0.00%
Golf Course Deficit	\$ 240,000	\$ 240,000	\$ 240,000	-	0.00%
General Stabilization Fund					
Operational Stabilization Fund		\$ 4,388,396		-	
Capital Stabilization Fund				-	
One-to-One Technology Stab Fund				-	
FAR Bonus Stabilization Fund				-	
OPEB Trust Fund				-	
Misc. Articles	\$ 5,760,580	\$ 8,635,435	\$ 4,247,039	(1,513,541)	-26.27%
Total General Fund Expenses	159,838,941	165,824,174	168,058,011	8,219,071	5.14%
Net Excess / (Deficit)	54	1,755,904	(6,919,685)	(6,919,740)	

With 2.63 in Article 1 and Partial to Stabilization

Stabilization Account	Beginning Balance	Spring Town Meeting Appropriation	Total Current Balance	Recommended Special Town Meeting Appropriation	Proposed Ending Balance
General	\$ 5,197,059	\$ 2,300,000	\$ 2,897,059	\$ -	\$ 2,897,059
Operational	\$ 4,146,552	\$ -	\$ 4,146,552	\$ 4,388,396	\$ 8,534,948
Capital	\$ 5,035,707		\$ 5,035,707		\$ 5,035,707
Inflow & Infiltration	\$ 767,486		\$ 767,486		\$ 767,486
One-to-One	\$ 7,230		\$ 7,230		\$ 7,230
Far Bonus	\$ 2,665,979		\$ 2,665,979		\$ 2,665,979

Total General + \$ 11,432,007
FY 22 Projected \$ 6,919,685

Residential Property Increases with Scenarios of Commercial Decline and 10MM Override, Example Property
Value \$617,960



STAGES OF GRIEF

