



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

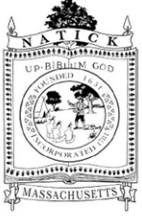
Meeting Date: March 2, 2021

The minutes were approved through the following action:

Motion: XXXX
Made by: xxxx
Seconded by: xxxx
Vote: x - x - x
Date: <date>, 2021

Respectfully submitted,
Bruce Evans
Clerk
Natick Finance Committee

DRAFT



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

Virtual Meeting accessed via Zoom:

<https://us02web.zoom.us/j/85844305049>

Meeting ID: 858 4430 5049

Passcode: 409248

One tap mobile

+19292056099,,85844305049#
US (New York)

Dial by your location

+1 929 205 6099 US (New
York)

DAY, DATE AND TIME

March 2, 2021

at 7:00 PM

Notice to the Public: 1) Finance Committee meetings may be broadcast/recorded by Natick Pegasus. 2) The meeting is an open public meeting and interested parties can attend the meeting. 3) Those seeking to make public comments (for topics not on the agenda or for specific agenda items) are requested to submit their comments in advance, by 2:00 PM on the day of the meeting, to the Chair: phayes.fincom@natickma.org. Comments will be posted on NovusAgenda and read aloud for the proper agenda item. Please keep comments to 350-400 words. 4) The Chat function on Zoom Conferencing will be disabled.

Posted: Wednesday February 24, 2021, 2:30 PM

MEETING AGENDA

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. Meeting Minutes Review & Approve Meeting Minutes for January 19, 2021 and February 16, 2021, and February 18, 2021
5. Town Administrator's FY2022 Budget - Public Hearing
 - a. [Morse Institute Library](#)
 - b. [Bacon Free Library](#)
 - c. [Debt Service](#)
 - d. [Reserve fund, Other General Fund Appropriations](#)
 - e. [January 4 Preliminary Budget update – Revenue forecast](#)
6. Committee and Subcommittee Scheduling and Process
7. Adjourn

MEMBERS PRESENT:

Linda Wollschlager, Chairperson
Bruce Evans, Clerk
Todd Gillenwater, Vice-Chairman
Dirk Coburn, Member
Cathy Coughlin, Member
Bill Grome, Member
Julien LaFleur, Member
Mike Linehan, Member
Jerry Pierce, Member
Richard Pope, Member
Chris Resmini, Member
Phil Rooney, Member
Jim Scurlock, Member

MEMBERS ABSENT:

David Coffey, Member
Jeff DeLuca, Member

Town Administration

Mr. Bob Rooney, Interim Town Administrator
Mr. John Townsend, Deputy Town Administrator – Finance
Ms. Juling de los Reyes, Finance
Mr. Abdul Rauf, Finance Department

Libraries

Amy Sadkin, Acting Morse Institute Library (MIL) Director, Bacon Free Library (BFL) Director
Ms. Kathleen Donovan, MIL Trustee
Ms. Sally McCoubrey, MIL Trustee
Mr. Gerald Mazur, MIL Trustee

Call to Order

Meeting called to order at 7:01 p.m. by Linda Wollschlager, Chairperson.

Announcements - None

Mr. Evans moved to open the public hearing on the Town Administrator's January 4, 2021 Preliminary FY 22 budget, seconded by Mr. Grome, voted 12 – 0 – 0.

Roll-call vote:

Mr. Coburn = yes	Mr. Pierce = yes
Ms. Coughlin = no vote (arrived late)	Mr. Pope = yes
Mr. Evans = yes	Mr. Resmini = yes
Mr. Gillenwater = yes	Mr. Rooney = yes
Mr. Grome = yes	Mr. Scurlock = yes
Mr. LaFleur = yes	Ms. Wollschlager = yes
Mr. Linehan = yes	

Morse Institute Library budget

Ms. Wollschlager said the Education & Learning Subcommittee minutes were emailed to members of the Finance Committee and are posted on NovusAgenda, along with presentation material from the Libraries.

[Morse Institute Library Information](#)

Mr. Scurlock said the Subcommittee had very productive discussions with the library. During many of the meetings we've had at the Finance Committee this year, we've used the phrase of how town employees have pivoted to find creative ways to continue making library materials available and delivering services to residents and that's clearly what the library did this year. Mr. Evans added that, as many of you know, Mr. Homer, the Director of the Morse Institute Library left to become the director of the Worcester library system. That was a huge loss for the town, but a huge gain for him. The MIL Trustees have a search Committee and they've identified some candidates, so one of the things that you're going to see in the budget is an increase in the salary for that Director position. Because the previous Director was in his first director job he was on the lower half of the salary band for this position and responsibilities on the Personnel Pay Plan. To attract an experienced Director, the search committee requested that additional money be added to the MIL budget to have a little more leeway as far as the contract goes, so this is added to the budget. Mr. Mazur provided good information on peer community salaries to underscore the need.

Presenter: Ms. Amy Sadkin

Ms. Sadkin said she would talk briefly about both the MIL and the BFL. In spite of the COVID restrictions, MIL and BFL are continuing their collaboration on library services for Natick, sharing our resources, costs and ideas. Our goal is to enrich the lives of the community to provide increased access to library materials and programming.

MIL at a glance FY 20

- MIL had 408,000 uses of a collection both physical and online resources. The circulation per hour actually increased by despite the closure from COVID for 130 days.
- 90,363 E-resources borrowed by residents, a 48% increase over last year.
- 19,800 people attended 1,127 programs, a 13% increase over last year. This includes both in person and virtual programming. There was an amazing 60% increase in teen programming attendance alone.

BFL at a glance FY 20

- 27,637 uses of the physical collection and the online collection.
- Book circulation increased with curbside pickups over the same time period as in as in prior years,
- 4,244 people attended 369 programs including in-person programming, pre-COVID and online programs.

Shared costs -

- Minuteman Library Network Fees are shared between the two Natick libraries
 - Includes cost of e-resources
 - Calculated by % of total circulation – BFL is approximately 5-7% of MIL's total circulation. There are 41 Libraries in the metro West Massachusetts area and Natick is one of those. Although the BFL is considered an independent library but for state aid and access to the Minuteman network, they are considered one Natick library.
- Shared programming budget with an emphasis on community outreach and collaboration
 - All ages virtual programs, combined all ages summer reading program, etc.
- Daily deliveries between the two libraries - *NEW*
- Bookmobile outreach services to patrons of both libraries - *NEW*

Before COVID, your Minuteman library card gave you access to all the Minuteman libraries and all the resources held by each library and you requested item(s) and someone in that network library pulls it off the shelf and puts it in a bin and those bins go to a sorting location and are delivered to those buildings. However, post-COVID, deliveries became more complicated. Since we were unable to allow people to enter the bookmobile as they typically did with social distancing, we have been using the bookmobile in two ways:

- To deliver books between the two libraries to overcome the problem of our patrons making a request and wait for the quarantine period which could be close to a week, they can now get it the next day after it arrives in Natick.
- We've also started outreach services to patrons of both libraries, people who for health or safety reasons are unable to get to the Library. In this case, patrons can request books by phone or online and the library bags them with the patron's name and then drives to locations in town where the patron, in a socially distanced manner, can pick up their bag of library materials.
- Shared administration with the Assistant Director, MIL & the Director, BFL as one position.

While private contributions have remained somewhat stable, the cost of services continues to increase. The Natick libraries augment these costs with grants, donations, and contributions from the Friends of both organizations.

- The Trustees of the BFL will continue to maintain and preserve the cultural heritage of the building.
- Both the MIL Trustees and the BFL Trustees will continue to work to raise funds for books and other library materials.
- The Friends of both organizations will continue to fund special programs, events, museum passes, and special collections.
- The MIL will continue its partnership with the Department of Veteran Affairs to maintain the Veterans Oral History Project.
- The Morse Institute Library will continue its partnership with the Department of Veteran Affairs to maintain the Veterans Oral History Project.

COVID & MIL

When COVID-19 first affected our town in March, the MIL staff quickly and efficiently transitioned to a safer model of providing library services to our community. Returned library materials were quarantined for 72 hours and contactless pickups were implemented. Once COVID-19 numbers decreased significantly, limited in-person browsing was implemented along with limited public computer usage. When COVID-19 numbers increased again, a walkup window was installed for patrons to allow them to safely pick up library materials. Total Circulation from July-December 2020 was 177,486 items.

During this time, staff worked tirelessly to deliver virtual programming and reference services, safe checkouts of library materials, outreach deliveries to those unable to come to the library, along with virtual ESOL classes and services. The staff also tackled large projects, including adding RFID tags to the entire collection of over 135,900 items and completing a grant-funded play space for the Children's Room.

COVID & BFL

With the onset of COVID-19, the Bacon Library reacted swiftly in order to protect patrons and staff while continuing to provide library services to the community. Curbside pickups were implemented along with virtual programming for all ages, allowing patrons access to the collection and library services.

BFL staff held:

- 60 virtual programs
- completed 166 curbside pickups during the month of June alone

Circulation increased this year over last year during curbside pickups, indicating just how important access to libraries was during these challenging times.

Collaborations also continued with the Natick Historical Society both in regard to COVID-19 safety protocols when reopening for appointments, as well as with a series of very successful virtual programs. Bacon staff members also worked with the COA to provide virtual instructional programming on using Zoom and accessing library e-resources.

Morse Institute Library Proposed FY22 Proposed Budget

Description	2021 Budgeted	FY2022 Request	Dif FY22-FY21 BGTS	% Change	Notes on % Changes
SALARIES MANAGEMENT	\$95,365.00	\$100,000.00	\$4,635.00	4.9%	Director position vacant since 12/5/20 – indicates mid salary range.
SALARIES SUPERVISORY	\$207,355.00	\$218,642.00	\$11,287.00	5.4%	Reflects merit increase for Personnel Board employees per 2020 Fall TM
SALARIES OPERATIONAL STAFF	\$312,088.00	\$312,088.00	\$0.00	0.0%	
SALARIES TECHNICAL/PROFESSNL	\$941,473.00	\$936,497.00	-\$4,976.00	-0.5%	
SALARIES SUBSTITUTE WORKERS	\$14,737.00	\$14,737.00	\$0.00	0.0%	
SALARIES PART TIME OPERATIONAL	\$331,336.00	\$324,431.00	-\$6,905.00	-2.1%	
SALARIES PAGES	\$39,716.00	\$39,716.00	\$0.00	0.0%	
LONGEVITY	\$17,827.00	\$17,827.00	\$0.00	0.0%	
SALARIES SUNDAY/PAY DIFFERENTL	\$48,740.00	\$48,740.00	\$0.00	0.0%	
COMPUTER MAINTENANCE	\$83,750.00	\$84,750.00	\$1,000.00	1.2%	
TELEPHONE	\$4,250.00	\$4,250.00	\$0.00	0.0%	
TRAINING & EDUCATION	\$7,500.00	\$7,500.00	\$0.00	0.0%	
POSTAGE	\$3,000.00	\$3,000.00	\$0.00	0.0%	
COPY/MAIL CENTER FEES	\$650.00	\$650.00	\$0.00	0.0%	
PURCHASED SERVICES MISC	\$4,525.00	\$4,525.00	\$0.00	0.0%	
LIBRARY SUPPLIES	\$26,300.00	\$26,300.00	\$0.00	0.0%	
LIBRARY MATERIALS	\$219,000.00	\$245,000.00	\$26,000.00	11.9%	Reflects increase in spending for e-resources. Increase assures we meet MAR req.
	\$2,357,612.00	\$2,388,653.00	\$31,041.00	1.3%	

The FY 22 proposed Morse Institute Library budget totals \$2,388,653. Changes from FY 21 include:

- Increase of salaries – management from \$95,365 to \$100,000. This is the mid-point of the salary range for a Director position in Natick. This position has been vacant since December 2020.
- Salaries - supervisory line increase of \$11,287 reflects merit increases for Personnel Board employees that were approved at the 2020 Fall Town Meeting.
- Library materials increase of \$26,000 reflects an increase in spending for E-resources. We don't see that those resources being diminished at all after COVID. People enjoy these resources and we expect that need to continue expanding. This increase also assures that we meet the MAR (define MAR)
- Overall increase is 1.3% compared with FY 21.

Bacon Free Library Proposed FY22 Proposed Budget

Description	FY21 Budgeted	FY22 Request	Dif FY22-FY21	% Change	Notes on % change
SALARIES MANAGEMENT	\$0.00	\$0.00	\$0.00		Director is shared position with MIL Assistant Director.
SALARIES OPERATIONAL STAFF		\$0.00	\$0.00		
SALARIES TECHNICAL/PROFESSNL	\$99,606.00	\$114,970.00	\$15,364.00	15.4%	↑ in hrs. for 2PT staff (no benefits) to assure min. staff in bldg. when open for safety. (Note: All staff are PT.)
FACILITY REPAIRS/MAINTENANCE	\$1,500.00	\$1,500.00	\$0.00	0.0%	
COMPUTER MAINTENANCE	\$3,000.00	\$3,000.00	\$0.00	0.0%	
MINUTEMAN LIBRARY NETWORK MEM	\$5,700.00	\$5,800.00	\$100.00	1.8%	
HEAT (OIL & GAS)	\$4,500.00	\$5,500.00	\$1,000.00	22.2%	Increase in rates and age of system costs. Overage in prior years covered by BFL Trustees.
PURCHASED SERVICES MISC	\$0.00	\$0.00	\$0.00		
PRINTED MATERIALS	\$16,000.00	\$16,000.00	\$0.00	0.0%	
LIBRARY SUPPLIES	\$52,000.00	\$37,750.00	-\$14,250.00	-27.4%	Shared programming with MIL. Reflects decrease in programming costs during COVID-19.
	\$182,306.00	\$184,520.00	\$2,214.00	1.2%	

The proposed FY 22 budget for the BFL is \$184,520.

Noteworthy

- Salaries – management is \$0 because it is a shared position with MIL and the Assistant Director/BFL Director is carried in the Salaries - Supervisory line item and the Director will be splitting time between both locations.
- Salaries technical/professional is an increase of \$15,364 to pay for increased hours for two part-time staff to ensure that two people are staffing the BFL for safety reasons when it re-opens to the public in FY 22. These are still part-time, non-benefited positions.
- An increase in the Heat (Oil and gas) line. This is based on an increase in projected fuel costs (from DPW estimates). This is an older oil-based system and the fuel consumption has steadily increased over the years.
- Library supplies are decreasing by \$14,250 and this decrease is an estimate of the programming costs for FY 22 depending on how long COVID / social distancing continue. The key variable is how long it will be before people feel comfortable to come back into the building. In addition, Zoom programming and virtual programming costs significantly less than the cost of in-person programming. If that line needs to be increased somewhere along the line in FY 22, we can ask our friends groups to support it, do fund-raising or apply for grant funding to supplement that budget line item.
- Overall, this is a 1.2% increase over FY 21.

Mr. Scurlock stated that the Education & Learning SC voted to support both library budgets by a 4 - 0 – 0 vote.

Ms. Wollschlager noted that some of the FY 21 numbers don't reflect the numbers that were voted on at Fall Town Meeting and the percentage increase is actually lower and asked Mr. Townsend to verify those figures. Mr. Townsend noted that the percentage increase will be less than 1.3%.

Questions from the Committee

Ms. Wollschlager said the MIL FY 22 request is \$2,388,653 and noted that the Education & Learning Subcommittee took excellent minutes on this – and hopefully that everyone has had a chance to read these.

Mr. Coburn asked whether the Committee is going to hear a Personnel Pay Plan presentation, noting that he had questions in that regard that are not appropriate for this discussion, but related to the recruitment of the new MIL Director. Ms. Wollschlager said that the Committee would be review the Personnel Pay Plan when we review the rest of the warrant articles.

Mr. Scurlock moved to approve the FY 22 MIL budget in the amount of \$2,388,653, seconded by Mr. Evans, voted 13 – 0 – 0.

Roll-call vote:

Mr. Coburn = yes	Mr. Pierce = yes
Ms. Coughlin = yes	Mr. Pope = yes
Mr. Evans = yes	Mr. Resmini = yes
Mr. Gillenwater = yes	Mr. Rooney = yes
Mr. Grome = yes	Mr. Scurlock = yes
Mr. LaFleur = yes	Ms. Wollschlager = yes
Mr. Linehan = yes	

Debate

Mr. Scurlock said that he was very grateful for what the staff at both libraries did during extremely trying times and are great, Kudos to everyone and asked that they be passed back to the entire staff.

Mr. Evans said that he wanted to say a few things for those people in the public who probably didn't read our minutes. We're hearing a recurring theme amongst the town departments is their responsiveness in dealing with the complexity and difficulty presented by COVID and how they handled it with incredible creativity, grace, and energy. In the case of the libraries, I want to briefly talk about a couple things:

1. The reuse of the bookmobile to deliver books between the libraries. Previously, the bookmobile would travel around town & make stops at locations in town where people would climb on there. The Libraries morphed the bookmobile into both a community outreach vehicle to provide books that were requested and deliver them in a safe, socially distanced manner outside the bookmobile since it was inappropriate for patrons to be on the bookmobile itself due to COVID restrictions. And, they used it to help deliver inter-library loans in a safe timely manner between libraries.
2. Another project that they completed was to fully RFID all the books and materials in the library. They did this at no cost to the town because it was donation-funded. You may ask why this makes a difference. When we get to back to in-person library visits, when you check out books, you simply put a stack of the books on the reader and it reads all the RFIDs and you're on your way. Another benefit is that it greatly speeds up the response time for inter-library loans from the Minuteman library network because it makes it much easier for libraries with RFID to quickly

locate the books or materials requested and send them to our libraries.

3. Another question we asked was how they're changing the mix of print material to eBook material since an increasing number of patrons are using e-books. They're doing a great job of managing that and balancing the preferences of patrons among e-books and print books.
4. The service window that the MIL prepared is a creative way to get books to people – you have the equivalent of the deli window set up in the front of the Morse library that allows you to go online, reserve books, they'll call you. And you can wait outside the library in a socially distanced line, and then you are called in to the outer lobby so you can get books safely.

Mr. LaFleur noted the wonderful services that his family has received, particularly from the youth librarian, Robin Fosdick for her wonderful Minecraft support and their teamwork. It's bringing some level of sanity to kids who are dealing with the pandemic as best they can. This has been a real godsend, especially for my younger son.

Mr. Pierce said he enjoys seeing the bookmobile just at the BFL and complimented the libraries on the great collaboration between the two town libraries.

BFL

Ms. Wollschlager noted that the FY 22 BFL budget request is \$184,520.

Questions from the Committee – None

Mr. Evans moved to approve the FY 22 BFL budget in the amount of \$184,520, seconded by Mr. Scurlock, voted 13 – 0 – 0.

Roll-call vote:

Mr. Coburn = yes

Ms. Coughlin = yes

Mr. Evans = yes

Mr. Gillenwater = yes

Mr. Grome = yes

Mr. LaFleur = yes

Mr. Linehan = yes

Mr. Pierce = yes

Mr. Pope = yes

Mr. Resmini = yes

Mr. Rooney = yes

Mr. Scurlock = yes

Ms. Wollschlager = yes

Debate

Mr. Evans said they've done an equally great job with the community in South Natick, keeping them engaged and making sure that people, especially kids are really using their minds and active in a positive way. The only thing that I'd like to raise to get it on people's radar as we mentioned in our minutes that there is an issue with their heating system and fuel needs are increasing. Eventually, the heating system needs to be replaced. However, the Trustees of the Bacon Free Library who are responsible for purchasing any new heating system; the current system was a hand-me-down system that the town installed for them. It was reclamation and the BFL got some mileage out of it, but at some point, it will have to get replaced.

Mr. Scurlock thanked the Trustees of the library for their guidance and support, their participation in the subcommittee review process, and all the volunteers who help and assist the libraries.

Mr. Pierce noted that the BFL is not only an asset to South Natick but to the whole town and expressed appreciation for the BFL friends group.

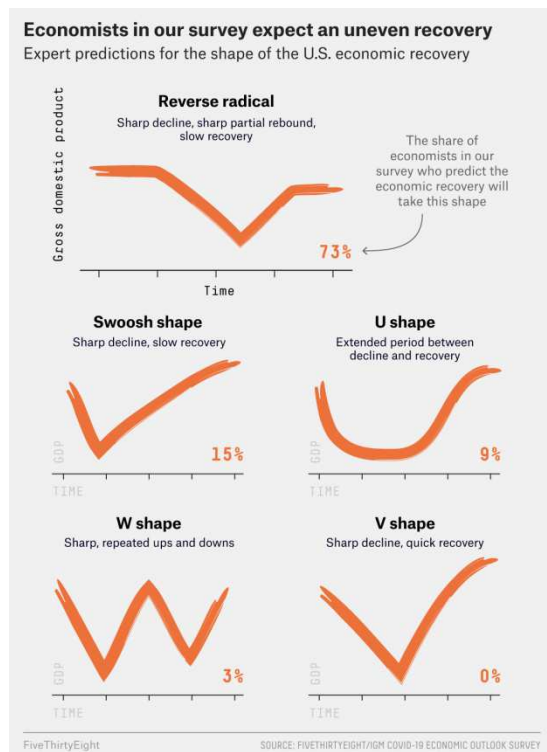
Ms. Wollschlager also thanked the trustees for attending this evening and listening to our meeting.

Budget Update

Presenter: Mr. John Townsend

[Link to March 2 Budget update presentation](#)

The Finance team has been working diligently on the budget this to the Select Board last Wednesday and has made some changes and wanted to updated the Finance Committee. We received information from the state on statewide economic trends. Unemployment indicators for the state as well as for several of the surrounding communities shows that Natick is seeing the same trends on unemployment claims and we're fortunate to be a little bit better than some of our neighbors. Overall, Natick reflects the state trends and, in the last couple of months is seeing marked improvement in the reduction of unemployed people.



Economists from the 538 Group polled economists on how they see the economic recovery (slide 2). Seventy-three percent believe that the country is going to follow the “reverse radical curve” wherein there is a sharp decline, with a partial rebound and slow recovery. This mirrors what we’re experiencing in Natick, with our revenues dipping dramatically towards the end of last summer and we’re starting to rebound, but very slowly seeing improvement across the board.

Slide 3 shows several trends that affect Natick:

1. Hotel occupancy in Boston is very closely trending what's happening in Natick as this is a sector of the economy that was decimated and is coming back avidly very slowly. We don't see those revenues coming back in any substantial form until Calendar Year (CY) 22
2. The composite of sales FY 21 December YTD Regular Sales tax is up 8.1%. The increase in

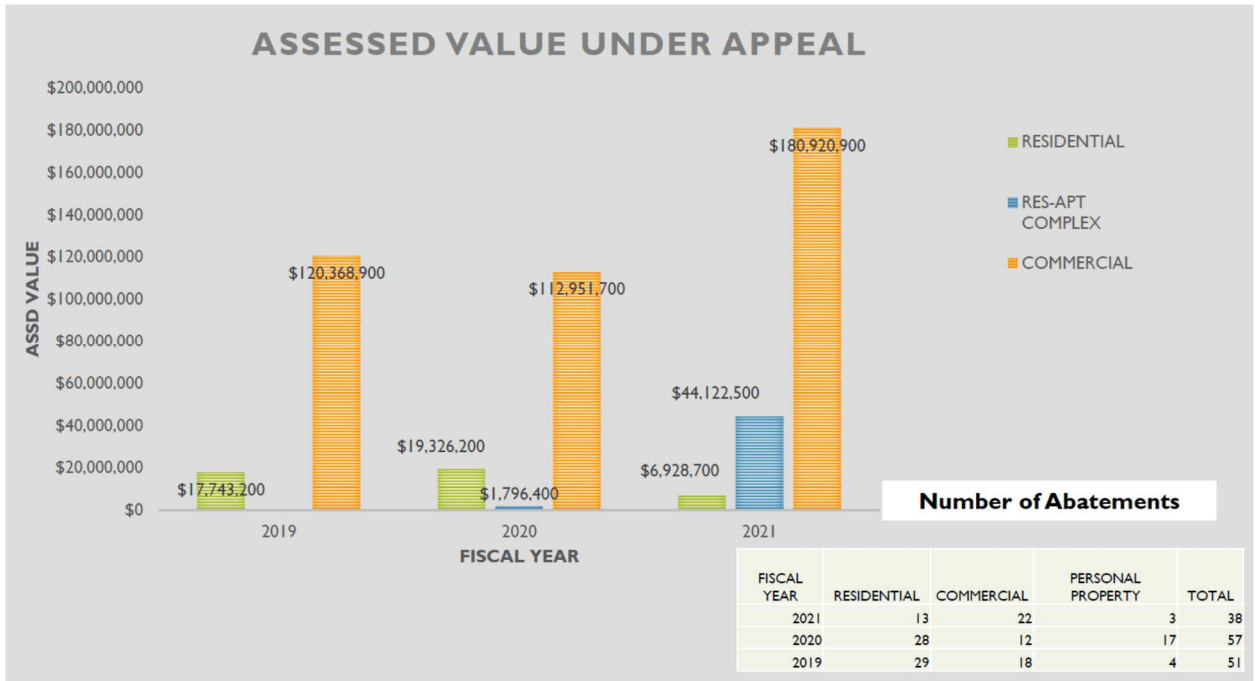
sales tax was a little surprising. Big box stores, retail, and grocery stores have done extremely well during this period of time. One potential revenue source is marijuana sales tax. The most recent information received from the Commonwealth is trending upwards, but it will be a slow recovery into CY 22. Motor vehicle excise tax is up 8.7% up, this is an interesting category is actually having a discussion with our assessor today regarding our excise tax, because as you all know, you've probably received your

3. Meals tax is down 31.9% primarily due to restrictions during lock-down prohibiting seating in a restaurant and only allow take-out.
4. Motor Vehicles Excise Tax increased 8.7%. The excise tax value on motor vehicles is set by the state and we receive the biggest amount of excise tax from the sale of new vehicles and this has increased. Across the country, auto dealers stocked up on inventory thinking they could sell the inventory they had and be able to purchase new vehicles ahead of reduced production due to COVID restrictions.
5. Room Occupancy Tax was down 53% and lags behind everything else.

**Assessors should look at assessed value allocation by property type;
Where is your community vulnerable with values dropping?**

Category	Sub Category	Percent	At Risk
Hotels/Nursing hms/Transient	\$ 41,639,500	4%	\$ 41,639,500
Storage/Distribution	\$ 62,389,700	6%	
Retail	\$ 255,586,200	27%	\$ 162,683,400
Auto	\$ 99,543,800	10%	\$ 40,785,900
Office	\$ 127,330,000	13%	\$ 127,330,000
Public Service	\$ 21,443,700	2%	
Culture	\$ 1,162,900	0%	\$ 1,162,900
Indoor Rec	\$ 3,980,700	0%	\$ 3,980,700
Outdoor	\$ 603,400	0%	\$ 603,400
Vacant	\$ 14,741,100	2%	
MFG	\$ 305,696,300	32%	
Mining	\$ 1,120,700	0%	
Utility	\$ 8,004,000	1%	
Communication	\$ 5,453,200	1%	
Vac Land	\$ 13,385,800	1%	
Grand Total	\$ 962,081,000	100%	\$ 378,185,800

DOR provided the Assessor's Office the above chart that indicates to the assessors which areas are increasing and decreasing across the state and at what rate to help them assess value. The areas in red are those same problem areas that we've identified.



The above slide shows the increase in assessments that are under appeal as of the end of this year’s abatement period and underscores the substantial decrease in the value of commercial properties that we’re seeing, with an increase in abatement requests from 12 in FY 20 to 22 in FY 22. Residential abatement requests are down from 28 in FY 20 to 13 in FY 21. The bar chart shows the value of the assessed value under appeal is \$180 million, so this is concerning to us because the valuations for FY 21 are based on the values of January 1 FY 20. The real bump is going to come in FY 21 when those valuations hit. A lot of the commercial sector has started to file the appeals in order to get ahead of the curve and get on the docket of the Appellate Tax Board seeking abatements. However, our tax overlay account is very healthy and the Assessor team has gone through these abatements and don’t have a lot of concern regarding them, but we will deal with them as we move forward in the year.

State Aid

	FY 22 Forecast Original	FY2022 Governor's Budget Proposal
Education Receipts:		
Chapter 70	\$9,184,214	\$10,362,782
School Transportation		0
Charter Tuition Reimbursement	\$14,270	\$18,539
Smart Growth School Reimbursement		0
Offset Receipts:		
School Choice Receiving Tuition	\$184,021	\$204,468
Sub-Total, All Education Items:	\$9,382,505	\$10,585,789
General Government:		
Unrestricted Gen Gov't Aid	\$3,641,785	\$4,188,053
Local Share of Racing Taxes		0
Regional Public Libraries		0
Veterans Benefits	\$123,680	\$118,154
Exemp: VBS and Elderly	\$80,786	\$76,432
State Owned Land	\$106,368	\$118,501
Offset Receipts:		
Public Libraries	\$53,506	\$59,451
Sub-Total, All General Government:	\$4,006,125	\$4,560,591
Total Estimated Receipts:	\$13,388,630	\$15,146,380

Massachusetts state sales taxes (December 2019 to December 2020) is up 2.7% which is excellent news and that is reflected in State Aid in the Governor's original FY 22 budget. Total estimated receipts are forecast to be up \$1.8 billion which, of course, is welcome news. Of course this is only the Governor's number and we are awaiting House 1 and the Senate budget and then the reconciliation process happens, but so far, state aid looks good for FY 22.

Expense Updates

- Keefe Tech – Down 8.13% from budgeted number due to updated Keefe Tech Assessment
- NPS – Increased by \$3,637,032 from TA Prelim Budget – as part of GAP reduction proposed plan
- Health Insurance – Plan rates increased by 3.4% substantially below the 6.3% forecast. We're still analyzing of these numbers, but there should be approximately \$550,000 savings over our forecasted amount.
- Merit Increases – Merit Increases moved from \$65,000 to \$150,000. Merit increases are the increases pay increases for our Personnel Board staff (non-union personnel). All Personnel

Board increases are based on performance reviews for the year. We felt the \$65,000 was insufficient so we increased it.

- State Aid Assessment – Reduced from \$1,440,074 to \$1,402,459, a \$37,615 reduction
- Water & Sewer – MWRA Preliminary Sewer Assessment lower than 4% projected increase – budget revised to level fund from FY 21. This is one of the big ticket items for the water and sewer enterprise fund was as you came in much lower 4% of our projected budget increase. As a result, DPW will be able to level-fund the Water & Sewer Enterprise Fund in FY 22 as compared to FY 21.
- Water & Sewer – PFAS Testing Increase- From \$65,000 to \$105,000 due to increasing requirements for testing mandates during FY 22
- Information Technology – Fall Town Meeting allocated money to replace a retired position and money was moved into the salaries operational and equipment repairs A long-time employee responsible for phone system administration and network administration retired last year. That loss of expertise required them to increase the managed services line item to pay their phone vendor to support the town's phone network. This retirement gave the department the opportunity to upgrade that position to an IT Deputy Director / Senior Network Administrator position that provides the department with a highly technical employee who will relieve some of the workload pressure on Mr. LeFrancois.
- Debt Service – Reduced by \$1 million through Capital Stabilization Payment – as part of GAP reduction proposed plan
- Board of Registrars – Management Salary Line- Level Fund for FY22
- FY21 Revised Budget to be included in the Amended TA Preliminary Budget Book (out next week). This revision will provide comparisons between of the FY 22 budget with the complete budget for FY 21, including Fall Town Meeting appropriations.

GAP reduction Plan Proposal

Original School Appropriation TA Prelim Budget	\$71,340,279
School Committee Budget Request	\$77,418,227
Difference Between TA Prelim Budget and School Request - GAP	(\$6,077,948)
School Reductions	
School Savings	\$400,000
Additional Utilities KMS	\$500,000
Upcoming School Contracts	\$500,000
Laptop Purchases	\$300,000
Subtotal GAP	(\$4,377,948)
Additional Funding Identified for NPS	
Additional State Aid -Governor's number	\$1,795,366
Keefe Tech Reduction	\$103,271
Various Line Item Cuts and Budget Adjustments	\$179,360
Debt Service Payment from Capital Stabilization	\$1,000,000
Health Insurance Reduction (estimate)	\$559,036
Total Additional Funding	\$3,637,032
GAP + Additional Funding = Remaining GAP	(\$740,916)
Revised Budget for NPS - TA 's Amended Preliminary Budget	\$74,977,311

Mr. Townsend said he is working with NPS administration on a gap reduction plan proposal. This approach has to be vetted by the School Committee, Select Board and the Finance Committee. The approach we're taking to reduce the gap between the original school appropriation in the Town Administrator's preliminary budget of \$71,340,279 and the School Committee's requested budget of \$77,418,227.

- The difference between those two budgets is \$6,777,948.
- NPS made the following reductions from their initial budget either by reducing their budget or deferring some of their requested budget items to the fall, which as you may recall is something that we have done in the recent past. In fact, last year NPS had deferred some of their FY 21 expenditures until Fall Town Meeting and got an appropriation from free cash to meet some of those requirements.

School Savings	\$400,000
Additional Utilities KMS (new school, extra utilities put into budget because it is a larger building with an estimated energy footprint, coupled with possibly having to have open windows mandated by COVID safety precautions.	\$500,000
Upcoming School Contracts (deferral to fall 2021)	\$500,000
Deferral of Laptop Purchases (deferral to fall 2021)	\$300,000
Subtotal School GAP Reductions	\$4,377,048
Additional State Aid – per the Governor's budget (House & Senate need to vote on this, hopefully, not dramatically lower)	\$1,795,366
Keefe Tech Reduction	\$ 103,271
Various Line Item Cuts and Budget Adjustments – we went through the town budgets line-by-line to identify areas where we could lower budgets. We made some adjustments on these “below-the-line” expenditures.	\$ 179,360
Debt Service Payment from Capital Stabilization – Debt Service payments total \$14 million for FY 22. You are allowed to pay debt service out of the Capital Stabilization Fund, so our proposal is to \$ 1 million dollars of debt service payment with Capital Stabilization monies and defer the tax levy money that we usually use to pay that debt service for the schools to provide revenues for the school budget. Looking towards the fall, we would look to put that \$1 million back into the capital stabilization fund to be prudent with our capital stabilization fund because it is very important for the town.	\$ 1,000,000
Health Insurance Reduction (estimate) – came in at a lower amount than forecasted. We believe this is the amount of savings that will accrue from the lower rates and this will be available for school funding.	\$ 559,036
Total Additional Funding available to allocate to schools	\$ 3,637,032

Adding the Town Administrator's original budget (\$71,340,279) to the additional funding of \$3,637,032, the proposed Town Administrator budget funding for NPS is \$74,977,311. With the savings and deferrals by the school, a gap of \$740,916 remains. Hopefully, we will be able to defer that amount until the fall where we have a little more flexibility of Free Cash and new growth.

We're still working with our NPS colleagues on this gap reduction proposal and we're hoping to get input from the Select Board, School Committee and the Finance Committee as we work on this, and hopefully get the budget reconciled by Town Meeting.

Next steps

- Finance Dept. is producing a revised FY 22 budget book on Friday that will include the FYI 21 revised budget that includes all the appropriations from Fall Town Meeting.
- The public budget forum is tomorrow at 7pm and we will be providing a high-level review of the entire budget going through all the departments.
- Mr. Rauf has been working closely with the state on CARES Act/FEMA funding and we are now at the stage where he is filing paperwork on our CARES Act / FEMA spending. We've been working to identify the various items that we are claiming for CARES Act reimbursement. Hopefully we'll be receiving additional funds on down the road, but for the moment, we do have to document and reconcile our current expenditures. DPW (Cheryl Jones) and Chief Hicks have been working very hard to file the various paperwork for our FEMA reimbursement. Natick has relied heavily about FEMA to fund our PPE expenditures and is making sure that everything is all lined up before filing with FEMA in the upcoming weeks; We will coordinate with them on that FEMA filing.
- We will present the revised budget to the Select Board on March 10, providing them with a revised forecast and future of financial considerations. This has been a tough budget year and we want to review our forecast with them and talk a little bit about where we see the town going and offering some possibilities on how to meet those particular challenges.

Questions from the Committee

Mr. Scurlock asked whether the health care savings reflected both the school and the town. Mr. Townsend said it is for both town and NPS and, we'll be back in front of the Finance Committee to break it down for you so you can see exactly what happened with the school and the town.

Mr. Scurlock asked if town administration anticipates other areas of savings due to the town remaining shut down through the spring into summer 2021. Mr. Townsend said at the present time, there's nothing that will move the needle appreciably. One area to watch is energy consumption and utility usage.

Mr. Scurlock said when we heard the Police Department budget, they noted that they've had a number of open vacancies open and would that provide any savings to the town. Mr. Townsend said that vacancies in any particular position would result in turn-backs that drop to free cash, but we believe the Police Department is trying to fill those positions as fast as possible.

Mr. Scurlock asked whether building permits are going up or down. Mr. Townsend said residential building permits are trending upwards and looking very good and to, a lesser degree, commercial building permits. Mr. Rooney noted that Mr. Errickson said that while building permits are trending up right now, they're not trending up on the large projects, so you must be careful in interpreting this figure because the overall value of the new growth revenues from these smaller projects may yield a lower number than it might appear.

Mr. Gillenwater asked if the Finance Committee could get a recap of the reserve fund, the balances of the stabilization funds and the current and proposed spending, noting that he sees the \$1 million added to proposed capital stabilization spend and asked where that will leave the balance. Mr. Rauf

said the starting balance of the available funds including the stabilization funds is found on p. 31-32 of the budget book. There are two spends out of capital stabilization in this budget. The proposed budget for general stabilization and operational stabilization spend is \$5,445,174 and then the \$1 million in capital stabilization funds that we discussed earlier.

Mr. Gillenwater said that total of approximately \$6.5 million seems large given a potentially long-lasting downturn, what has been the input from the Select Board and Town Administrator. Mr. Townsend admitted that no one really likes to spend this amount of stabilization funds, but it is believed to be necessary to get us through FY 22. Mr. Townsend said he is concerned about the issue of our structural deficit and whether some of these stabilization funds will be needed to fund that structural deficit and not something that's due to the economic downturn. In addition, rating agencies are likely to ask whether use of these funds is going towards getting through this economic downturn or is it being used to fund a structural deficit by using one-time monies to fund operations and we need to model how we can address this structural deficit. Mr. Townsend said you rightly point out that when we spend down stabilization accounts, we need to make sure we have an appropriate plan to replace those funds as well. Mr. Townsend said, within the Finance team, we have been modeling out overrides, because that is probably one of the more likely scenarios to address. While remain concerned with the structural deficit that Natick has, we need to discuss what the override models look like and what the effects of different scenarios would be on taxpayers.

Mr. Gillenwater asked, with this latest recasting of some of the spending whether there is a revised town v. school spending split or ratio on this. Mr. Townsend said the town should definitely do that, but haven't done it yet because these numbers have been in flux, so we haven't been able to do this.

Mr. Gillenwater asked whether there was a way to come up with a calculation of the fully loaded costs for each municipal department and the schools. Mr. Rooney said if you look at the April 9 2019 Town Meeting Finance Committee Recommendation Book, he did exactly what you're talking about and it's in there in the front of the book. There's information there that even broke out how capital is being spent.

Mr. Gillenwater said he wondered if someone on the town side has set the flags such so it's easier to do this in an automated fashion. Mr. Rooney said he sat with one of the people in Mr. Townsend's office showed him my work papers, how I did it, noting that it was time-consuming to set it up, but it would probably take a day or less to repopulate it. Mr. Rooney said he still has his original documentation and would provide it to Town administration as a starting point. Mr. Rooney said the feedback from the Finance Committee was that it was nice information, but there wasn't a lot of interest in doing it again, so it wasn't done the next year. Mr. Rooney opined that maybe one of the subcommittees could look at this. Mr. Scurlock added that prior to Mr. Rooney's work, Babson College did a similar study with us and the results were fairly similar. I agree with Mr. Rooney that it's not terribly difficult, although I would suggest that getting everybody to agree on all the numbers is a bit challenging, but once everyone agrees on what accounts go into what roll-ups, it should be something wherein we can just run the report. However, someone needs to ask for it.

Mr. Evans requested that Mr. Townsend provide a quick overview of the abatement process, what the timeframe is and what the typical fallouts of a commercial abatement process might be. Mr. Townsend said on January 1, commercial property owners get their valuations and they have until February 20 (or thereabouts) to file an abatement that challenges our valuation of their property. So the Assessment staff goes through the calculation of their assessment with them and that's, that's the process that we're they're currently in - evaluating each abatement request and discussing it with the property owner. As a reminder, the value is based on the valuation from FY 20. Hopefully, the Assessor and the commercial property owner come to an agreement on an adjustment then we can move ahead with

that. If not the property owner can file an appeal to the Appellate Tax Board on the dispute of the valuation of their commercial businesses. One of the concerns that everybody has is that we're in unprecedented times and nobody really knows whether the Appellate Tax Board can handle the load that's going to be placed on them, so the Court will encourage plaintiffs to settle these disputes. Generally, there's a lot of back-and-forth between the assessor's office and our attorneys and their attorneys as we move through this period of time. However, Mr. Townsend noted that he is fairly confident that even with the additional abatement requests that have been made, we have an overlay account that can handle abatements that we may have to issue – there will be abatements that have to be issued because there are businesses that are just decimated and aren't worth what they used to be.

Mr. Evans stated that last year, we had the pleasure of waiting forever for that budget resolution to happen and asked what Mr. Townsend is hearing about the process of reconciliation moving forward this year. Mr. Townsend said that indications are that the State House is running a little more at its normal pace than last year so we shouldn't have to wait as late as we did last year to get our final numbers.

Mr. Linehan asked what the impact of FY 21 valuations might have on FY 23. Mr. Townsend said there will be pressure on the Appellate Tax Board to reach agreements on these cases that may stretch out over multiple years. Mr. Townsend has had several conversations with our assessor, Mr. Henderson and he is available to discuss this with you if you want more information about it. In some cases, where there is a decline in property value, it's probably in everyone's best interest to reach a multi-year agreement to avoid going to Appellate Court.

Ms. Wollschlager asked if the calculations used in the gap analysis will be reflected in the revised Town Administrator Budget book that's coming out on Friday. Mr. Townsend said these changes will be reflected in the budget book and we will be updating our appropriation for NPS.

Ms. Wollschlager noted that there was a pretty hefty abatement attributable to the residential apartment complex and I was very curious about that because I wouldn't think that those valuations would have changed given the market. Mr. Townsend said he would have to refer the question to Mr. Henderson, noting that he was surprised by that as well and he would get back to the Committee with more information on the basis for that abatement estimate.

Ms. Wollschlager asked how many people are under the Personal Pay plan that may potentially get merit increases. Mr. Townsend said he would get that figure and provide it the Committee.

Ms. Wollschlager asked what Mr. Townsend feels are the biggest risks to this budget - either in terms of revenues not occurring or expenses exceeded. Mr. Townsend said he is concerned about both but noted that they are always instructed by DOR and being my conservative self, to try not to overestimate the incoming revenues and closely monitor the expenses. Mr. Townsend said he believes the town's revenue forecast is solid. However, in preparing for this meeting, he looked at parking revenues and was stunned about how low our actual receipts are, and it served as a stark reminder to make making certain that we pay attention to what our forecasts are and don't have the forecast chasing expenses and maintain discipline for forecasting conservatively. On the spending side, we spend a lot of time going through this, so I have a little more confidence that we're not going to overspend. However, given the environment that we just went through, I have some concerns about the unexpected things that could increase spending. This coupled with the slow recovery economic model makes us want to be cautious.

Ms. Wollschlager asked whether the update to the Select Board will include FY 23 and FY 24 forecasts. Mr. Townsend said he will present a five-year forecast and worked with our school colleagues to have their five-year forecast.

Questions from the Public

Ms. Kate Flathers asked whether the information from tonight's presentation would be presented at the public forum. Mr. Townsend said the forum will have both the school and town administration presentation and each presentation will review the whole budget.

Debt Service

Mr. Rooney said the General Government Subcommittee met with Mr. Townsend on March 1 to discuss the Finance Department budget, including Debt Service. Mr. Rooney said he received information from Mr. Townsend regarding debt service and would pass it along to the full Finance Committee. Mr. Townsend said the Town has delayed some of the non-time sensitive projects to preserve its cash position and reduce debt. The Town's debt-to-revenue ratio for FY 22 remains a healthy 8.92% and vital projects are still moving forward. The Town's policy is to try to be at a ratio of 10% or less. Rating agencies allow you to go up to around 15%. Moody's and Fitch are our rating agencies. The Town has switched to using short-term Bond Anticipation Notes (BANs) to help sustain our cash position and take advantage of historically low interest rates. Debt service payment for FY 22 is \$14,774,824, a reduction of 3.99% over FY 21. Mr. Townsend noted that he needs to meet with Mr. Erickson & Mr. Marsette to identify shovel-ready projects they have and if the town has an opportunity to borrow money, particularly on BANS, the projects are identified and ready to go. Mr. Townsend added that there hasn't been a lot of long term borrowing in the municipal market, so he doesn't know what the rates are going to be. Municipalities are following this short-term borrowing strategy, noting that he has discussed the shovel-ready projects concept with Mr. Erickson, Mr. Marsette and will discuss this with Facilities Management, the Water & Sewer Enterprise Fund, and the Sassamon Trace Enterprise Fund. We plan to issue a BAN for approximately \$8 million, probably in mid-May, Mr. Townsend said they would also be working with the MWRA on a no-interest loan for sewer improvements which will probably be processed once again at the same time (mid-May) Since we are going to be using BANs primarily for FY 21 and FY 22, the debt service line will continue to go down. Remember that with BANs, you only pay the interest part of it and at the end of the term; you can either roll it over into another BAN or roll it over to long-term borrowing. Once you roll it over to long-term borrowing, you must pay both principal and interest. Mr. Townsend said the town will probably issue the BAN in 2021 and then issue another BAN or possibly two in FY 22 and another in FY 23. Hopefully, if the markets have recovered enough, we'll roll those over into a long-term borrowing in FY 23.

Questions from the Committee

Mr. Evans asked how the shovel-ready projects are these getting prioritized because just because it's shovel ready doesn't necessarily mean that it's strategic and couldn't be deferred. Mr. Townsend said one of the other nice things about using a BAN is that it's easier to do and the turnaround times are far shorter than if we actually went out for a long-term debt issue, but we don't want to borrow money that we don't need, so these projects are both shovel-ready and needed quickly.

Mr. Evans moved to recommend Favorable Action on the FY 22 Debt Service budget in the amount of \$14,774,824, seconded by Mr. Grome, voted 11 – 0 – 0.

Roll-call vote:

Mr. Coburn = yes

Mr. Linehan = yes

Mr. Evans = yes
Mr. Gillenwater = yes
Mr. Grome = yes
Mr. LaFleur = yes

Mr. Pope = yes
Mr. Resmini = yes
Mr. Rooney = yes
Mr. Scurlock = yes
Ms. Wollschlager = yes

Mr. Evans thanked Mr. Rooney and Mr. Townsend on the explanation of the debt service approach, noting that the BAN approach is clearly the best way to meet our current needs and get projects done using a BAN in mid-May, rolling it into another BAN in FY 22 and converting it to long-term borrowing when the municipal bond market is better and advantageous to the town.

Ms. Wollschlager asked Mr. Townsend to make the budget book more readable without having to get out a magnifying glass, even if it means making some tables landscape.

Reserve fund, Other General Fund Appropriations

Mr. Townsend said the town is proposing to put the Reserve Fund back to its historical \$250,000. Last year, we raised it to \$750,000 to put more money in given the uncertain climate we were in.

Questions from the Committee

Mr. Evans asked if we received indication from the school that they will not need additional funding to handle COVID-related expenses in FY 22. I understand that we put the additional \$500,000 in the reserve fund for FY 21, but have we discussed what NPS anticipates its needs might be in this area for FY 22. Ms. Wollschlager noted that this is an excellent question to have the Education & Learning Subcommittee ask the school administration. Mr. Townsend said that the expenses for COVID, both from the Facilities Management, municipal side and school side have been compiled into a COVID account that we are reconciling with the CARES Act funding and our submission for FEMA reimbursement. Mr. Townsend anticipates that there probably will be a balance in the reserve account at the end of the year. At this particular point in time, our preferred method is to use a 3% transfer to cover that. One of the things I have been talking with Chief Lentini about is some of the COVID related absences that he's had to deal with that has caused them to incur more overtime so that might be another area where these funds may be needed.

Mr. Linehan moved to close the public hearing, seconded by Mr. Evans, voted 10 – 0 – 0

Roll-call vote:

Mr. Coburn = yes
Mr. Evans = yes
Mr. Gillenwater = yes
Mr. LaFleur = yes
Mr. Linehan = yes

Mr. Pope = yes
Mr. Resmini = yes
Mr. Rooney = yes
Mr. Scurlock = yes
Ms. Wollschlager = yes

Mr. Linehan moved to adjourn, seconded by Mr. LaFleur, voted 10 – 0 – 0

Roll-call vote:

Mr. Coburn = yes

Mr. Evans = yes

Mr. Gillenwater = yes

Mr. LaFleur = yes

Mr. Linehan = yes

Mr. Pope = yes

Mr. Resmini = yes

Mr. Rooney = yes

Mr. Scurlock = yes

Ms. Wollschlager = yes

MEETING ADJOURNED 9:11 PM