



FY 2023 BUDGET PRESENTATION

02/10/2022

INTRODUCTION

- FY 2022 Budget Book Received GFOA Budget Award
- Free Cash Certified Jan 31st 2022
- FY 2023 Town Administrators Budget Published on Feb 1st
- FY 2022 Fall Town Meeting Changes Incorporated
- Format of the presentation

Revenues are \$176,495,677 and expenses are \$176,192,887 with a surplus of \$302,790 as revenue set aside

REVENUE: HIGH LEVEL

POSITIVE REVENUE DRIVERS:

TAX LEVY

STATE AID

CONCERNED REVENUE DRIVERS

LOCAL RECEIPTS

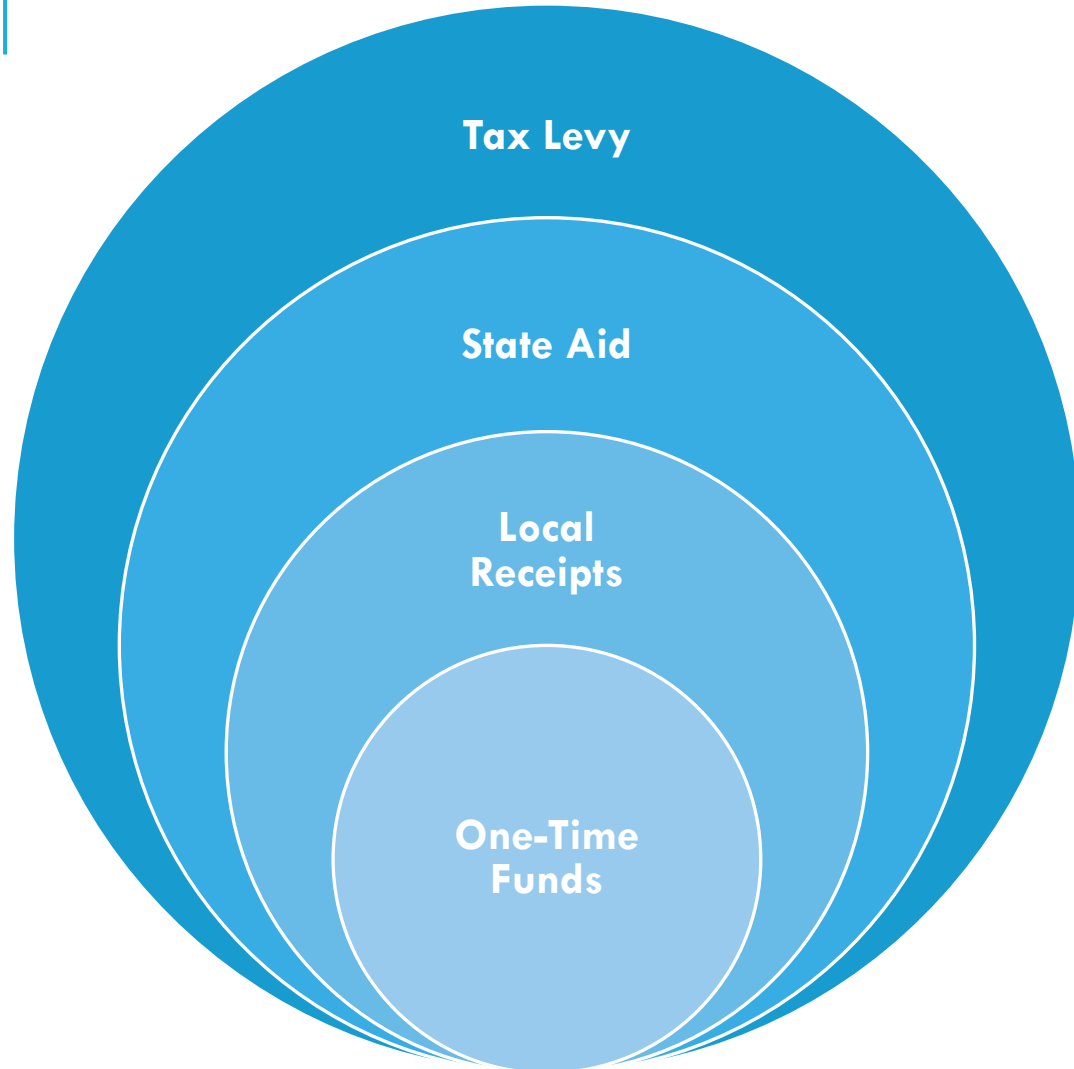
FREE CASH

STABILIZATION

PARKING REVENUE

	FY 2023 Preliminary	% Change
TAX LEVY	\$134,955,121	3.74%
STATE AID	\$17,132,772	13.11%
LOCAL RECEIPTS	\$12,772,292	7.24%
INDIRECTS	\$3,132,537	7.65%
FREE CASH	\$4,292,620	N/A
STABILIZATION FUND (S)	\$3,000,000	N/A
OVERLAY SURPLUS	\$1,000,000	0%
OTHER AVAILABLE FUNDS	\$210,335	0%
TOTAL GENERAL FUND REVENUES	\$176,495,677	5.05%

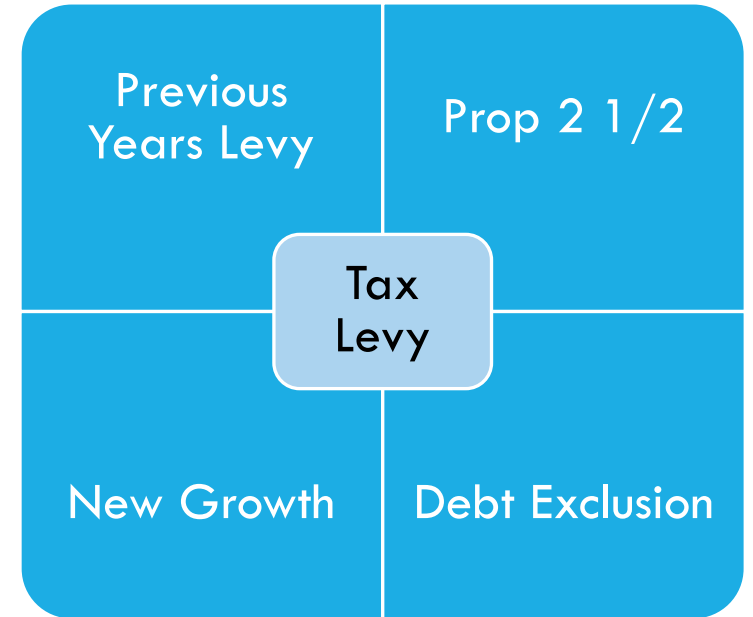
LEVEL OF CONFIDENCE IN REVENUES



<p>Tax Levy</p> <ul style="list-style-type: none"> +Strong Residential Market +Continued Solid New Growth - Weak Commerical Sector
<p>State Aid</p> <ul style="list-style-type: none"> +Strong State Tax Collection Rates +Increased Federal Aid
<p>Local Receipts</p> <ul style="list-style-type: none"> +Anticipated Economic Recovery +Hotel & Meals Recpveru - Big Gap to Bridge
<p>New Growth</p> <ul style="list-style-type: none"> + Continues to Show Strong Gains, - Residential dominated
<p>Free Cash</p>
<p>Federal Funds</p> <p>COVID Relief Funds</p>
<p>Supplemental Billing</p>
<p>Budget Savings</p>
<p>Stabilization Funds</p>

TAX LEVY

PROPERTY TAX	FY 2020	FY 2021	FY 2022	FY 2023	FY 22-FY 23
	Actual	Actual	Appropriated	Preliminary	% Change
TAX LEVY	\$107,285,191	\$111,851,327	\$116,908,229	\$121,674,774	4%
PROP 2 1/2	\$2,682,130	\$2,796,283	\$2,922,706	\$3,042,235	4%
NEW GROWTH	\$1,884,006	\$2,260,619	\$1,843,839	\$1,100,000	-40%
SUBTOTAL	\$111,851,327	\$116,908,229	\$121,674,774	\$125,817,009	3%
EXCLUDED DEBT	\$9,697,011	\$9,366,855	\$9,163,480	\$9,138,112	-0.27%
TOTAL	\$121,635,689	\$126,170,609	\$130,838,254	\$134,955,121	3%



NEW GROWTH - SUMMARY

- FY 2012 - 2022

Fiscal Year	RES GROWTH	COMM GROWTH	PP GROWTH	RES %	COMM %	PP %	TOTAL GROWTH
2022	1,340,909	87,136.60	430,426.03	72%	5%	23%	\$ 1,858,472
AVG	\$ 984,525	\$ 300,111	\$ 204,435	70%	17%	13%	\$ 1,489,071
MIN	\$ 620,041	\$ 35,863	\$ 65,123	43%	3%	8%	\$ 741,229
MAX	\$ 1,507,207	\$ 786,013	\$ 430,426	87%	40%	23%	\$ 2,503,189

Natick has seen strong new growth

Despite the Commercial New Growth Dropping In FY 22, the continued strong Residential and Personal Property growth has kept New Growth at a very strong level

The budgeted New Growth for FY 23 is \$1.1 Million

The budgeted number will be revised as New Growth is certified in the fall

LOCAL RECEIPTS

- 13.4 % of total revenues
- 40% of non-tax levy revenues
- Principal source of funding for capital stabilization
- Total Local Receipts -
 FY 2019 - \$17,756,129 (actual)
 FY 2023 - \$12,772,292 (projected)
\$4,983,837 GAP

TABLE 3: LOCAL RECEIPTS	FY 2020	FY 2021	FY 2022	FY 2023	FY 22-FY 23
	Actual	Actual	Appropriated	Preliminary	% Change
MOTOR VEHICLE	\$4,583,981	\$4,988,235	\$4,500,000	\$4,800,000	7%
OTHER EXCISE	\$2,085,219	\$1,122,300	\$1,034,150	\$1,754,150	70%
PENALTIES & INTEREST TAXES/EXCISE	\$269,103	\$500,039	\$167,165	\$227,100	36%
PAYMENT IN LIEU OF TAXES	\$39,555	\$29,139	\$12,200	\$12,200	0%
TRASH DISPOSAL CHARGES	\$1,151,167	\$1,163,489	\$1,125,000	\$1,230,750	9%
POLICE SPECIAL DUTY SERVICE CHARGES	\$75,530	\$66,857	\$45,000	\$45,000	0%
AMBULANCE FEES - OTHER CHARGES	\$1,386,103	\$1,245,685	\$1,300,000	\$1,000,000	-23%
RENTALS	\$101,342	\$101,000	\$0	\$0	
RECREATION	\$128,478	\$85,055	\$128,477	\$128,477	0%
OTHER DEPARTMENTAL REVENUE	\$631,367	\$866,631	\$240,770	\$220,200	-9%
LICENSE/PERMITS	\$2,425,391	\$2,162,454	\$2,575,370	\$2,572,915	0%
SPECIAL ASSESSMENTS	\$4,099	\$2,272	\$500	\$500	0%
FINES/FORFEITS	\$163,148	\$65,895	\$31,000	\$31,000	0%
INVESTMENT INCOME	\$1,756,599	\$1,288,616	\$250,000	\$250,000	0%
MISCELLANEOUS RECURRING	\$836,596	\$629,644	\$500,000	\$500,000	0%
MISCELLANEOUS NON-RECURRING	\$471,514	\$191,692		\$0	
Subtotal	\$16,109,191	\$14,509,006	\$11,909,632	\$12,772,292	7%

LOCAL RECEIPTS- DEEPER DIVE

FY 2022 - AS OF 02/01/22

MEALS

\$504,276

TARGET - \$515,000

HOTEL/MOTEL

\$574,145

TARGET - \$515,000

Meals

FY 19	\$1,020,821
FY 20	\$898,833
FY 21	\$704,773
FY 22 (budgeted)	\$750,000
FY 23 (projection)	\$750,000

Hotel/Motel-

FY 19	\$1,495,581
FY 20	\$1,183,138
FY 21	\$414,385
FY 22 (budgeted)	\$750,000
FY 23 (Projection)	\$750,000

Cannabis Excise Tax

FY 23 Projection-	\$250,000
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STATE AID CHANGE YEAR TO YEAR

FY 2018 Change: +2.11%

FY 2019 Change : +4.73%

FY 2020 Change : +2.64%

FY 2021 Change : -0.24%

FY 2022 Change : +2.19%

STATE AID	FY 2020	FY 2021	FY 2022	FY 2023	3 Year Avg Change %
	Actual	Actual	Appropriated	Preliminary	% Change
CH 70, CHARTER TUITION	\$10,469,749	\$10,425,005	\$10,585,789	\$12,397,816	18.4%
UNRESTRICTED LOCAL AID	\$4,046,428	\$4,046,428	\$4,188,053	\$4,301,130	6.2%
VETERANS' BENEFITS & EXEMPTIONS	\$257,567	\$227,184	\$194,586	\$233,131	-9.5%
STATE OWNED LAND & MITIGATION	\$115,190	\$118,187	\$118,501	\$133,717	16%
OFFSETS (LIBRARY)	\$49,885	\$59,451	\$59,451	\$66,978	34%
Subtotal Cherry Sheet	\$14,938,819	\$14,876,255	\$15,146,380	\$17,132,772	14.6%
Minus Assessments	\$1,504,841	\$1,561,618	\$1,402,459	\$1,394,784	-7.3%
Total	\$13,433,978	\$13,314,637	\$13,743,921	\$15,737,988	17%

Stabilization Funds

	Balance	Planned Use	Post Balance
Stabilization	2/1/2022	FY 23	
Capital Stabilization	\$1,157,660	TBD	\$1,157,660
General Stabilization	\$1,867,570	\$500,000	\$1,367,570
Operational Stabilization	\$4,342,979	\$2,500,000	\$1,842,979

ONE-TIME FUND/STABILIZATION USE

TARGET BALANCES –

GENERAL - \$3.5 TO \$9 MILLION

OPERATIONAL - \$2.5 TO \$5 MILLION

FREE CASH SPENDING PLAN

FY 2022 Free Cash & Excess Revenue Spending Plan		
Revenue Update		
Excess Revenue	\$	10,170
Free Cash	\$	4,792,620
Total Rev	\$	4,802,790
Expenses		
Revenue to be set aside	\$	302,790
Fiscal 2022 Omnibus Budget - Select Board Collective Bargaining	\$	500,000
Fiscal 2023 Omnibus Budget	\$	4,000,000
Total Exp	\$	4,802,790
Total Excess	\$	-

EXPENSE: HIGH LEVEL

	FY 2020 Recap	FY 2021 Actual	FY 2022 Appropriated	FY 2023 Preliminary	FY 22-FY 23 % Change
NPS	\$67,810,346	\$66,472,406	\$75,063,994	\$79,000,000	5.24%
Keefe Tech	\$1,554,748	\$1,334,398	\$1,250,715	\$1,313,251	5.00%
Morse Library	\$2,357,551	\$2,167,624	\$2,388,653	\$2,434,034	1.90%
Bacon Library	\$190,792	\$167,390	\$184,520	\$227,271	23.17%
Public Safety	\$16,802,303	\$17,103,756	\$17,544,432	\$18,081,740	3.06%
Public Works	\$8,913,228	\$8,616,160	\$9,211,793	\$9,735,179	5.68%
Health and Human Services	\$2,713,620	\$2,390,054	\$2,773,178	\$2,854,181	2.92%
General Government	\$7,886,620	\$6,754,032	\$7,677,009	\$7,574,336	-1.34%
Shared Expenses	\$48,041,101	\$49,769,352	\$48,265,533	\$50,825,783	5.30%
Total General Fund Operating Expenses	\$156,270,309	\$154,775,171	\$164,359,827	\$172,045,774	4.68%

SHARED EXPENSES

FY 23- \$50,824,783- 30% Of GF Operating Budget

Facilities Department- Personnel and Expenses- Increase of 10.47% over FY 22 Approp

Fringe Benefits- Health Insurance, FICA/Medicare, Unemployment Etc. - Increase of 4.96%

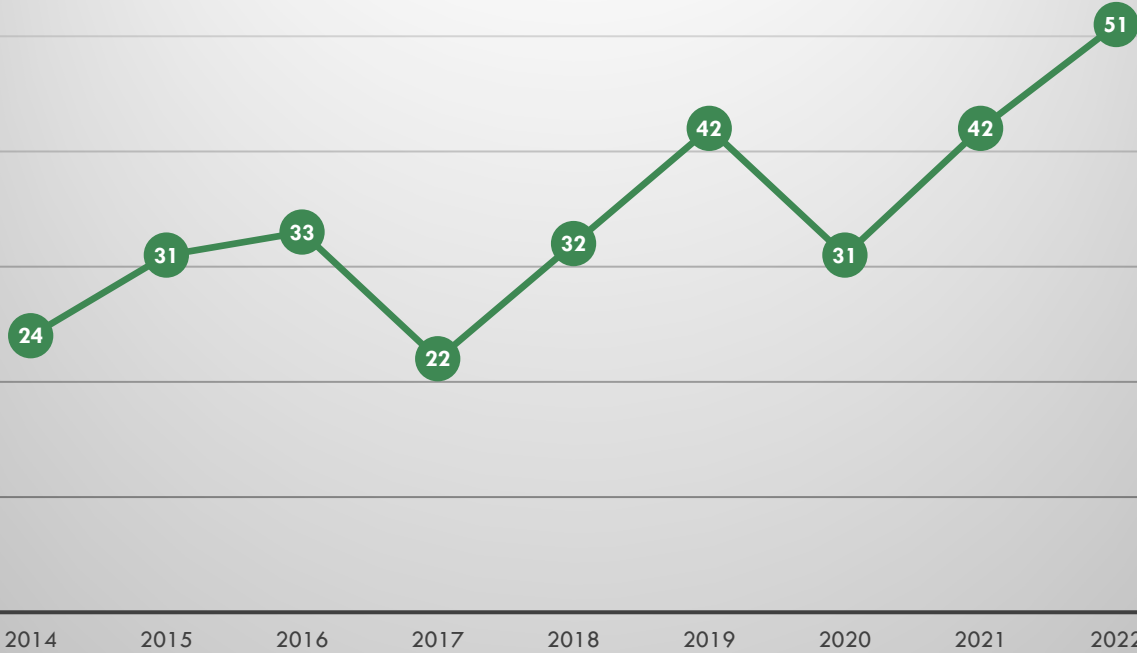
Debt Service- Increase of 3.48%

Retirement Benefits- Increase of 8.66%

Property Insurance- Increase of 6%

THE GREAT RESIGNATION

Turnover - FY 14 - Projected FY 22



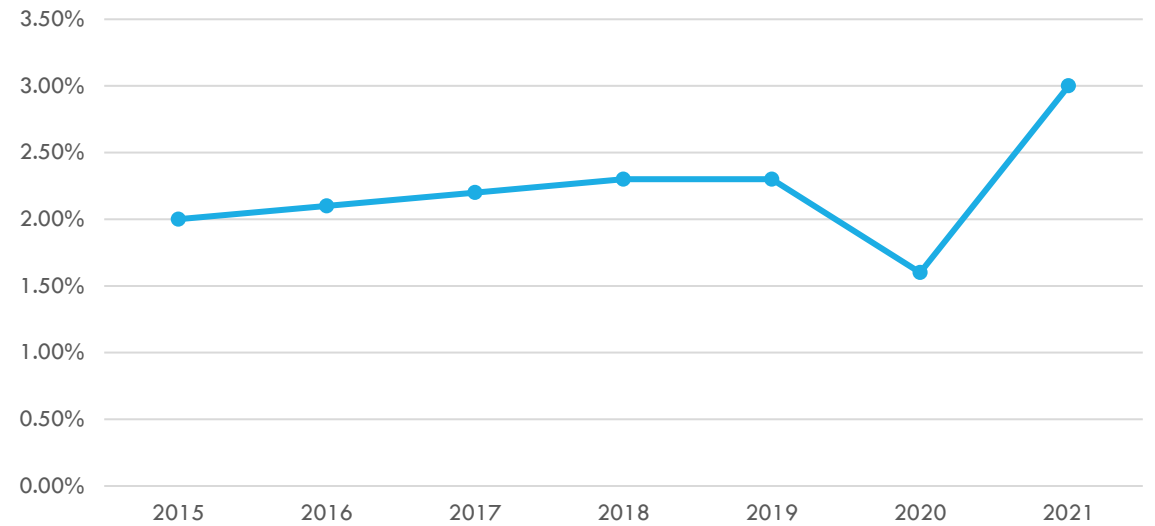
Turnover rate above includes resignations, retirements and terminations.

Personnel Requests may not be fulfilled in the first half of FY23 due to the lack of workforce.

Current Situation:

- Historically High Turnover Rate
- Continuing Trend Predicted
- Lack of Workforce
- Personnel Vacancies not fulfilled

U.S. Resignation Rate Over Time



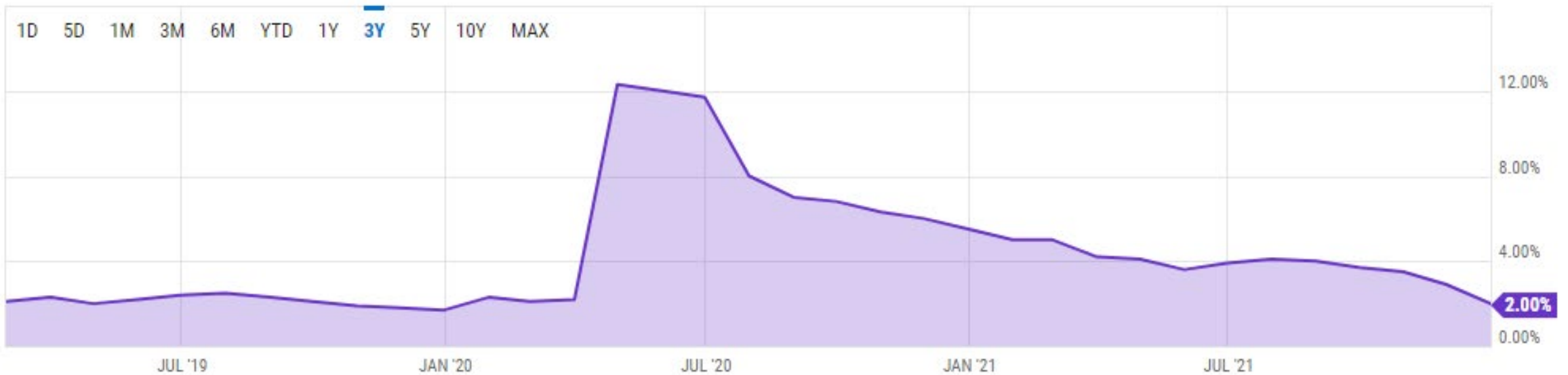
Source: U.S. Bureau of Labor Statistics

UNEMPLOYMENT RATE

2021 December Unemployment Rate Comparison with nearby towns

Natick	Wellesley	Weston	Needham	Wayland
2.00%	2.40%	2.20%	2.30%	2.20%

Natick 3-year Unemployment Rate



Source: U.S. Bureau of Labor Statistics

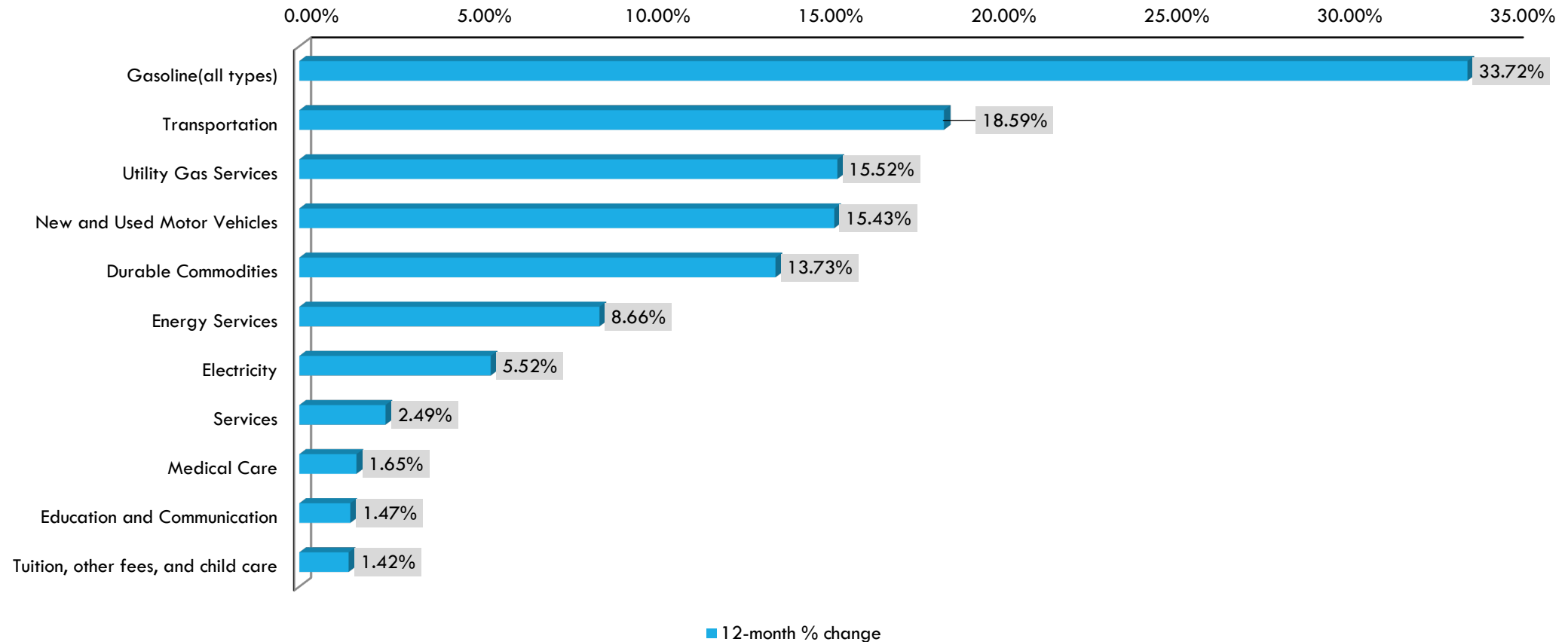
- Unemployment rate has seen a significant drop since the peak in March 2020 due to COVID, from 12.3% to 2.00%.
- Natick's unemployment rate is relatively lower than nearby towns and the average level of the state.
- Unemployment insurance of FY23 Budget is: **\$ 140,000** that keeps up with our expectations of the historical average level of the unemployment rate.

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budgeted	2023 Budgeted	2022 Budgeted vs. 2023 Budgeted (% Change)
Salaries	\$76,668,371	\$80,108,862	\$83,535,907	\$85,909,317	\$91,008,396	\$95,884,853	5.358%
Unemployment	\$45,872	\$89,657	\$44,464	\$585,851	\$136,500	\$140,000	3.7%

EFFECT OF GREAT RESIGNATION AND UNEMPLOYMENT ON BUDGET

CONSUMER PRICE INDEX

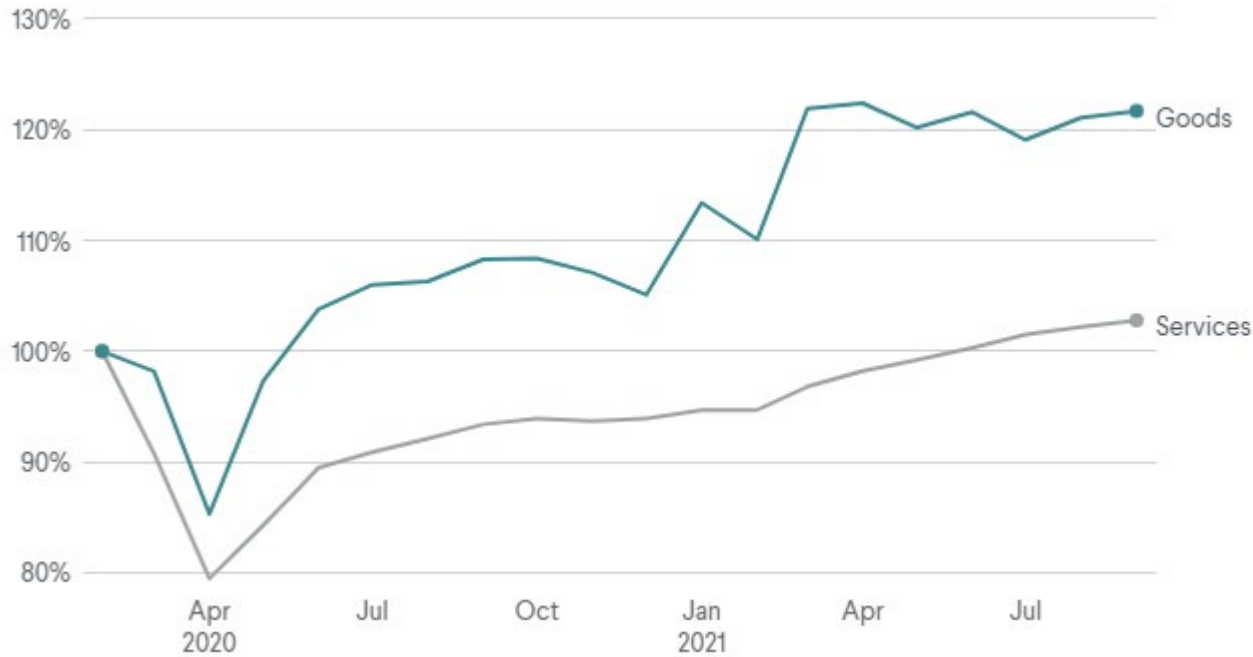
Boston Metro Area 12-month CPI (as of Dec.2021)



Source: U.S. Bureau of Labor Statistics

- Boston Metro Area Average CPI increase of 5.3% leads to the overall increase on expenses across the board.
- Transportation, Utility and Energy Services, Vehicles and Durable Commodities have taken the leading increases among all.

Pandemic Triggers Greater Demand of Goods (U.S.)

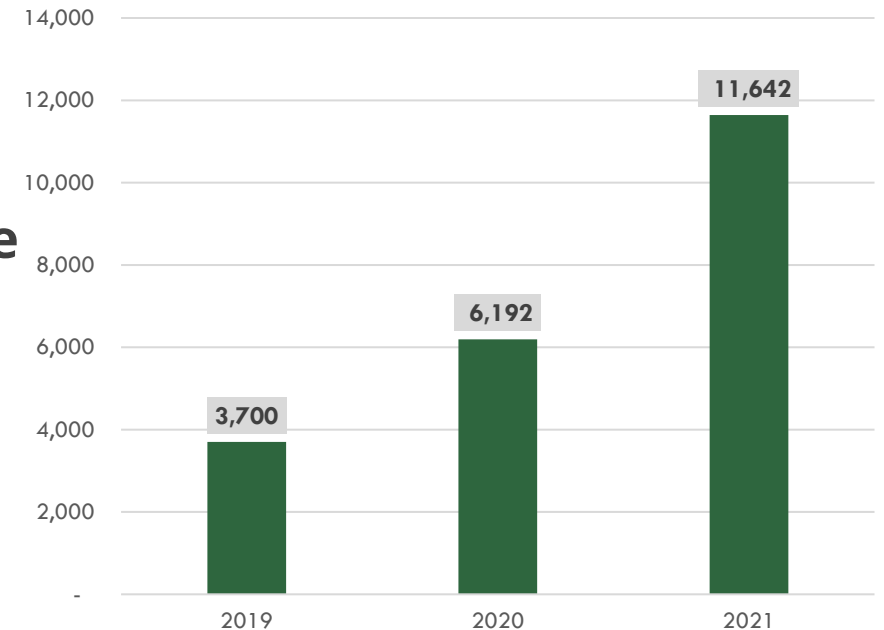


Source: U.S. Bureau of Economic Analysis via Federal Reserve Bank

Outcomes and Effect on FY23 Budget:

- Delivery Delays
- Shortage on supplies
- Increasing shipping costs
- Increasing Goods costs

Number of supply chain disruptions worldwide 2019-2021



Source: Refinitiv Datastream

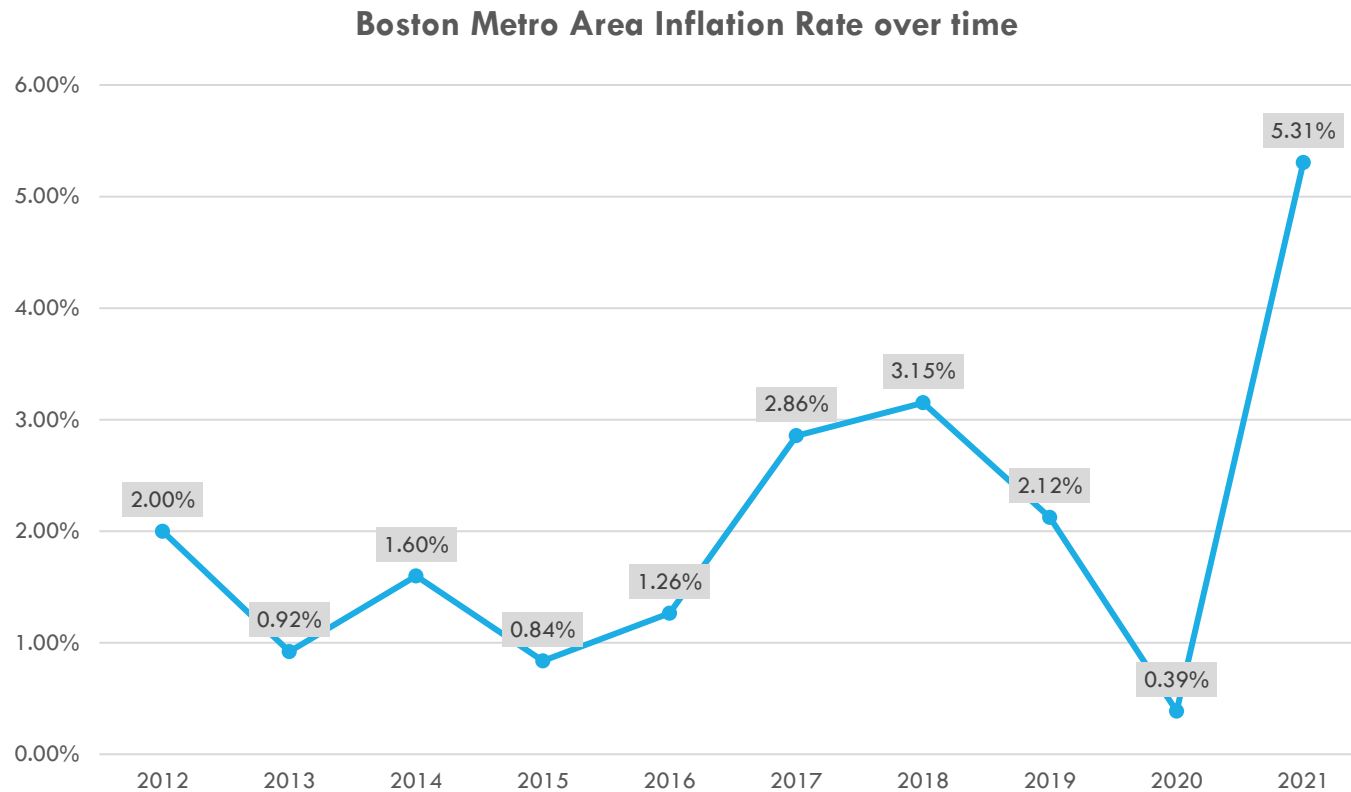
SUPPLY CHAIN AVAILABILITY & PRICES

In 2021, global supply chains have gone through:

- High Demand of Goods after Pandemic
- Growing port congestion
- Manufacturing delays
- Rising COVID-19 cases
- Extreme weather events

INFLATION OVER TIME & EFFECT ON NATICK

Purchasing Power of \$100.00 as of 2011



Source: U.S. Bureau of Labor Statistics

Year	USD Value
2011	100.00
2012	102.00
2013	102.94
2014	104.58
2015	105.46
2016	106.79
2017	109.84
2018	113.31
2019	115.71
2020	116.16
2021	122.32

NATICK BUDGET IMPACTS FROM ECONOMIC INDICATORS

Department	Area of Increase	Increase	Sub-Category
DPW	Municipal Energy	9.7%	Utility and Energy
DPW	Trash Hauling Tolls	54.0%	Transportation
DPW	Vehicle Body Damage and Repairs	15.0%	Vehicle Costs
SHARED	Health Care	5.9%	Healthcare
EDUCATION	Overall	5.2%	Education
DPW	Maintenance Materials (Highway)	5%	Material Shortages
DPW	Vehicle Supplies Tires	10%	Vehicle Supply Shortages
DPW	Brush Grinding	24.0%	Contracted Services
IT	Computer Equipment Replacement	20.0%	Technology Replacement
COA	Postage	10.0%	Day to Day

COVID RELATED GRANT FUNDING

Grant	FY 2021	FY 2022
CVRF (Coronavirus Relief Fund)	\$3,194,135.00	-
FEMA (Federal Emergency Management Agency)	\$2,107,523.62	-
ARPA (American Rescue Plan Act)	-	\$10,650,000.00
BOH	\$107,522.35	\$65,000.00
CED	\$106,750.00	\$60,000.00
Total Received	\$5,515,930.97	\$10,775,000.00
CVRF	\$3,194,134.77	-
FEMA	\$2,107,523.62	\$ 106,151.91
ARPA	-	\$485,445.00
BOH	\$ 88,113.39	\$ 17,964.09
CED	\$28,222.44	\$38,819.25
Total Spent	\$5,417,994.22	\$648,380.25

- Pandemic relief funding is not available to fund a budget gap or replenish stabilization accounts impacted by the pandemic

Eligible uses:

- Cleaning/Disinfection of public buildings
- Infrastructure, hardware and laptops
- School distance learning
- Overtime and backfilling staff
- Communications/Website Upgrades
- Water/ Sewer PFAS Upgrades
- Food inspection and Clinic Supplies

- CARES ACT: Program closed in 2021

- FEMA: To maximize impact, the Town submitted as much as possible to FEMA

- ARPA: Town allocation \$10.65M: half received to date, with remainder due March 2022

- SMALLER GRANTS: Community and Economic Development and Board of Health Grants

- Technical assistance and regional assistance for small business retention
- Support and downtown Natick support/Econ Dev
- Testing, vaccination clinics; school and non-school costs

FINAL THOUGHTS

- February 1st submission date – Great help
- Revised FY 23 Budget Book in Early April
- Expected updates for – State Aid, OPEB, CBA
- Public Forum
- Hardcopy of Budget Book – Copies still available
- New Format of Presentation