

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 7, 2023

The minutes were approved through the following action:

Motion:

Made by:

Seconded by:

Vote: 0 – 0 – 0

Date: X, 2023

Respectfully submitted,

Linda Wollschlager

Chair

Natick Finance Committee

Finance Committee

Town of Natick

Minutes for the meeting of March 7, 2023

Meeting Location: Natick Town Hall, School Committee Meeting Room

And virtual by Zoom: <https://us02web.zoom.us/j88324467728>

Meeting: ID88324467728

Passcode: 906139

One tap mobile: +19292056099

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

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
5. Town Administrator's FY2024 Budget - Public Hearing
 - a. [FY24 Budget overview from Town Administration](#)
6. New Business
 - a. [DLS Financial Management Review - Next Steps](#)
7. Committee Discussion (for items not on the agenda)
 - a. SATM Schedule
 - b. SATM Warrant preview
 - c. Recommendation Book
8. Committee and Sub-Committee Scheduling
 - a. Update on upcoming Committee and Subcommittee meetings
9. Adjourn

Roll Call

Members present; Note R-denotes members attending remotely

Dirk Coburn
David Coffey - R
Larry Forshner
Todd Gillenwater
Grace Keeney - R
Patti Sciarra
Linda Wollschlager
Betty Yobaccio
Daniel Zitnick - R

Note: Richard Pope joined the meeting at 8:15pm.

Announcements

Ms. Wollschlager welcomed new member Larry Forshner to the Finance Committee.

Public Comments

Mr. Jamie Errickson, Town Administrator, announced that the House passed a two-year extension of the emergency legislation authorizing remote meetings through March 2025. It is awaiting passage in the Senate. If not enacted by the end of March, remote meetings, or hybrid meetings without an in-person quorum, would not be possible.

Town Administrator's FY2024 Budget

Motion made by Mr. Gillenwater, seconded by Mr. Coburn, to open the public hearing for the FY24 Town Administrator's Budget.

Motion was approved 9-0-0, all members present voting in the affirmative. (Note, Mr. Pope had not yet joined the meeting.)

Mr. John Townsend, Deputy Town Administrator and Finance Director, presented the FY24 budget. He highlighted some changes:

- Revenues: State aid increased by 5.18% (\$18,382,942) compared to preliminary projections. Other available funds increased by \$200,000 through a budget transfer from FY23 to accommodate pending CBA settlements for the police department.
- Expenses: Health insurance rates increased by 6.37% compared to FY23. State and county assessments decreased by 4%, and offsets decreased by 22% in the governor's budget.

- Free Cash Spending Plan: No significant changes. Contributions to operational and general stabilization funds from free cash and additional state aid:
 - Operational Stabilization: \$408,000 added, reaching 100% of target balance.
 - General Stabilization: Smaller increase, reaching 85% of minimum target balance.
- FY23 Q1 and Q2 Revenue Update:
 - Motor vehicle excise tax down 48.46% compared to FY22 but expected to improve in Q3 and Q4.
 - Other excise taxes, including meals and hotel taxes, up 34% compared to FY22.
 - Overall revenue increase of 3.94% compared to FY22, reaching 48.99% of targets.
- Operating Expenditures:
 - Generally on target, with no significant deviations.
 - Shared expenses slightly lagging compared to FY22 but expected to be addressed in Q3 and Q4 payments.

Mr. Errickson noted that the health care rates were received last week. We took a deeper dive and found that some of our projections were conservatively estimated, and we were able to lower the number of health care plan participants. We are continuously looking at these numbers to make sure that we have the most accurate figures.

Mr. Errickson noted that there have been many questions about the use of ARPA (American Rescue Plan Act) funds.

- ARPA Funds:
 - ARPA funds are federal stimulus dollars received by the town as a grant.
 - Specific categories for fund usage include public health expenditures, economic impact addressing, revenue replacement, premium pay for essential workers, and water/sewer/broadband infrastructure investment.
 - Spending plan falls under the purview of the Select Board.
 - Updated guidance provided more flexibility in using ARPA funds for revenue replacement.
- Spending Plan Updates:
 - \$6.6 million allocated for town revenue recovery.
 - \$1.6 million for school response and \$1.7 million for water/sewer PFOA upgrades.
 - Other projects include facilities upgrades, inclusion/equity/outreach director position, and public safety advocate clinician.
 - Expenditures adjusted for state grant funding and FEMA reimbursements.
 - Total proposed use for FY 23 is \$3 million, with approximately \$1.5-1.6 million remaining for future use.
- ARPA funds act as one-time funds bridging the pandemic's impact on revenue.

Mr. Townsend stated that grant funding totals are included in the FY 24 budget presentation and budget book and make up 1.14% of the total general fund operational expenses. When a grant

ends, department heads seek alternative funding sources or submit new initiatives during the budget process.

Revised FY 24 budget book will be produced in early April, including final adjustments for outstanding collective bargaining agreements.

In response to questions from Mr. Forshner, Mr. Townsend went into more detail on new growth. Mr. Errickson highlighted the town's interest in promoting growth in residential and commercial sectors. Factors like market conditions and zoning policies play a role in encouraging new growth. The upcoming town meeting will feature several zoning proposals that could contribute to new growth opportunities.

Mr. Gillenwater asked if ARPA funds are received as part of the general fund or are they separate. Mr. Townsend replied that they are not part of the general fund and not subject to appropriation but are expended under the direction of the Select Board. However, in the interest of transparency, we are seeking approval of Town Meeting for appropriation.

Mr. Gillenwater asked about other COVID-related recovery funds. Mr. Townsend discussed two additional sources of funding apart from ARPA. The first is the Cares Act, which provided a specific amount of money from the federal government through the state. The Cares Act has been closed out, and the town has filed expenditure reports with the federal and state governments. The second source is FEMA, which offers reimbursement grants. The town had to spend the money first and then file for reimbursement through FEMA. However, the process with FEMA is known to be slow, and it may take another year or more to receive the funds, and the committee can request access to that information if interested.

Mr. Coburn raised a question about the process of reassessing needs and priorities in light of the pandemic and potential changes in the future. Mr. Errickson responded by highlighting the ongoing efforts to analyze and forecast on multiple levels. The finance team uses real numbers and post-pandemic trends for forecasting rather than aspirational numbers. Programmatically, they are constantly evaluating the demands on staff and restructuring departments to align with current workloads and requirements. They are also conducting a human services needs assessment with grant funds to better understand the community's needs and reshape existing resources accordingly. The goal is to build partnerships with the private and nonprofit sectors and allocate additional resources where necessary based on a clear understanding of community demands.

Mr. Zitnick asked how long we can count on ARPA funding. Mr. Errickson explained that the town already has the \$10.6 million ARPA funds and they must be allocated by the end of 2024 and spent by the end of 2026. Approximately \$4.5 million has already been spent, with a significant portion going towards town revenue recovery and water/sewer PFAS upgrades. The town is also making plans to continue programs such as the advocate program and the director of inclusion, equity, and outreach position, with several years' worth of funding available. However, for other items, such as facilities upgrades and the school's economic response, they are considered one-time project funds. The goal is to utilize the ARPA funds for economic recovery

and incorporate them into future budgeting, while also exploring other funding sources and grant opportunities for ongoing needs.

Ms. Keeney about the significant increase in parking revenues. Mr. Errickson noted that during the pandemic, there was a significant decrease in demand for parking permits in communal parking lots, including commuter parking lots and business parking lots in Natick. For example, the commuter parking lot, which typically had a waiting list, saw a drastic reduction in the number of people wanting commuter passes. Last year, only 12 passes were sold, and this year, around 15 have been sold so far. To adapt to the changing needs, the town has introduced new programming, allowing for day parking rates and prorated annual passes. The business parking lot in downtown Natick also experienced a decline in demand, with the number of annual passes dropping from approximately 380 to around 250. The town is closely monitoring the situation and waiting for a potential return of demand as the recovery progresses.

Ms. Wollschlager asked about Collective Bargaining agreements. Mr. Errickson stated that aside from two police units, there are no other contacts outstanding.

Ms. Wollschlager asked if there would be any additional funding needed for FY24 based on the DLS (Division of Local Services) report. Mr. Townsend stated that we have a new initiative for the finance department to cover consulting services as well as additional training. But as we go through the report and develop our action plan, yes, we'll be keeping that in mind.

DLS Financial Management Review

Mr. Errickson reviewed the DLS report status. He stated that town administration is currently reviewing the report and working with the finance team to understand its recommendations and implications. Their goal is to develop a game plan matrix that outlines the recommendations, identifies owners for each action, and determines where the process will reside. They emphasize the importance of open and honest conversations internally to bring forward the best recommendations. Some actions may require broader discussions beyond town administration, such as charter or bylaw changes. The team is working on prioritizing these actions while balancing existing daily operations and upcoming town meeting season. They are also focused on ongoing projects that align with the report's recommendations. The administration is pleased with the progress made so far and acknowledges the benefit of time post-pandemic in settling into a rhythm that allows them to look into the future.

Ms. Wollschlager stated that there will be a Finance Committee meeting to review the report after Town Meeting.

Ms. Wollschlager noted that ClearGov contains detailed information on budget items. It's an important tool that the Administration uses and the Finance Committee should be using it, too. She said that a tutorial has been distributed to the committee, but staff is also available for help. Mr. Gillenwater noted that the schools do not use ClearGov, so it's not really a tool for analyzing school spending.

Motion made by Mr. Coffey, seconded by Mr. Gillenwater to close the public hearing passed by

a vote of 10-0-0, all members present voting in the affirmative.

Committee Discussion

Ms. Wollschlager displayed the schedule for upcoming meetings, which is shared with the committee and continuously updated. She asked for members to submit questions for subcommittees in advance of their meetings.

Ms. Wollschlager reviewed the 35 articles on the spring warrant. She will be asking for volunteers to help write up articles for the recommendation book.

Mr. Gillenwater stated that the official school budget will be voted on March 20 but subcommittee meetings are starting tomorrow.

Adjourn

Motion to adjourn made by Mr. Gillenwater, seconded by Ms. Sciarra approved by a vote of 10-0-0, all members voting in the affirmative.

Meeting adjourned at 8:43 PM.