



TOWN ADMINISTRATION

JAMES ERRICKSON ♦ Town Administrator

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Memorandum

To: Town Meeting Members
From: Jamie Errickson, Town Administrator
CC: Select Board, School Committee, Finance Committee
Date: October 22, 2024
RE: **Pending Override Discussion for FY 2026**

To ensure the continued delivery of high quality, high value services to the Natick community, Town and School administrations meet regularly to review town/school finances, including review of financial forecasting/trends and anticipated budget challenges. Over the past several months, these meetings have become more regular in order to prepare for the upcoming FY 2026 budget season, in light of the Town's continued structural deficit, whereby expenses exceed revenues.

As Town Meeting members may recall, this issue is not new and has been articulated by Town Administrators (including myself) through the annual budget message for the past 10+ years. This structural deficit has historically been filled through the use of one-time funds, such as Free Cash and/or (more recently) federal pandemic response funding (ARPA), among others. The current FY 2025, for example, utilizes \$4.5 million in Free Cash and \$2.7 million in ARPA funds (the last of this funding source), among other resources to fill the structural deficit.

Over the past several weeks it has been increasingly apparent that these structural challenges will reach an inflection point for the upcoming fiscal year (2026), whereby the Town will be unable to fill the structural deficit with one-time funds. Therefore, in an effort to ensure full transparency with the community, through this memo I seek to inform Town Meeting members of the potential need for an Operational Override as early as this March 2025 for FY 2026.

While the details are still being worked on, Town and School administrations continue to analyze our finances in order to present the scale of a probable override, which is projected to be in the \$7-\$8 million range based on current estimates of revenues and expenses. This figure is not final and comes with impacts, the details of which will be shared with the Select Board, School Committee, Finance Committee and the broader community in the coming weeks and months ahead.

On behalf of the Town and School administration, thank you for your continued support of this great community. I look forward to the constructive and healthy dialogue in the coming months as we work to continue to provide high quality, high value services to the Natick community.

To stay informed on these upcoming discussions at the Select Board, School Committee and Finance Committee, please sign up for updates through the Town's website at:

<https://www.natickma.gov/list.aspx>