



Memorandum

To: Board of Selectmen
Finance Committee

From: Martha White, Town Administrator
Michael Walters Young, Deputy Town Administrator/Finance Director

Date: Friday, September 21, 2012

Re: Update to Financial Articles at the 2012 Fall Annual Town Meeting
(Articles 1, 3 & 9)

The following memo amends proposals and motions submitted to the Board of Selectmen and Finance Committee in the memo entitled "*Financial Articles at the 2012 Fall Annual Town Meeting*," dated September 14, 2012.

A summary of ***all*** appropriations requested at Town Meeting, comparing the September 14th proposal to today's, is shown below:

Appropriations by Article for 2012 Fall Town Meeting	14-Sep	21-Sep
Article 1 FY 2013 Operating Budget	\$ 502,357	\$ 790,423
Article 2 Stabilization Fund	\$ -	\$ -
Article 3 Stabilization Fund – Operating/Rainy Day	\$ 288,066	\$ -
Article 4 Stabilization Fund – Capital *	\$ 3,275,551	\$ 3,275,551
Article 5 Capital Equipment * ^	\$ 1,177,340	\$ 1,177,340
Article 6 Capital Improvement * ^	\$ 1,627,000	\$ 877,000
Article 9 Collective Bargaining	\$ 123,552	\$ 123,552
Article 12 Community Senior Center Project * ^	\$ 22,216	\$ 22,216
Article 13 High School Project * ^	\$ 15,858	\$ 15,858
Article 17 Transfer of Funds to Conservation Fund for Trails Construction and Improvement * ^	\$ 50,065	\$ 50,065
Article 27 Design of New Natick Center T Station	\$ 80,000	\$ 80,000

* - Recommended for Favorable Action by Board of Selectmen

^ - Recommended for Favorable Action by Finance Committee

Changes to each article are proposed/explained on the following pages.

Article 1 – FY 2013 Operating Budget

Article 1 contains amendments to the operating budget. Concerns raised at the Board of Selectmen’s meeting of September 18th have prompted Town Administration to reconsider how to set-aside money for collective bargaining agreements that are not settled in advance of this Fall Annual Town Meeting. We had originally proposed to reserve funds for this purpose (\$288,066) in the Operational Stabilization Fund. But, as pointed out at the Board of Selectmen’s meeting, given that appropriations from Stabilization Funds require a 2/3 majority vote, this would in effect create a higher threshold for funding of certain labor contracts than others, and thus pose an unfair burden to some unions.

A solution to this problem is proposed in the revised motion to Article 1, included below. Rather than set aside additional funds in the Operational Stabilization Fund under Article 3, we propose to create a new line-item under the Board of Selectmen’s budget – entitled “Selectmen – Contract Settlements.” The appropriation would be only for the settlement of labor contracts and any unspent balance at year end would fall to Free Cash.

Article 1 - FY 2013 Omnibus Operating Budget

MOTION A: (Requires a Majority Vote)

Move that the Town vote to reduce the following appropriations voted at the Annual Spring Town Meeting commencing on April 12, 2012 under Article 3 as follows:

Article 3, Motion E	Finance Salaries	\$	(75,000)
Article 3, Motion G	Debt Service Interest	\$	(163,684)
Article 3, Motion I	Sassamon Trace Debt Service Interest	\$	(10,601)
Total		\$	(249,285)

MOTION B: (Requires a Majority Vote)

Move that the Town vote to appropriate the sum of \$972,208 as amendments to the following appropriations voted at the Annual Spring Town Meeting commencing on April 12, 2012 under Article 3 as follows:

Article 3, Motion A	Natick Public Schools	\$	358,200
Article 3, Motion B	Fire Department Expenses	\$	5,500
Article 3, Motion D	Community Services Salaries	\$	8,500
Article 3, Motion E	Selectmen Contract Settlements	\$	288,066
Article 3, Motion E	Finance Expenses	\$	75,000
Article 3, Motion G	Debt Service Principal	\$	100,290
Article 3, Motion H1	Water/Sewer Debt Service Principal	\$	88,569
Article 3, Motion H1	Water/Sewer Debt Service Interest	\$	42,683
Article 3, Motion I	Sassamon Trace Debt Service Principal	\$	5,400
Total		\$	972,208

And that to meet this appropriation, the sum of \$835,556 be raised from the Tax Levy, \$91,883 from Water/Sewer Retained earnings, \$39,369 from Inflow & Infiltration Fund and \$5,400 from Sassamon Trace User Fees.

Article 3 – Operational Stabilization Fund

In light of the decision to fund future contract settlements from the Operating Budget (as described on the preceding page), there is no reason to take action now on Article 3.

In addition, the proposal to amend Part 2 of the Town of Natick’s Financial Management Principles is no longer necessary.

Article 9 – Collective Bargaining

Three contracts either are ratified or are anticipated to be ratified by Monday, September 24th by all parties. They are:

- a) Natick Patrol Officers Association
- b) Natick Library Employees, LIUNA Local 1116
- c) Massachusetts Laborer’s District Council, Local 1116 Clerical Union

Below are corrected motions for consideration. The previous memorandum had an incomplete motion for Article 9, Motion C.

Article 9 - Collective Bargaining

MOTION A: (Requires a Majority Vote)

Move that the Town vote to appropriate from the Tax Levy the sum of \$80,114 to implement the Fiscal Year 2013 terms of the agreement reached between the Town of Natick and the Natick Patrol Officers’ Association, said funds to be added to the Fiscal Year 2013 Salaries line item within the Police Department budget approved at the 2012 Spring Annual Town Meeting under Article 3, Motion B.

MOTION B: (Requires a Majority Vote)

Move that the Town vote to appropriate from the Tax Levy the sum of \$17,473 to implement the Fiscal Year 2013 terms of the agreement reached between the Town of Natick and the Public Employees Local Union 1116 of the Laborers International Union of North America - Library Employees, said funds to be added to the Fiscal Year 2013 Salaries and Expenses line-item within the Morse Institute Library budget approved at the 2012 Spring Annual Town Meeting under Article 12.

Article 9 - Collective Bargaining (con't)

MOTION C: (Requires a Majority Vote)

Move that the Town vote to appropriate from the Tax levy the sum of \$25,965 to implement the Fiscal Year 2013 terms of the agreement reached between the Town of Natick and the Public Employees Local Union 1116 of the Laborers International Union of North America – Clerical Employees, said funds to be added to the Fiscal Year 2013 departmental budgets as shown in the table attached hereto and incorporated by reference.

Motion - Budget Changes	Amount to be added
Police Salaries (Article 3, Motion B)	\$ 1,219
Fire Salaries (Article 3, Motion B)	\$ 2,206
DPW Administration Salaries (Article 3, Motion C)	\$ 2,920
Community Services Salaries (Article 3, Motion D)	\$ 4,825
Board of Health Salaries (Article 3, Motion D)	\$ 1,319
Finance Salaries (Article 3, Motion E)	\$ 4,893
Town Clerk Salaries (Article 3, Motion E)	\$ 2,356
Community Development Salaries (Article 3, Motion E)	\$ 6,227
General Fund Impacts	\$ 25,965

Further details on each contract will be made available on Monday Night, September 24th.

Please let us know if you have any questions.

General Fund Revenue/Expenditure Summary

General Fund Revenues	2011	2012	2013	2013	2012 vs. 2013 FATM	
	Actual	Appropriated	Appropriated	FATM	\$	%
Tax Levy	\$ 79,684,179	\$ 86,502,701	\$ 88,894,846	\$ 89,294,846	2,792,145	3.23%
State Aid	\$ 11,711,879	\$ 11,509,427	\$ 11,130,647	\$ 11,657,952	148,525	1.29%
Estimated Receipts	\$ 11,922,815	\$ 9,281,733	\$ 10,142,890	\$ 10,142,890	861,157	9.28%
Local Option Taxes	\$ 1,170,876	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	0	0.00%
Other Local Receipts						
Indirects	\$ 2,449,757	\$ 2,535,883	\$ 2,581,514	\$ 2,581,514	45,631	1.80%
Free Cash	\$ 3,425,336	\$ 5,466,393	\$ 2,979,340	\$ 6,342,757	876,364	16.03%
Stabilization Fund (s)	\$ 98,550	\$ 689,340	\$ 1,048,652	\$ 1,062,152	372,812	54.08%
Overlay Surplus		\$ 1,000,000	\$ -	\$ -	-1,000,000	-100.00%
Other Available Funds	\$ 190,851	\$ 281,532	\$ 460,407	\$ 460,407	178,875	63.54%
Total General Fund Revenues	110,654,243	118,267,009	118,238,296	122,542,518	4,275,509	3.62%
General Fund Expenses						
Education & Learning						
Natick Public Schools	\$ 44,364,711	\$ 46,406,138	\$ 46,200,514	\$ 46,558,714	152,576	0.33%
Keefe Tech	\$ 1,469,598	\$ 1,396,865	\$ 1,271,613	\$ 1,271,613	-125,252	-8.97%
Morse Institute Library	\$ 1,739,131	\$ 1,848,818	\$ 1,865,058	\$ 1,865,058	16,240	0.88%
Bacon Free Library	\$ 109,706	\$ 118,827	\$ 130,082	\$ 130,082	11,255	9.47%
Public Safety	\$ 12,052,297	\$ 13,124,052	\$ 13,584,930	\$ 13,590,430	466,378	3.55%
Public Works	\$ 7,542,691	\$ 7,653,410	\$ 7,343,432	\$ 7,343,432	-309,978	-4.05%
Health & Human Services	\$ 1,560,965	\$ 1,733,513	\$ 1,822,398	\$ 1,830,898	97,385	5.62%
Administrative Support Services	\$ 3,831,269	\$ 4,354,576	\$ 4,602,406	\$ 4,890,472	535,896	12.31%
Committees	\$ 23,278	\$ 25,510	\$ 26,010	\$ 26,010	500	1.96%
Shared Expenses						
Fringe Benefits	\$ 14,200,952	\$ 15,076,350	\$ 15,174,510	\$ 15,174,510	98,160	0.65%
Prop & Liab. Insurance	\$ 451,853	\$ 520,958	\$ 553,175	\$ 553,175	32,217	6.18%
Retirement	\$ 5,475,739	\$ 5,717,032	\$ 6,150,200	\$ 6,150,200	433,168	7.58%
Debt Services	\$ 6,787,251	\$ 10,989,545	\$ 10,271,915	\$ 10,209,521	-780,024	-7.10%
Reserve Fund	\$ -	\$ 400,000	\$ 400,000	\$ 400,000	0	0.00%
Facilities Management	\$ -	\$ -	\$ 2,449,793	\$ 2,449,793	2,449,793	#DIV/0!
General Fund Oper. Expenses	\$ 99,609,440	\$ 109,365,594	\$ 111,846,036	\$ 112,443,908	3,078,314	2.81%
Capital Improvements	\$ 543,120	\$ 1,401,900	\$ 1,269,277	\$ 1,282,777	-119,123	-8.50%
School Bus Transportation	\$ 290,014	\$ 330,137	\$ 340,041	\$ 340,041	9,904	3.00%
State & County Assessments	\$ 1,351,044	\$ 1,360,929	\$ 1,397,812	\$ 1,524,561	163,632	12.02%
Cherry Sheet Offsets	\$ 131,434	\$ 155,298	\$ 189,873	\$ 269,005	113,707	73.22%
Tax Title	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	0	0.00%
Snow Removal Supplement	\$ 448,991	\$ 765,163	\$ 235,418	\$ 235,418	-529,745	-69.23%
Overlay	\$ 1,112,323	\$ 1,133,967	\$ 1,400,000	\$ 1,400,000	266,033	23.46%
Golf Course Deficit	\$ 334,500	\$ 320,000	\$ 310,000	\$ 310,000	-10,000	-3.13%
General Stabilization Fund	\$ 1,634,439	\$ -	\$ -	\$ -	0	#DIV/0!
Operational Stabilization Fund	\$ -	\$ 856,478	\$ -	\$ -	-856,478	-100.00%
Capital Stabilization Fund*	\$ 307,913	\$ 1,859,511	\$ 1,000,000	\$ 4,275,551	2,416,040	129.93%
FLSA Settlement	\$ -	\$ 593,032	\$ -	\$ -	-593,032	-100.00%
Misc. Articles	\$ 85,000	\$ 100,000	\$ 224,838	\$ 312,704	212,704	212.70%
Collective Barg./Non-Union Adj.	\$ 63,512	\$ -	\$ -	\$ 123,552	123,552	#DIV/0!
Total General Fund Expenses	\$ 105,936,730	\$ 118,267,009	\$ 118,238,296	\$ 122,542,518	4,275,509	3.62%
Net Excess / (Deficit)	4,717,513	0	0	0		

General Fund Rev./Exp. Summary - Change from Spring to Fall

	2013 Spring ATM	2013 Fall ATM	\$	Reason
General Fund Revenues				
Tax Levy	\$ 88,894,846	\$ 89,294,846	\$ 400,000	New Growth higher than anticipated in Spring
State Aid	\$ 11,130,647	\$ 11,657,952	\$ 527,305	Final State Aid Higher than anticipated in Spring
Estimated Receipts	\$ 10,142,890	\$ 10,142,890	\$ -	
Local Option Taxes	\$ 1,000,000	\$ 1,000,000	\$ -	
Other Local Receipts				
Indirects	\$ 2,581,514	\$ 2,581,514	\$ -	
Free Cash	\$ 2,979,340	\$ 6,342,757	\$ 3,363,417	Includes \$1,275,551 for Local Option tax Collections, \$2m for Capital Stabilization Fund from one-time sources and \$87,866 for misc. articles
Stabilization Fund	\$ 1,048,652	\$ 1,062,152	\$ 13,500	Actual Use of Capital stabilization Fund for FY 2013
Overlay Surplus	\$ -	\$ -	\$ -	
Other Available Funds	\$ 460,407	\$ 460,407	\$ -	
Total General Fund Revenues	118,238,296	122,542,518		

General Fund Expenses				
Education & Learning				
Natick Public Schools	\$ 46,200,514	\$ 46,558,714	\$ 358,200	Contract Settlement Costs
Keefe Tech	\$ 1,271,613	\$ 1,271,613	\$ -	
Morse Institute Library	\$ 1,865,058	\$ 1,865,058	\$ -	
Bacon Free Library	\$ 130,082	\$ 130,082	\$ -	
Public Safety	\$ 13,584,930	\$ 13,590,430	\$ 5,500	Strategic Development for Fire Department
Public Works	\$ 7,343,432	\$ 7,343,432	\$ -	
Health & Human Services	\$ 1,822,398	\$ 1,830,898	\$ 8,500	Addition of 1 12-hour per week Program Assistant @ C/SC
Administrative Support Services	\$ 4,602,406	\$ 4,890,472	\$ 288,066	For future contract settlements
Committees	\$ 26,010	\$ 26,010	\$ -	
Shared Expenses				
Fringe Benefits	\$ 15,174,510	\$ 15,174,510	\$ -	
Prop & Liab. Insurance	\$ 553,175	\$ 553,175	\$ -	
Retirement	\$ 6,150,200	\$ 6,150,200	\$ -	
Debt Services	\$ 10,271,915	\$ 10,209,521	\$ (62,394)	Savings from Refinancing Debt
Reserve Fund	\$ 400,000	\$ 400,000	\$ -	
Facilities Management	\$ 2,449,793	\$ 2,449,793	\$ -	
General Fund Oper. Expenses	\$ 111,846,036	\$ 112,443,908	\$ 597,872	

Capital Improvements	\$ 1,269,277	\$ 1,282,777	\$ 13,500	Total Cash Capital Request for FY 2013 (SATM & FATM)
School Bus Transportation	\$ 340,041	\$ 340,041	\$ -	
State & County Assessments	\$ 1,397,812	\$ 1,524,561	\$ 126,749	Final Assessments
Cherry Sheet Offsets	\$ 189,873	\$ 269,005	\$ 79,132	Final Cherry Sheet Offsets
Tax Title	\$ 25,000	\$ 25,000	\$ -	
Snow Removal Supplement	\$ 235,418	\$ 235,418	\$ -	
Overlay	\$ 1,400,000	\$ 1,400,000	\$ -	
Golf Course Deficit	\$ 310,000	\$ 310,000	\$ -	
General Stabilization Fund	\$ -	\$ -	\$ -	
Operational Stabilization Fund	\$ -	\$ -	\$ -	
Capital Stabilization Fund*	\$ 1,000,000	\$ 4,275,551	\$ 3,275,551	FY 2012 Local Option Taxes PLUS \$2M One-time monies
FLSA Settlement	\$ -	\$ -	\$ -	
Misc. Articles	\$ 224,838	\$ 312,704	\$ 87,866	Articles 12, 13 & 17
Collective Barg./Non-Union Adj.	\$ -	\$ 123,552	\$ 123,552	Contract Settlement Costs

Total General Fund Expenses	\$ 118,238,296	\$ 122,542,518		
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Net Excess / (Deficit)	0	0		
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