



Town of Natick

FY 2011 Appropriated Budget

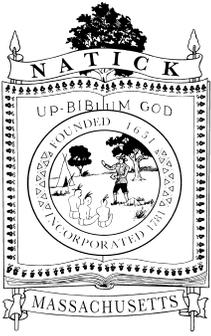
Section I: Budget Message



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TOWN OF NATICK

Massachusetts 01760

www.natickma.gov

*Martha L. White
Town Administrator*

*Michael Walters Young
Deputy Town Administrator*

TOWN ADMINISTRATOR'S FISCAL YEAR 2011 BUDGET MESSAGE

Natick has not been immune to the continued economic challenges facing communities in Massachusetts and beyond. We have, however, fared better than many communities for a variety of reasons.

Our conservative approach to forecasting revenues continues to serve us well, particularly in these challenging economic times. We began the FY 2011 budget cycle in January with a projected \$3.1 million deficit. At that early stage in the process, most revenue categories are difficult, at best, to forecast reliably. Accordingly, and consistent with our Financial Management Principles, we are conservative in our forecasting approach. As a result, as the budget process progresses and the revenue picture becomes clearer and more reliable, the fiscal picture inevitably brightens.

This is not to say that significant reductions were not necessary to balance the FY 2011 budget – several departmental budgets and associated personnel and services have been impacted. In total 6.19 budgeted full-time-equivalent positions have been eliminated within the general government operations; School Department personnel and services are affected as well.

But, for the first time in many years, the Town's operating budget has been balanced without the use of either Stabilization Funds or Overlay Surplus Funds. This is a remarkable achievement particularly in these challenging times and reflects a strong commitment on the part of the Board of Selectmen, School Committee and Finance Committee to ensure that the ongoing operations of the Town are supported by recurring revenues; that is, that we are living within our means.

Fiscal approaches such as these have enabled Natick to retain its exemplary AAA stable bond rating (awarded to only 29 of Massachusetts' 351 cities and towns). This designation will enable us to get the lowest possible interest rates when borrowing funds – especially important given the voters' recent approval of the debt exclusion questions in support of a new Natick High School and a new Community/Senior Center.

Conservative spending practices have also contributed to Natick's sound fiscal condition. Notably, several measures introduced in FY 2009 were continued throughout FY 2010, including

- Hiring freeze (with exceptions where it was determined by vote of the Board of Selectmen that filling the position was either essential or cost-effective)
- Spending freeze on travel and other discretionary spending
- Reducing overtime wherever possible
- Availability of a voluntary work reduction program

Despite these budgetary constraints, staff continued to implement important initiatives and service enhancements during FY 2010. A small sampling of such initiatives includes:

- The Town's Geographic Information System (GIS) mapping is now available through the town's website, allowing users to answer many basic property-oriented questions anytime (link to "WebGIS" under "On Our Site").
- The Recreation and Parks Department added on-line sign-up for most of its programs.
- The first ever Financial Summit was held at which an analysis of Natick's financial condition was presented; this information can be found under the Town Administrator's page on the town's website.
- The design of multiple traffic improvement projects continued to be advanced, including North Main Street (Route 27), intersection improvements at Oak Street and Route 9, and intersection improvements at Route 9 and North Main Street.
- The Board of Health more than doubled its offerings of flu clinics last fall and winter to accommodate the seasonal flu as well the as the H1N1 virus; these were run with either volunteers or grant funds.
- The Fire Department now deploys Advanced Life Support Fire Apparatus, enabling the department to bring ALS to Natick's citizens 5-7 minutes sooner in some instances.
- The Springvale Water Treatment facility was recently recertified for its Environmental Management Systems, ISO 14001:2004; it is the only public water treatment facility in the state and one of the few in the nation to receive this certification and remains a leader in this area.
- As a convenience to residents, the Police Department implemented a program for on-line reporting of minor crimes and incidents.

We also continued to evaluate operations for their cost efficiency. Notably, the Deputy Town Administrator completed an extensive evaluation of the Town's emergency medical service (available from the Town Administrator's page on the Town website). This study assessed the costs, benefits and potential alternatives for delivery of ambulance service for the Town of Natick. The study concluded that the best form of medical response is one run by the Natick Fire Department. This is not to say that the current system is necessarily as efficient as it can be; these services would benefit from continuously analyzing, redefining and refining how the department's resources can best be utilized to best serve the taxpayers of the community. The Administration is committed to continuing evaluation of this and other municipal services.

In fact, it is the intent of the Administration to perform an in-depth evaluation of one department or service area annually. Over the coming fiscal year, given the impending development of a combined Community/Senior Center, we will work to develop a model for the efficient, cost-effective and collaborative management and delivery of the wide range of services and programs that will be offered in this new facility.

We also have a number of regional initiatives that are gaining momentum. The Towns of Natick and Sherborn are currently being provided technical assistance through grant funds to evaluate a variety of opportunities for regionalization and to develop implementation plans for those deemed most practical. Such opportunities range from sharing engineering services to combining some of our solid waste collection services and/or facilities.

We are also involved in a multi-town study to determine the feasibility of regionalizing public safety dispatch services. While development of such a facility will be a couple of years away at best, this presents a tremendous opportunity for enhancement of service at less cost.

It is critical that we continue to pursue these and other opportunities to reduce costs. While we have balanced the FY 2011 budget, we have our eyes keenly focused on FY 2012 and beyond. At present, the forecasted deficit for FY 2012 is \$1.8 million and the projected deficit for FY 2013 is \$3.4 million. By way of comparison, at this time last year, our projected deficit for FY 2011 was \$2.9 million and for FY 2012 we were forecasting a deficit of \$5.5 million. So while we certainly expect to continue to face significant challenges in the future, our forecast does not appear as grim as they did a year ago.

As was noted in my January 2010 Budget Message, one key opportunity for savings is with respect to health care plan changes. All collective bargaining agreements – general government and school – expire at the end of this fiscal year. It is clear that changes in the health insurance plans are critically important to the town's fiscal stability. The proposal that appears most advantageous is to transition all employees to the so-called Rate Saver/HMO insurance plans. With the adoption of these programs, significant savings would be realized (over \$1 million) while offering employees and their families the continued ability to access high quality care with their current doctors. Importantly, it is anticipated that plans of this type may be less likely to see significant spikes in cost in future years. Our negotiations with general government and school unions will continue over the coming weeks and it is hoped that constructive dialogue will lead to positive outcomes for all parties. Changes to employee health plans is the primary cost-saving objective of the administration. Such changes are likely to represent the largest savings of any one cost-saving measure and would represent a major effort in containing future cost increases in this rapidly escalating cost item.

With this FY 2011 budget, the Office of the Town Administrator has continued to approach the budgeting process with transparency as well as continuously improved depth, quality and clarity of budgetary information. The proposed

budget has been discussed at no fewer than sixteen Finance Committee public hearings and numerous meetings of the Board of Selectmen. Full and frequently-updated budget information has been provided on the websites of the Board of Selectmen at www.natickma.org and School Department at www.natick.k12.ma.us. The Board of Selectmen, School Committee and Finance Committee as well as the General Government and School Administrations have worked collaboratively to bring to the Town Meeting a balanced and comprehensive budget.

Our approach to this and each year's budget is also consistent with and supportive of the Natick 360 Strategic Plan. Through this extensive process, community value and vision statements for Town's future were developed and strategic goals to attain this desired future were identified. With this strategic plan as our overall guide, the departmental goals and associated budgets form a cohesive whole in support of attainment of these goals. The Natick 360 Strategic Plan Executive Summary can be found in Appendix A.

Consistent with the guidelines of the Government Finance Officers' Association – a nationwide organization whose purpose is to enhance and promote the professional management of governments – this budget is designed to be:

- A Policy Document
- An Operations Guide
- A Financial Plan
- A Communications Device

With this FY 2011 budget submission, the Administration is pleased to continue its efforts to improve the comprehensive budget presentation. This year, we have provided Performance Indicators – a process that will be refined over several years. Although the narrative and other budget sections are crucial to understanding how the departments function and the challenges and opportunities they face, the Performance Indicators provide quantifiable and objective data with which we will be able to measure departmental performance.

The first phase of this effort, implemented with this year's budget presentation, is to identify the appropriate Performance Indicators to measure various workloads or to report the quantity or volume of products and services provided by the division or department. In future years we will refine the Indicators and utilize this data to measure efficiency and outcomes.

Section II of this document – the Budget Overview - provides Town Meeting members and the community with a clear overview of our past, present and forecasted revenues and expenditures as well as the sources and uses therefore. Tables and documents including the Revenue Summary, Expenditure Summary, Fund Summary and the Three-Year Projections allow readers to quickly and easily see where the town appropriates its money. Supplemental information is provided in the Appendices.

These outstanding budget materials are the work product of the Deputy Town Administrator Michael Walters Young. I am most grateful for his proficiency in

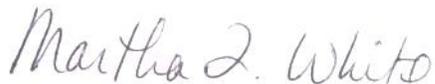
this and many other areas, through which the efforts of the administration are enhanced across all operations.

I am also very grateful to the support and participation of all department heads – and their staff at all levels – for yet again responding to fiscal challenges with cost-effective and innovative approaches to ensure the continued delivery of quality services. Efforts such as these will be an ongoing process.

Many thanks are also due to the Finance Committee for their countless hours of volunteer service. Their commitment to the Town's budgeting process and review of other proposals for Town Meeting's consideration is remarkable. In particular, my thanks go to the Finance Committee Chairman, Rick Jennett, for maintaining a sense of humor while adeptly managing the Committee's review process.

Our challenges will continue over the coming months and perhaps years. As we continue to evaluate services and opportunities for expense reduction and revenue enhancement, we will do our best to minimize impacts to services most needed, and we will undertake this effort with the greatest possible transparency and with due care and concern for residents and employees. As always, we seek the public's awareness and participation in this challenging effort.

Sincerely,

A handwritten signature in cursive script that reads "Martha L. White".

Martha L. White,
Town Administrator



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