

The TOWN OF NORWOOD

Commonwealth of Massachusetts

FINANCE COMMISSION

ALAN D. SLATER
CHAIR

ANNE MARIE HALEY
VICE-CHAIR

ROBERT G. DONNELLY

JUDITH A. LANGONE

KELLIE NOUMI

FINANCE COMMISSION MEETING

Meeting, Thursday, September 19, 2019 at 6:00 pm in the Robert M. Thornton Room, Town Hall, 566 Washington Street, Norwood, MA 02062.

A G E N D A

- Acceptance of minutes from July 15, 2019 meeting
- Finance Commission Reorganization
- School Department Report on Override Spending
- Special Town Meeting Warrant and related votes
- FY2019 Airport Finances Update
- Moderna TIF Update
- Status of Existing TIFs
- Facilities Management Memorandum
- Community Preservation Act Memorandum
- Other business

FISCAL 2020 RESERVE FUND ACTIVITY

Reserve Fund ATM Appropriation:

\$125,000

The Commission reserves the right to consider items on the agenda out of order. This listing of matters contains those items reasonably anticipated by the Chairman which may be discussed at the meeting at least 48 hours prior to the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.

FINANCE COMMISSION MEETING
Monday, July 15, 2019
MINUTES OF MEETING

A meeting of the Finance Commission was held at 6:00 pm, Monday, July 15, 2019 in the Robert M. Thornton Room, 566 Washington Street. Attending the meeting were Alan Slater, Chairman, members Robert Donnelly, Judy Langone and Kellie Noumi assisted by Tom McQuaid, Clerk to the Finance Commission. Ann Haley, Vice Chair was absent.

On a motion by Mr. Donnelly, seconded by Mrs. Langone the minutes of July 8, 2019 were ***unanimously approved 4-0.***

The Commission focused upon three requests for Municipal Relief. The vote on the transfers was made collectively after the discussions.

The first request was for \$2,000 in additional funding for the Conservation Agent's Salary. During the budgeting process the stipend for having a Master's degree was not factored into the budget. The source of funding for this request will be Public Works Wages.

The second request is for \$2,000 in additional funding for Engineering salaries. During the budget process the budget was miscalculated. The source of the funding is the Engineering Co-op Student Salary Account.

The third request is \$100 for Zoning Board of Appeals Overtime Account. The source of funding is Zoning Board Lease expense.

On a motion by Mr. Donnelly, seconded by Ms. Noumi all the Municipal Relief Transfers were ***approved unanimously on a 4-0 vote.***

On a motion by Ms. Noumi, seconded by Mr. Donnelly the meeting was unanimously adjourned at 6:18 pm.

A True Copy

Attest: _____
Thomas J. McQuaid, CPA, Clerk-Finance Commission

List of Articles
Special Town Meeting
October 7, 2019

9/10/2019

#	DESCRIPTION	Amount	Internal Sources	Free Cash	Borrow	Other	Account	COMMENT
	A	B	C	D	E	F	G	H
1	Moderna TIF	NA						UTI property
2	Neponset Meadows Land Acquisition	10,000	10,000					approx. 1.51A isolated land (Kissell)
3	Saints Streets Land Acquisition	325,000			?	325,000	CPA funds	CPA - Open Space \$280,000 + legal & survey costs, debris clean-up, etc.
4	Zoning petition - 289 Walpole St.	NA						private petition - conversion of certain historic residential structures
5	Zoning - Amend CBD boundary	NA						request of adjacent property owners
6	Schools - transfer funds from FY'20 budget to Override Stab. Fund	509,290	509,290					transfer to Override Stab. Fund per Annual TM pledge
7	Coakley Middle School Design Services	1,500,000			1,500,000			SBA application process
8	Amend Senior tax work-off program	NA						allow volunteers to work for qualifying disabled seniors
9	Water Main Improvements - Sumner/Union Sts. area	1,500,000			1,500,000			contingent on Agreement with the Town of Sharon to pay all costs
10	Acquisition of East Walpole Cemetery	NA						accept Cemetery land + funds
11	Add'l. funds - Town Hall Elevator (est.)	200,000	200,000				completed prior-year capital project balances	re-allocate for Town Hall elevator - bids due on 9-23
12	Add'l. funds - Fire Equipment (est.)	85,000	85,000					re-allocate to outfit & equip new Engine #5
13	Approp. Transp. Network Company funds	14,862	14,862					for transportation-related purposes
14	Town Meeting Rules Committee	NA						Committee Report
15	Unpaid Bills - <i>estimate</i>	1,000	1,000	-	-	-		"allowance" - if any
	Total:	4,145,152	820,152	-	3,000,000	325,000	4,145,152	

**NORWOOD MEMORIAL AIRPORT
SUMMARY OF HISTORY OF REVENUES AND EXPENSES**

DAY-TO-DAY OPERATIONS

	FY2013 Actual		FY2014 Actual		FY2015 Actual		FY2016 Actual		FY2017 Actual		FY2018 Actual		FY2019 Actual	
Revenue														
Direct	239,874	57.3%	254,966	61.1%	248,267	56.5%	247,159	58.5%	271,430	64.9%	272,251	59.3%	282,595	63.1%
Indirect	178,519	42.7%	162,049	38.9%	190,791	43.5%	175,399	41.5%	146,571	35.1%	186,525	40.7%	164,999	36.9%
Total Revenue	418,393	100.0%	417,015	100.0%	439,058	100.0%	422,558	100.0%	418,001	100.0%	458,776	100.0%	447,594	100.0%
Expenses														
Salaries	161,889	41.4%	163,681	44.4%	165,681	54.3%	170,957	47.8%	177,003	47.5%	181,631	51.0%	195,829	43.6%
Operations	193,522	49.4%	157,615	42.8%	128,339	42.0%	172,400	48.2%	170,036	45.6%	154,786	43.5%	154,820	34.5%
Incidentals	6,226	1.6%	6,939	1.9%	6,399	2.1%	8,935	2.5%	7,702	2.1%	4,276	1.2%	11,916	2.7%
Matching grants cost	29,796	7.6%	40,323	10.9%	4,916	1.6%	5,105	1.4%	17,932	4.8%	15,338	4.3%	86,488	19.3%
Total Cost	391,433	100.0%	368,558	100.0%	305,335	100.0%	357,397	100.0%	372,673	100.0%	356,031	100.0%	449,053	100.0%
Airport Surplus or (Deficit)	\$ 26,960	6.9%	\$ 48,457	13.1%	\$ 133,723	43.8%	\$ 65,161	18.2%	\$ 45,328	12.2%	\$ 102,745	28.9%	\$ (1,459)	-0.3%

FEDERAL AND STATE GRANTS THAT IMPROVE AIRPORT INFRASTRUCTURE

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue							
25-3201-4563 Tree Clearing '99					\$ 110		
25-3201-4693 Construc Runway 10-28	\$ 96,111						
25-3201-4698 Construc N/S Taxi Lane	2,731						
25-3201-4860 Emer Cable - Taxi Lane	72,962						
25-3201-4900 Construc - Taxiway C	1,162,030	\$ 395,993					
25-3201-4907 Airport Obstruction Analysis/AGIS						153,442	
25-3201-4915 Construc - Taxiway A	-	1,149,012					
25-3201-4916 Envir Assess to Reloc - Runway A Ph1	-	65,683	\$ 153,310	\$ 86,101	66,143		
25-3201-4925 Envir Assess to Reloc - Runway A Ph2	-	-	-	-	134,184	143,355	
25-3201-4920 Wildlife Hazard Assessment	-	-	-	54,042	40,464	-	
25-3201-4929 Taxiway							-
25-3201-6130 Admin Building							2,038,395
Total Grant Revenues	1,333,834	1,610,688	153,310	140,143	240,901	296,797	426,696
Expenses							2,465,091
25-3201-4563 Tree Clearing '99							
25-3201-4693 Construc Runway 10-28		\$ 96,111					
25-3201-4698 Construc N/S Taxi Lane		2,731					
25-3201-4860 Emer Cable - Taxi Lane	\$ 70,058	2,905					
25-3201-4900 Construc - Taxiway C	1,162,030	393,556					
25-3201-4907 Airport Obstruction Analysis/AGIS						153,442	
25-3201-4915 Construc - Taxiway A	-	1,146,720					
25-3201-4916 Environmental Assess - Runway A	-	29,971	\$ 189,022	\$ 86,101	\$ 66,143		
25-3201-4925 Envir Assess to Reloc - Runway A Ph2	-				134,184	143,355	
25-3201-4920 Wildlife Hazard Assessment	-	-	-	54,042	40,464		
25-3201-4929 Taxiway							2,034,014
25-3201-6130 Admin Building							417,930
Total Grant Cost	1,232,088	1,671,994	189,022	140,143	240,791	296,797	2,451,944
Net surplus (deficit)	\$ 101,746	\$ (61,306)	\$ (35,712)	\$ -	\$ 110	\$ -	\$ 13,147

**NORWOOD MEMORIAL AIRPORT
HISTORY OF REVENUES AND EXPENSES**

	FY2013		FY2014		FY2015		FY2016		FY2017		FY2018		FY2019	
	Actual		Actual		Actual		Actual		Actual		Actual		Actual	
Revenue														
Direct														
4423-8703 ST Leases	\$75,514	18.0%	\$84,379	20.2%	\$99,277	22.6%	\$83,413	19.7%	\$91,478	21.9%	\$91,423	19.9%	\$89,307	20.0%
4424-8702 LT Leases	95,840	22.9%	105,172	25.2%	96,075	21.9%	104,907	24.8%	118,102	28.3%	109,392	23.8%	111,295	24.9%
4425-8704 Flowage Fees	34,273	8.2%	33,988	8.2%	27,374	6.2%	30,651	7.3%	32,555	7.8%	36,015	7.9%	35,645	8.0%
4426-8706 A/C Tie Down Leases	25,273	6.0%	23,489	5.6%	18,735	4.3%	18,271	4.3%	22,244	5.3%	23,057	5.0%	15,139	3.4%
4491-8075 Misc Revenues	574	0.1%	938	0.2%	306	0.1%	717	0.2%	781	0.2%	1,499	0.3%	843	0.2%
4491-8884 Security Passes	8,400	2.0%	7,000	1.7%	6,500	1.5%	9,200	2.2%	6,270	1.5%	10,865	2.4%	6,950	1.6%
4512-9898 Landing Fees	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	23,416	5.2%
Total Direct	239,874	57.3%	254,966	61.1%	248,267	56.5%	247,159	58.5%	271,430	64.9%	272,251	59.3%	282,595	63.1%
Indirect														
4600-8610 Jet Fuel Tax	84,181	20.1%	62,178	14.9%	65,862	15.0%	56,360	13.3%	17,822	4.3%	35,834	7.8%	41,718	9.3%
N/A FEMA Reimbursement	-	0.0%	-	0.0%	22,519	5.1%	-	0.0%	-	0.0%	22,806	5.0%	-	0.0%
N/A PILOT - Property Taxes	85,398	20.4%	92,933	22.3%	96,948	22.1%	105,851	25.1%	109,508	26.2%	110,585	24.1%	111,076	24.8%
N/A PILOT - Excise Taxes	8,940	2.1%	6,938	1.7%	5,462	1.2%	13,188	3.1%	19,241	4.6%	17,300	3.8%	12,205	2.7%
Total Indirect	178,519	42.7%	162,049	38.9%	190,791	43.5%	175,399	41.5%	146,571	35.1%	186,525	40.7%	164,999	36.9%
Total Revenue	418,393	100.0%	417,015	100.0%	439,058	100.0%	422,558	100.0%	418,001	100.0%	458,776	100.0%	447,594	100.0%
Expenses														
SALARIES														
P1069 Airport Salaries - Part Time	1,501	0.4%	1,271	0.3%	-	0.0%	-	0.0%	-	0.0%	1,420	0.4%	1,560	0.3%
P1344 Airport Salaries - Longevity	1,000	0.3%	1,000	0.3%	1,200	0.4%	-	0.0%	1,500	0.4%	1,500	0.4%	1,700	0.4%
P6014 Airport Salaries - Manager	85,594	21.9%	87,307	23.7%	89,053	29.2%	91,257	25.5%	93,561	25.1%	95,900	26.9%	102,929	22.9%
P6015 Airport Salaries - Asst. Manager	67,753	17.3%	69,108	18.8%	70,490	23.1%	72,236	20.2%	74,058	19.9%	76,232	21.4%	77,924	17.4%
P7067 Airport Salaries - Overtime	6,041	1.5%	4,995	1.4%	4,938	1.6%	7,464	2.1%	7,884	2.1%	6,580	1.8%	11,716	2.6%
Total Salaries	161,889	41.4%	163,681	44.4%	165,681	54.3%	170,957	47.8%	177,003	47.5%	181,631	51.0%	195,829	43.6%
OPERATIONS														
P1327 Airport Oper - Rent / Utilities	20,644	5.3%	20,644	5.6%	20,644	6.8%	20,903	5.8%	23,369	6.3%	24,647	6.9%	25,602	5.7%
P1328 Airport Oper - Communications	2,864	0.7%	3,160	0.9%	2,803	0.9%	3,107	0.9%	3,610	1.0%	2,268	0.6%	658	0.1%
P1329 Airport Oper - Incidentals	7,394	1.9%	9,468	2.6%	15,749	5.2%	7,636	2.1%	14,696	3.9%	8,899	2.5%	13,279	3.0%
P6843 Airport Oper - Util & Equip	13,871	3.5%	14,949	4.1%	10,880	3.6%	12,121	3.4%	11,447	3.1%	17,535	4.9%	13,556	3.0%
P6844 Airport Oper - Vegetation Mgmt.	12,365	3.2%	24,620	6.7%	10,400	3.4%	23,855	6.7%	11,305	3.0%	30,055	8.4%	9,725	2.2%
P6845 Airport Oper - Snow Removal	61,905	15.8%	51,370	13.9%	30,000	9.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
P6846 Airport Oper - Veh & Ground Equip	7,051	1.8%	8,052	2.2%	21,084	6.9%	9,886	2.8%	7,131	1.9%	6,052	1.7%	5,942	1.3%
P6847 Airport Oper - Facility	60,196	15.4%	18,086	4.9%	9,432	3.1%	54,915	15.4%	42,278	11.3%	25,634	7.2%	25,806	5.7%
P7026 Airport Security	4,732	1.2%	4,566	1.2%	4,347	1.4%	8,754	2.4%	2,841	0.8%	4,906	1.4%	7,664	1.7%
P2136 Airport Eng Studies	2,500	0.6%	2,700	0.7%	3,000	1.0%	-	0.0%	7,619	2.0%	3,500	1.0%	2,925	0.7%
P3068 Airport Snow and Ice	-	0.0%	-	0.0%	-	0.0%	31,223	8.7%	45,740	12.3%	31,290	8.8%	49,663	11.1%
Total Airport Operations	193,522	49.4%	157,615	42.8%	128,339	42.0%	172,400	48.2%	170,036	45.6%	154,786	43.5%	154,820	34.5%
INCIDENTALS														
P2050 Airport Incid - Advertising	1,029	0.3%	-	0.0%	199	0.1%	-	0.0%	33	0.0%	-	0.0%	74	0.0%
P2054 Airport Incid - Travel Allowance	169	0.0%	1,379	0.4%	-	0.0%	190	0.1%	443	0.1%	592	0.2%	3,545	0.8%
P2056 Airport Incid - Steno	491	0.1%	1,189	0.3%	780	0.3%	1,358	0.4%	980	0.3%	250	0.1%	576	0.1%
P2063 Airport Incid - Repairs	4,537	1.2%	3,871	1.1%	4,105	1.3%	6,317	1.8%	4,617	1.2%	3,209	0.9%	3,186	0.7%
P2064 Airport Incid - Noise Education	-	0.0%	500	0.1%	1,040	0.3%	-	0.0%	520	0.1%	-	0.0%	-	0.0%
P2359 Airport Incid - Professional Devel	-	0.0%	-	0.0%	275	0.1%	1,070	0.3%	1,109	0.3%	225	0.1%	4,535	1.0%
Total Incidentals	6,226	1.6%	6,939	1.9%	6,399	2.1%	8,935	2.5%	7,702	2.1%	4,276	1.2%	11,916	2.7%
MATCHING GRANT COST														
P2060 Airport Construc - Matching Grant	29,796	7.6%	40,323	10.9%	4,916	1.6%	5,105	1.4%	17,932	4.8%	15,338	4.3%	29,533	6.6%
P7471 Airport - SRE Building Completion	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	24,231	5.4%
P7472 Airport - Taxiway Alpha Constr	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	32,724	7.3%
	29,796	7.6%	40,323	10.9%	4,916	1.6%	5,105	1.4%	17,932	4.8%	15,338	4.3%	86,488	19.3%
TOTAL COST	391,433	100.0%	368,558	100.0%	305,335	100.0%	357,397	100.0%	372,673	100.0%	356,031	100.0%	449,053	100.0%
Airport Surplus or (Deficit)	\$26,960	6.9%	\$48,457	13.1%	\$133,723	43.8%	\$65,161	18.2%	\$45,328	12.2%	\$102,745	28.9%	\$ (1,459)	-0.3%

August 16, 2019

TO : Norwood Board of Selectmen

FROM: David E. Hajjar, Board of Selectmen

D.E.H.

RE : **Facilities Management Department**

Dear Members of the Board of Selectmen;

At our upcoming August 20th meeting, I will be providing a short update on where we stand regarding the Town's effort to consolidate to a single Facilities Management Department.

As part of the update, attached is a letter to the committee based on a list of questions submitted by Myev Bodenhofer, the School Committee's representative, during our August 1st open committee meeting. I was tasked with providing the responses.

Attachment

cc: Tony Mazzucco, Town Manager

August 16, 2019

TO : Thomas Maloney – Board of Selectmen designee
Myev Bodenhofer – School Committee designee
Judith Langone – Finance Commission designee
Tony Mazzucco – General Manager
David Thomson – Superintendent of Schools
Charlotte Canelli – Library Director
Paul Riccardi - School Dept. Facilities Director
Cathy Carney – GG Purchasing Agent

FROM: David E. Hajjar, Chairman
Town-wide Facilities Committee

RE : August 1st Meeting Questions

Dear Members of the Town-wide Facilities Committee;

With the assistance and input from Tony Mazzucco, Judy Langone and Tom McQuaid, I am providing information related to the questions raised in the 8/1/19 e-mail from Myev Bodenhofer.

The goal of a proposed centralized Facilities Management Department is to drive long-term efficiencies and savings for and from all Town facilities. I am repeating each of Myev's questions followed by information/responses.

1. I think we need to consider the question of who sets the budget for the joint facilities department. Would there be shared authority between the School Committee and the Board of Selectmen? **Yes. Unless otherwise agreed upon between the BOS and SC, the budget developed for the Facilities Management Department would be drafted/presented by the General Manager and the School Superintendent and approved by the Board of Selectmen, the School Committee, and the Budget Balancing Committee for consideration by the Finance Commission.**
2. We need to consider ways that this budget could be set up and then look at the impact of potential scenarios for each way that the budget could be set up. The facilities department could be in the "shared expenses" category, before the "split." So, that is one option. However, the other shared expenses are not really discretionary expenses - we really don't have a choice on how much we spend of insurance, etc. So, the other option is that the facilities budget becomes a third category after the split. We should calculate a new split anyway due to the override, and we could consider dividing the money after the shared expenses three ways - General Govt, Facilities, and Schools. **If we cannot set up the budget for FY21 (which is possible), the recommendation is to implement a 2-stage process: (i) An initial budget would be in the Fixed Cost (Shared Cost) category before the split which include the management set-up**

for the department; and, (ii) Based on all the building related costs, as agreed upon and identified in the committee's facility cost spreadsheets, and integrated into a single Town Facilities Management budget, it is recommended this be a fourth budget after the split be adopted. We would have a General Government budget, a School Department budget, a Facilities Management budget and a Fixed Budget (Shared Cost) for a Finance Commission recommendation to Town Meeting to consider.

3. We allocate some of the operating budget to small capital projects, say \$500,000 or \$1m. How does that impact the school budget when that amount is increased? (i) It doesn't, once the full Facilities Management budget is set up. There is already a \$250K line item for small capital projects in the Fixed Cost (Shared Cost) budget, which would revert to the Facilities Management department's budget. (ii) Any facility dollars rolled over from the School department to the Facilities Management department have been identified by Director Paul Riccardi and me from last summer and fall. Increases in the \$250K could come from other line item reductions or from Free Cash.
4. Utility costs go up significantly. What happens if the cost of electricity goes up by 5% or 7%? There will be no direct impact to the School budget or the General Government budget. As a separate department any budget shortfall would be dealt with in the following:
 - a. The Director would 1st look to propose an internal transfer to use any line item surplus to cover the deficit; or,
 - b. If there is no department line item surplus to cover the deficit, the Director would submit a request to the Finance Commission, through the Board of Selectmen and School Committee, for a Reserve Fund Transfer.
5. Similarly, what happens if we see a large increase in gas and/or oil costs? There will be no direct impact to the School budget or the General Government budget. As a separate department any budget shortfall would be dealt with in the following:
 - a. The Director would 1st look to propose an internal transfer to use any line item surplus to cover the deficit; or,
 - b. If there is no department line item surplus to cover the deficit, the Director would submit a request to the Finance Commission, through the Board of Selectmen and School Committee, for a Reserve Fund Transfer.
6. What happens if the economy tanks and state aid and excise taxes and things like that go down? Similar to what the overall School budget and General Government budget would do, all revenues would be looked at and adjustments made to each budget. How would a reduction in the overall budget impact the schools and general government? I am not sure this is a Facilities Management question, but this department would be treated like any other department budget – priorities would be set and adjustments made. This budget, like all budgets in Town, would have to be recommended by the Finance Commission for Town Meeting to consider.
7. What happens if we are able to achieve energy efficiencies, particularly with the general govt buildings? (We have already done quite a bit of work in this area in the schools.) General Government has also completed several energy efficient projects (Library, Recreation

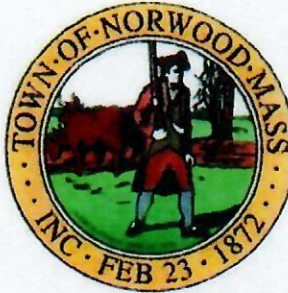
Center, new Light building, etc.). Savings generated would mean the Facilities utility budget requirement would be less.

8. What happens if we have a bad snow year? Does that look any different from the way it is now? **There will be no direct impact to the School budget or the General Government budget. The Facilities Management department will have a snow/ice line item, like the Schools, Airport, Library and DPW have today. Post consolidation, all facility snow budget requirements will be consolidated to the Facilities Management department. The Airport and DPW (for roads) will maintain their own. If snow funding for facilities is not adequate for a particular year, they would follow the process stated above. As a separate department any budget shortfall would be dealt with in the following:**
- a. **The Director would 1st look to propose an internal transfer to use any line item surplus to cover the deficit; or,**
 - b. **If there is no department line item surplus to cover the deficit, the Director would submit a request to the Finance Commission, through the Board of Selectmen and School Committee, for a Reserve Fund Transfer.**
9. I think we need to understand how the different contracts for similar jobs align between Schools and Gen Govt. **HR completed a review of both the schools and general government pay and benefits, as well as a job description comparison. This was item #22 on the Issues-Task spreadsheet, which was completed October 13, 2018. Copies of both reports were shared with each of you at our October 16, 2018 meeting. Should we expect that we will feel pressure to increase pay? Yes By how much? I have asked HR Director, Molly Kean, to complete a follow-up analysis to determine the potential Town cost. However, there is no need to address this matter for day 1. The department can and will operate with personnel under different unions. This is done today. If we decide to negotiate a consolidated Custodian/Maintenance contract at a later date, we will engage the unions. This does not preclude us from meeting with them and explain what we are trying to accomplish before then. In fact, we will be scheduling a meeting after there is agreement on a timeline.**
10. How do we think either of these changes would impact the Pledge for the override? How much would the numbers that we projected shift to accommodate this change? **As this budget is coming from both the Board of Selectmen and School Committee, any increase in staff would have to be shared 50/50. The annual budget increase would be within the parameters set within the Override Pledge.**

cc: Paul Bishop – Board of Selectmen Chairman
Teresa Stuart – School Committee Chair
Alan Slater – Finance Commission Chair

Norwood Planning Board

Ernie Paciorkowski, Chairman
Joseph F. Sheehan, Vice Chairman
Debbie Holmwood, Clerk
Alfred Porro Jr.
Robert Bamber

**Director of Community
Planning and Economic
Development**

Paul Halkiotis, AICP

Assistant Planner

Patrick Deschenes

Memorandum

To: Planning Board

From: Paul Halkiotis, Planning Director

RE: Community Preservation Act – Funding Increase

Date: August 21, 2019

Good News! The State has passed legislation that increases the State match for communities that have adopted the CPA. The attached article from the Community Preservation Coalition provides the details on the changes to the Community Preservation Act. Last year the State provided a 13.8% match to the local real estate tax 1% surcharge. The change to the CPA will provide an estimated 33% match. A table showing the projected increase in revenue is also attached. Norwood is a member community of the Community Preservation Coalition. The Community Preservation Coalition lobbied the State Legislature for the last several years to increase the funding match. Thankfully their efforts have paid off. We are pleased about the increase in the funding match and look forward to using the additional money to do great projects for the Town.

cc: CPC

Tony Mazzucco, General Manager
Board of Selectmen
Finance Commission
Tom McQuaid, CFO
Tim McDonough, Assessor
Mark Ryan, DPW Director



Community Preservation Coalition

Preserving our past. Building our future.

Published on *Community Preservation Coalition* (<https://www.communitypreservation.org>)

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CPA Trust Fund Increase - What Happens Now?

Now that the **long-awaited increase to the CPA Trust Fund has been signed into law**, many CPA advocates are asking: What happens now? How much of an increase can communities expect to receive to their matching funds? What about budget surplus funds for this November's Trust Fund distribution?

The Coalition has the answers to all of these questions and everything else you need to know about the new CPA revenue.

Part One: The Increase in Registry Fees

Current:	\$24 Million
	+
New Fees:	\$36 Million
<hr/>	
Total:	\$60 Million

What exactly was passed? The legislation that was passed in the FY20 budget increases **the recording fees at the Registries of Deeds which provide revenue to the statewide CPA Trust Fund**. For most documents filed at the Registries, this fee was increased from \$20 to \$50, and the fee for municipal lien certificates was increased from \$10 to \$25.

How much new revenue will be generated? In recent years, the recording fees have brought in approximately \$24 million annually to the CPA Trust Fund, and we estimate that will rise to \$60 million after the new fees are fully implemented. How did we arrive at that estimate? The increase from \$20 to \$50 is 2.5 times, so we multiplied the current revenue of \$24 million by 2.5, yielding an estimated \$36 in additional revenue. This is admittedly a back-of-the-envelope calculation, and the Department of Revenue will provide an official estimate in the spring of 2020.



When does this take effect? While the FY20 budget was signed into law on July 31st, the Registries will not begin collecting the new fees until the end of the year. Here's a breakdown of the timeline over the next few years:

- **October 31, 2019:** The balance in the CPA Trust Fund as of this date will be distributed to all 175 CPA communities on November 15, 2019
- **November 1, 2019:** Because the CPA match was just issued, a new 12 month "Trust Fund Year" will begin. The old fee amounts (\$20 and \$10) will still be in place.
- **December 31, 2019:** The increased fees will go into effect at the Registries of Deeds (\$50 and \$25).
- **October 31, 2020:** CPA communities will receive a Trust Fund distribution comprised of 2 months of revenue at the old fee level (November & December 2019) and 10 months of revenue at the new fee level (January - October 2020).
- **October 31, 2021:** The first distribution to CPA communities that will include a full year of new revenue.

What will each community receive with the new revenue in place? As we've always said, future distributions from the CPA Trust Fund are impossible to predict, and this is even truer now with the new revenue being implemented. Several factors can affect how much revenue is distributed each year, including the increase in local surcharge revenue in the existing 175 CPA communities, new communities adopting the program, and the level of activity at the Registries of Deeds.

With that said, however, the Coalition has done some calculations on a hypothetical scenario to give communities an idea of how the new revenue will impact their matching funds. We've created a chart that displays our estimates of what communities *would have received* if the new revenue had been included in the November 2018 distribution. Please note that these calculations do not include any funding from state budget surplus funds.

[>>> Click Here to View Our Charts on the New CPA Revenue Scenario <<<](#)



Fall 2019

Part Two: Surplus Funding for

What was passed? The FY20 budget also included language that could provide up to \$20 million in budget surplus funds for the November 2019 CPA Trust Fund distribution. Should a budget surplus be available, these funds would avoid a record-low disbursement this year.

When is the availability of budget surplus funds determined? In late September or early October, the legislature will most likely pass a supplemental FY19 budget bill, in which they will spend some (or all) of the FY19 surplus. After that bill is signed into law, the comptroller will announce the consolidated net surplus, which is the amount of the FY19 surplus that was not spent during the supplemental budget bill. These funds are what would be allocated to the CPA Trust Fund. The announcement usually comes before October 31st, although it has been late the past few years.

So if there is a consolidated net surplus, will CPA get extra funding? Not necessarily! In the language that was passed in the FY20 budget, there was an order of precedence for how the funding would be distributed. Before CPA receives any funding, up to \$10 million will be distributed to the Massachusetts Life Sciences Investment Fund. After that distribution, if there are funds still left in the consolidated net surplus, up to \$20 million will be distributed to CPA. This means that a total of \$30 million needs to be available in the consolidated net surplus for CPA to receive the full amount.

If there is funding available, when will communities receive it? Any surplus funding we receive will be distributed along with the Registries of Deeds revenue on November 15th, 2019. Earlier this year, **DOR estimated** that the November 2019 match would be 11.6% of what communities raised at the local level, an all-time low for the program. Should budget surplus funds be available for the 2019 distribution, it would almost certainly increase this match percentage to avoid that record-low.

Source URL: <https://www.communitypreservation.org/home/news/cpa-trust-fund-increase-what-happens-now>

What would the November 2018 CPA Trust Fund Distribution have looked like if the new CPA revenue was included?

Predicting future CPA Trust Fund distributions is nearly impossible due to several variables that affect the revenue year-to-year. However, we can calculate approximately what CPA communities would have received in their November 2018 Trust Fund distribution had the new revenue stream been in place. Below we compare the actual distributions from the CPA Trust Fund in November of 2018 (in orange) with a new figure that shows what the impact of the new revenue would have been (in green).

*Please note: the November 2018 figures do not include the additional funding communities received from the state budget surplus. These figures compare only the revenue generated by the old and new CPA fee structure at the state's Registries of Deeds.

Municipality	Distribution Amount from CPA Trust Fund - November 2018*	Percentage Reimbursement from CPA Trust Fund - November 2018*	Estimated Distribution Amount from CPA Trust Fund with New CPA Revenue	Estimated Percentage Reimbursement from CPA Trust Fund with New CPA Revenue
NANTUCKET	\$ 326,916	15.0%	\$ 782,039	35.9%
NEEDHAM	\$ 318,096	13.8%	\$ 759,875	33.0%
NEW BEDFORD	\$ 138,257	13.8%	\$ 330,272	33.0%
NEWBURYPORT	\$ 121,574	13.8%	\$ 290,418	33.0%
NEWTON	\$ 446,175	13.8%	\$ 1,065,835	33.0%
NORFOLK	\$ 32,368	13.8%	\$ 77,322	33.0%
NORTH ANDOVER	\$ 265,477	15.7%	\$ 635,491	37.5%
NORTHAMPTON	\$ 209,099	17.3%	\$ 501,252	41.4%
NORTHBOROUGH	\$ 78,219	13.8%	\$ 186,852	33.0%
NORTHFIELD	\$ 2,933	13.8%	\$ 7,007	33.0%
NORWELL	\$ 185,615	17.2%	\$ 444,936	41.2%
NORWOOD	\$ 81,940	13.8%	\$ 195,741	33.0%
OAK BLUFFS	\$ 117,326	20.1%	\$ 281,806	48.2%
ORLEANS	\$ 143,733	18.5%	\$ 344,887	44.5%
PEABODY	\$ 115,691	13.8%	\$ 276,365	33.0%
PELHAM	\$ 69,951	100.0%	\$ 69,951	100.0%