



The TOWN OF NORWOOD

Commonwealth of Massachusetts

FINANCE COMMISSION

ANNE MARIE HALEY
CHAIR

ROBERT G. DONNELLY
VICE-CHAIR

JUDITH A. LANGONE

KELLIE NOUMI

ALAN D. SLATER

FINANCE COMMISSION MEETING

Meeting, Thursday, November 7, 2019 at 6:00 pm in the Robert M. Thornton Room, Town Hall,
566 Washington Street, Norwood, MA 02062.

AGENDA

- Acceptance of minutes from October 23, 2019 meeting
- Presentation on improving financial standing by Peter Frazier from Hill Top Securities
- Fiscal 2019 Update on Airport Finances
- 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.

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11/4/19

FINANCE COMMISSION MEETING
Monday, October 23, 2019
MINUTES OF MEETING - DRAFT

A meeting of the Finance Commission was held at 7:00 pm in the Community Room of the Public Safety Building, 137 Nahatan Street, Norwood, MA 02062.

Attending the meeting were Anne Haley, Chair, Robert Donnelly, Vice Chair, and members Judy Langone and Alan Slater. Member Kellie Noumi and Tom McQuaid, Clerk to the Finance Commission were absent. Also attending this meeting were David Hajjar, Selectman, Mark Good, Town Treasurer and Sue Bartlett of the Town's Finance and Accounting Office. Mr. Donnelly served as both member and Clerk to the Commission at this meeting.

The focus of the meeting was a presentation from Mr. John W. Corderre, Town Administrator of the Town of Northborough, MA. Mr. Corderre presented best practice information on "Financial Trend Monitoring." Mr. Corderre also addressed several questions from the Commission. After thanking Mr. Corderre for the informative presentation, Commission members expressed support for adopting a financial trend monitoring practice in Norwood. Members also discussed the benefits to Norwood of adopting this practice and noted that much of the required information needed for financial trend monitoring is already readily accessible to Town Management and the Commission. It was agreed that members would continue their discussion regarding this best practice at the next meeting of the Finance Commission.

The agenda item for the Airport Financial update was postponed until next meeting.

Mrs. Haley discussed liaison assignments. It was agreed that this discussion be extended to the next meeting of the Commission.

Mrs. Haley requested input from members regarding long-term agenda items. Among the topics for the long-term agenda was scheduling a presentation from the Town's Financial Advisor on Norwood's credit rating. Mr. Donnelly suggested that a collective bargaining update regarding contract negotiations be added for executive session discussions with both the School Department and General Government at an appropriate future date and time.

On a motion to accept from Mr. Slater, seconded by Mrs. Langone, the minutes from the September 19, 2019 were **approved by a vote of 4 to 0.**

On a motion to accept from Mr. Slater, seconded by Mrs. Langone, the minutes from the October 7, 2019 were **approved by a vote of 4 to 0.**

Mrs. Haley sought input from members regarding scheduling the next meeting. The next meeting will be scheduled for a date during the third week of November subject to members' input on availability.

On a motion from Mrs. Langone, seconded by Mr. Slater, the Commission *voted 4 to 0* to adjourn the meeting at 9:05 PM.

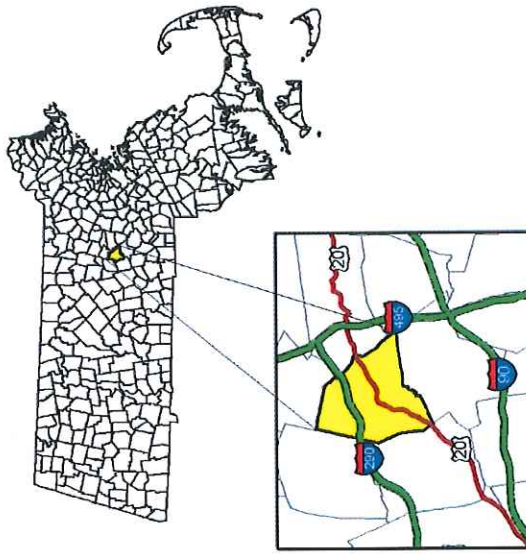
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Attest: _____
Robert G. Donnelly, Vice Chair, Finance Commission



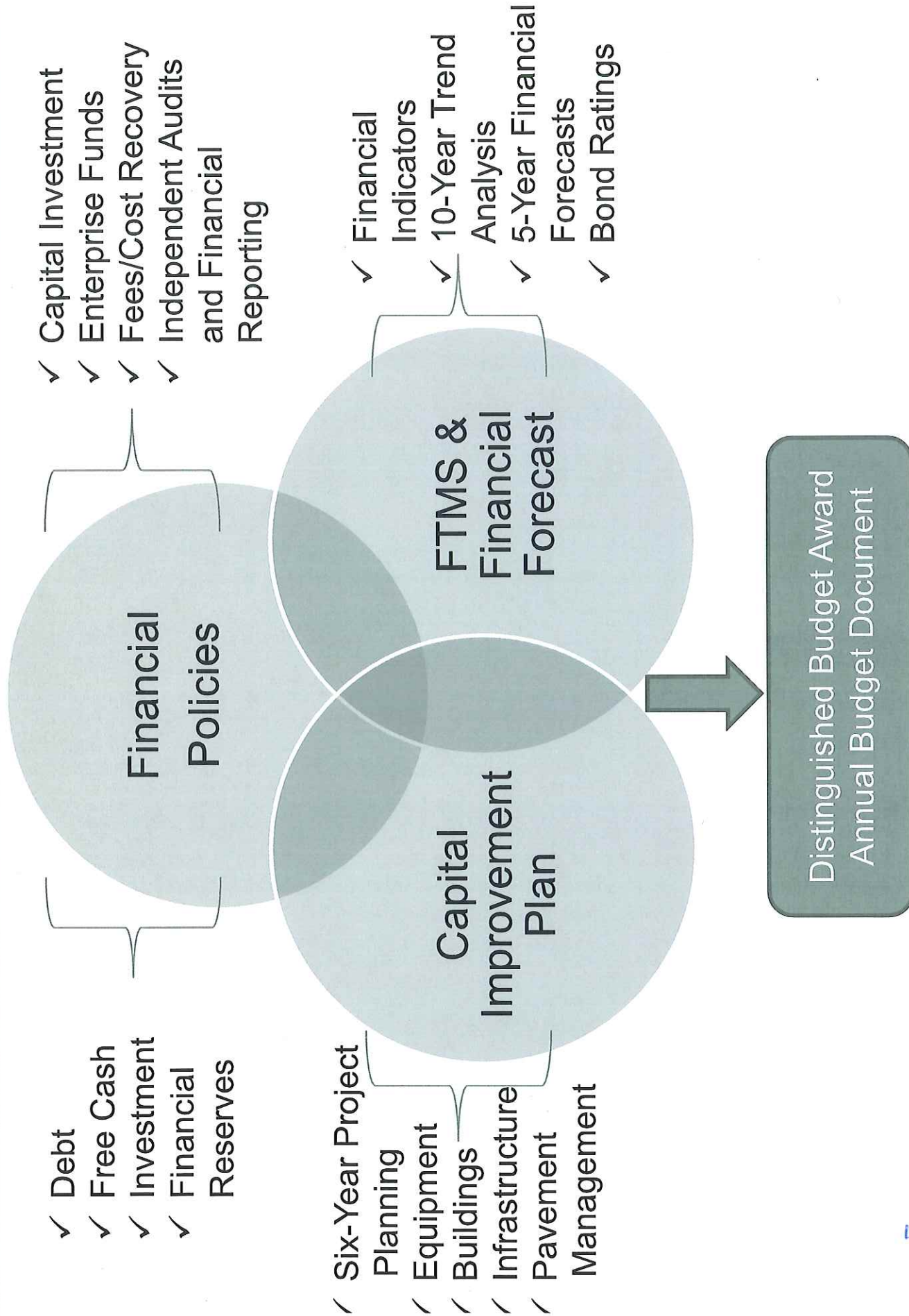
Financial Trend Monitoring

John W. Coderre, Town Administrator



FTM Report covers the period July 1, 2008 (FY2009) through June 30, 2019 (FY2019)

11/4/19



11/4/19

Agenda

- What is a Financial Trend Monitoring System?
- What do we mean by Financial Condition?
- Goals & Objectives of FTMS
- Examples of Financial Indicators
- Financial Forecasting

What is Financial Condition?

- Financial condition is broadly defined as the ability of a Town to: 1) maintain existing service levels, 2) withstand local and regional economic disruptions, and 3) meet the demands of natural growth, decline, and change.
- Exactly what do we mean when we say “sustainability” in the budget process?
- More importantly, how do you measure it?

Aspects of Financial Condition

- Cash Solvency: The Town's ability to pay immediate obligations during the next 30-60 days
- Budgetary Solvency: Its ability to pay financial obligations within the current fiscal period (balanced Fiscal Year)
- Long-Run Solvency: Its ability to continue paying obligations in future fiscal periods (debt, pensions, etc.)
- Service-Level Solvency: The Town's ability to continue providing the level of services expected by its residents

11/4/18

Financial Trend Monitoring System

- Key financial indicators are analyzed in order to assess the financial direction of the Town. Many of the same benchmarks used by the credit rating industry.
- The full report is designed to bring issues and opportunities to the attention of decision-makers through a systematic method of trend analysis.
- Report developed using the ICMA manual entitled Evaluating Financial Condition, A Handbook for Local Government

Purpose of the FTMS

- Gain understanding of the Town's financial condition
- Identify hidden or emerging problems before they reach serious proportions
- Present a straight forward picture of strengths and weaknesses to Town Officials and citizens
- Reinforce the need for long-range considerations in the budget process
- Provide a starting place for reviewing and updating financial policies that guide decision-making

11/4/19

Objectives of the FTMS

- Predict: so that the Town can be prepared to deal with fiscal distress before it becomes fiscal crisis
- Avert: and take action to avoid fiscal crisis
- Mitigate: through corrective action and/or policy changes, regain sound financial footing, or at least contain the problem
- Prevent: a recurrence of fiscal distress after the Town addresses the current issue or crisis (e.g., reliance on one-time revenues or health insurance increases)

Fiscal Distress vs. Fiscal Crisis

- Fiscal Distress: temporary imbalance between the level of financial resources the Town has committed and its potential available resources
- Fiscal Crisis: occurs when the local government can no longer pay its bills or provide existing levels of service
- Budget Goal is to protect our policy-making ability by ensuring that important decisions are not controlled by financial problems or emergencies.

11/4/19

42 Potential Indicators

27 Financial Indicators

- Revenue
- Expenditure
- Operating position
- Debt
- Unfunded Liability
- Capital Plant

15 Environmental Indicators

- Population changes
- Vacancy rates
- Crime rates
- Employment base
- Top taxpayers
- Property values

The Quickie Questionnaire

- Develop a list of questions that you want to know the answers to or issues you feel you should be tracking
- Focus on local issues since not all indicators will be relevant or even useful to your specific municipality
- Review financial policies to determine if they are serving the organization with the intended results
- Focus on questions you receive most often in your roles as municipal officials

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Northborough Indicators

Financial Indicator

FY2019

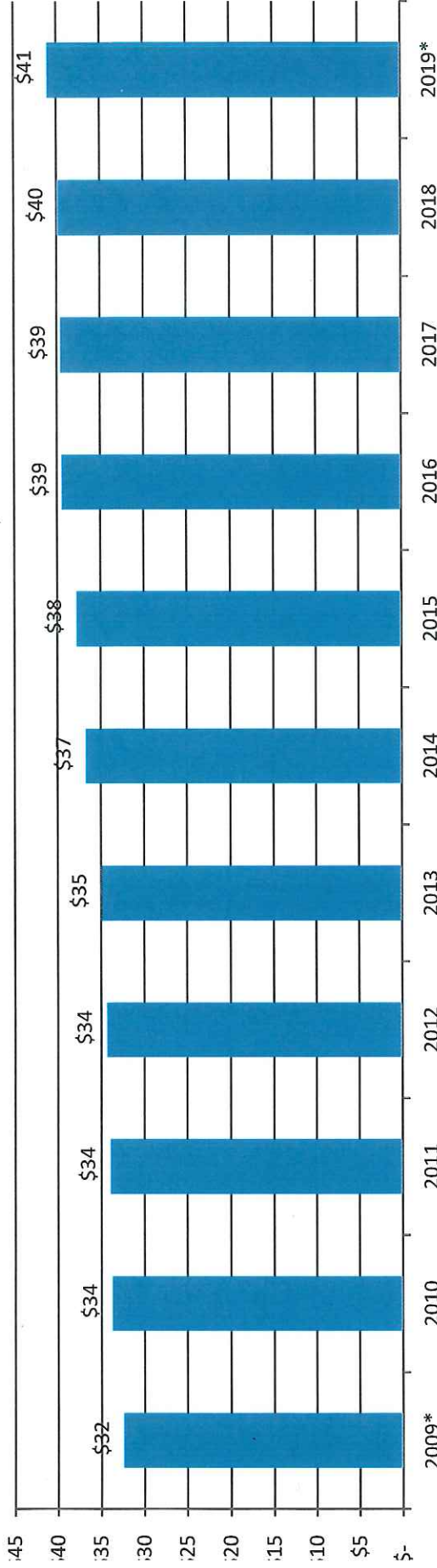
- 1 Property Tax Revenues
- 2 Uncollected Property Taxes
- 3 Revenues & Expenditures per Capita
- 4 State Aid (Intergovernmental Revenues)
- 5 Economic Growth Revenues
- 6 Use of One-Time Revenues
- 7 Personnel Costs
- 8 Employee Benefits
- 9 Pension Liability
- 10 Other Post Employment (OPEB) Liability
- 11 Debt Service Expenditures
- 12 Financial Reserves/Fund Balance
- 13 Capital Investment—Overall fixed asset values
- 14 Capital Investment—Pavement Management



Town of Northborough Financial Indicators

Indicator 1: Property Tax Revenue

Net Property Tax Revenues (constant dollars, in millions)



- Formula: Property Tax Revenues in constant dollars
- Warning: Declining tax revenues
- Trend: **Favorable**
- Comments: Taxes represent 80% of the Town's revenue, growth has exceeded the rate of inflation by 0.3% to 5.2% annually, depending on amounts of new growth, operational overrides and remaining unused levy capacity

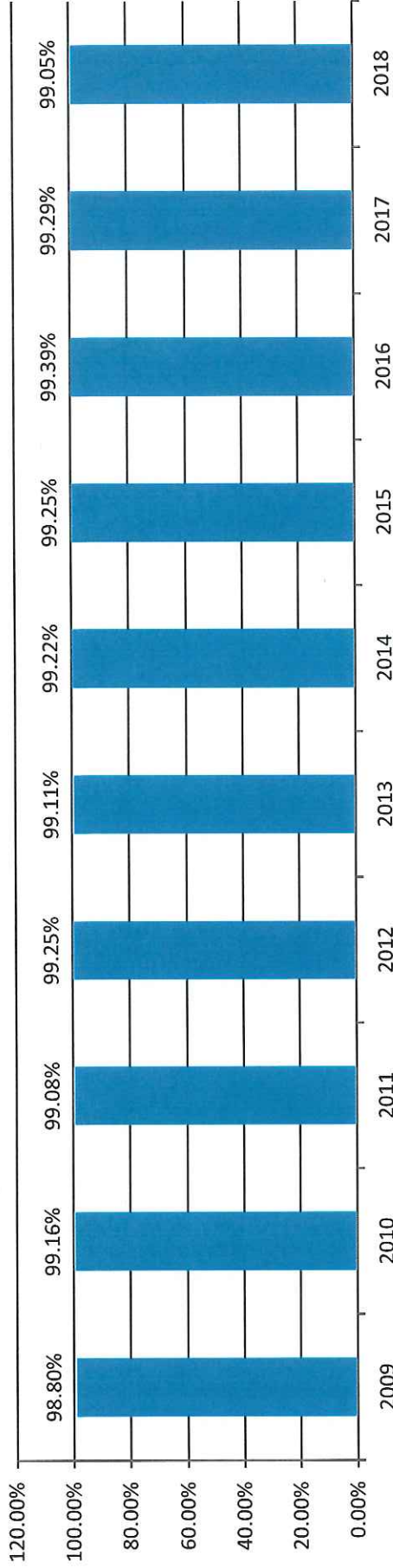
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Town of Northborough
Financial Indicators

Indicator 2: Uncollected Property Tax Revenue

Percentage of Property Taxes Collected in Current Year



- Formula: Uncollected Property Taxes as % of Net Tax Levy
- Warning: Increasing uncollected property taxes
- Trend: **Favorable**
- Comments: Collection rates below 95% are considered negative by bond rating agencies; Northborough's collection rates are consistently between 98-99%

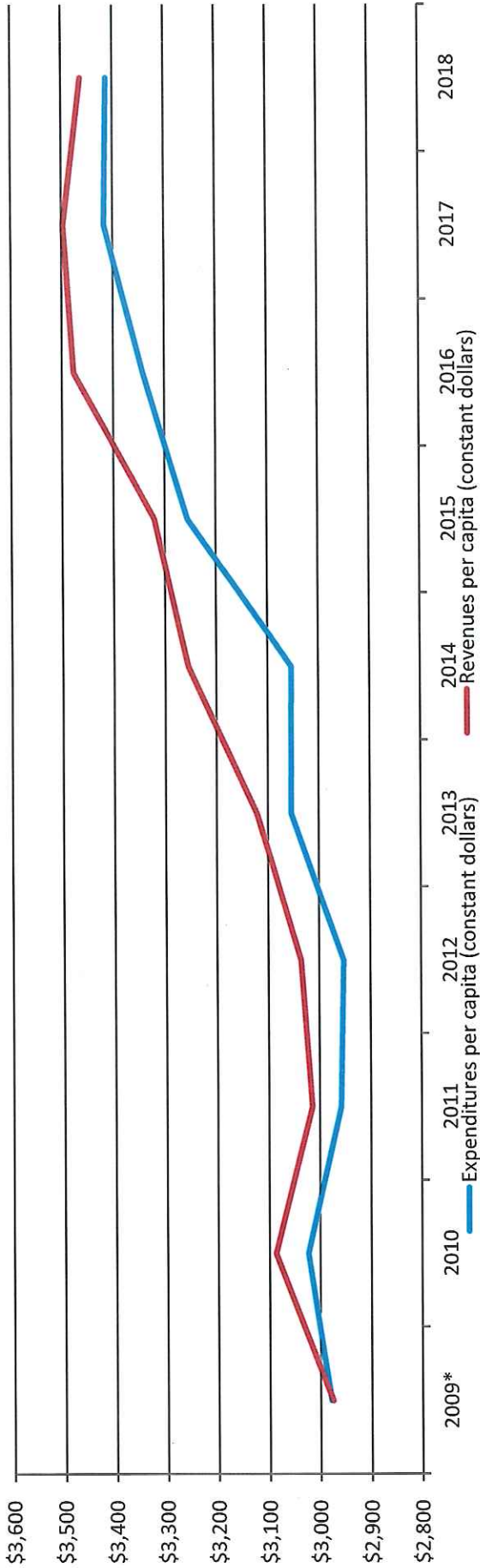
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Town of Northborough
Financial Indicators

Indicator 3: Revenues & Expenditures per Capita

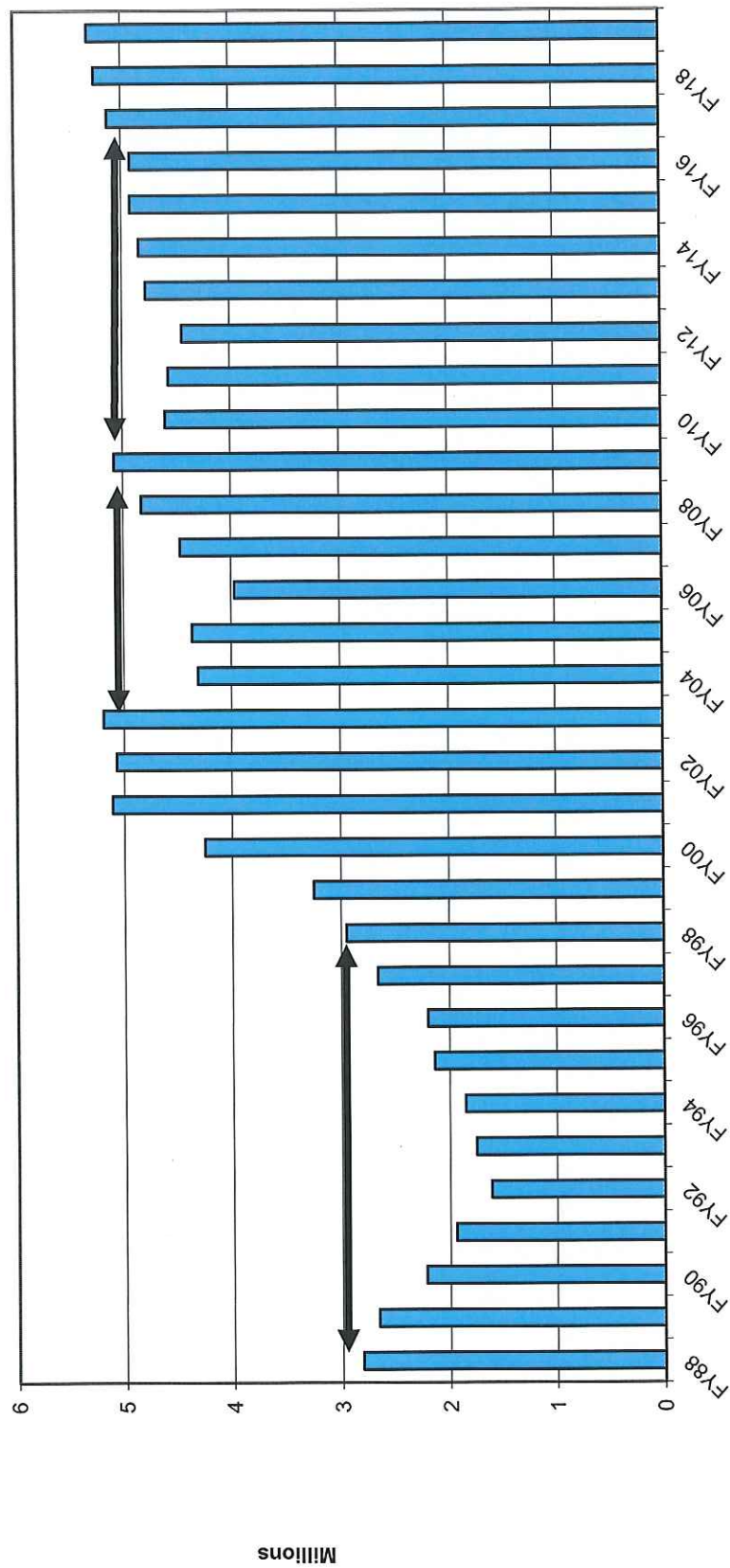
Operating Revenues & Expenditures Per Capita (constant dollars)



- Formula: Revenues & Expenditures divided by population
- Warning: Expenditures per capita in excess of revenues per capita
- Trend: **Favorable**
- Comments: From FY03 to FY09 negative trend; FY10 to present revenues per capita exceed expenditures per capita

11/4/19

Northborough State Aid FY1988-2019

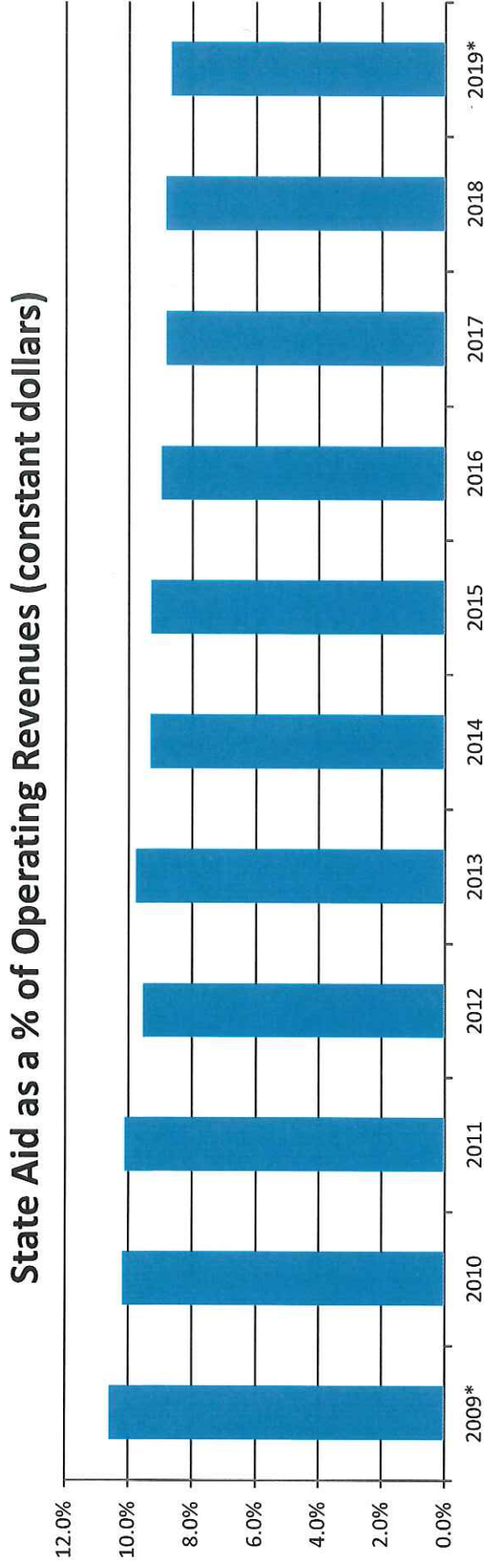


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Town of Northborough
Financial Indicators

Indicator 4: State Aid (Intergovernmental Revenues)



- Formula: State Aid as a percentage of operating revenues
- Warning: Significant increase or decrease as % operating revenues
- Trend: **Unfavorable / Uncertain**
- Comments: State Aid went from a high of 13.1% of revenues in FY03 to 8.6% in FY19; it has been relatively flat for the past several years with little growth.

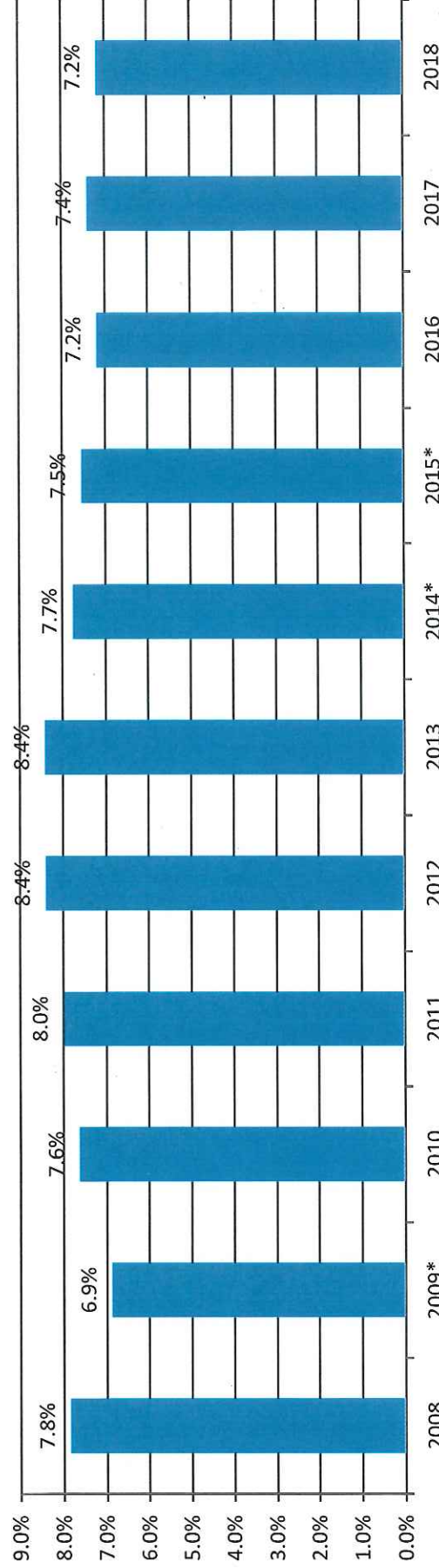
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Town of Northborough Financial Indicators

Indicator 5: Economic Growth Revenues

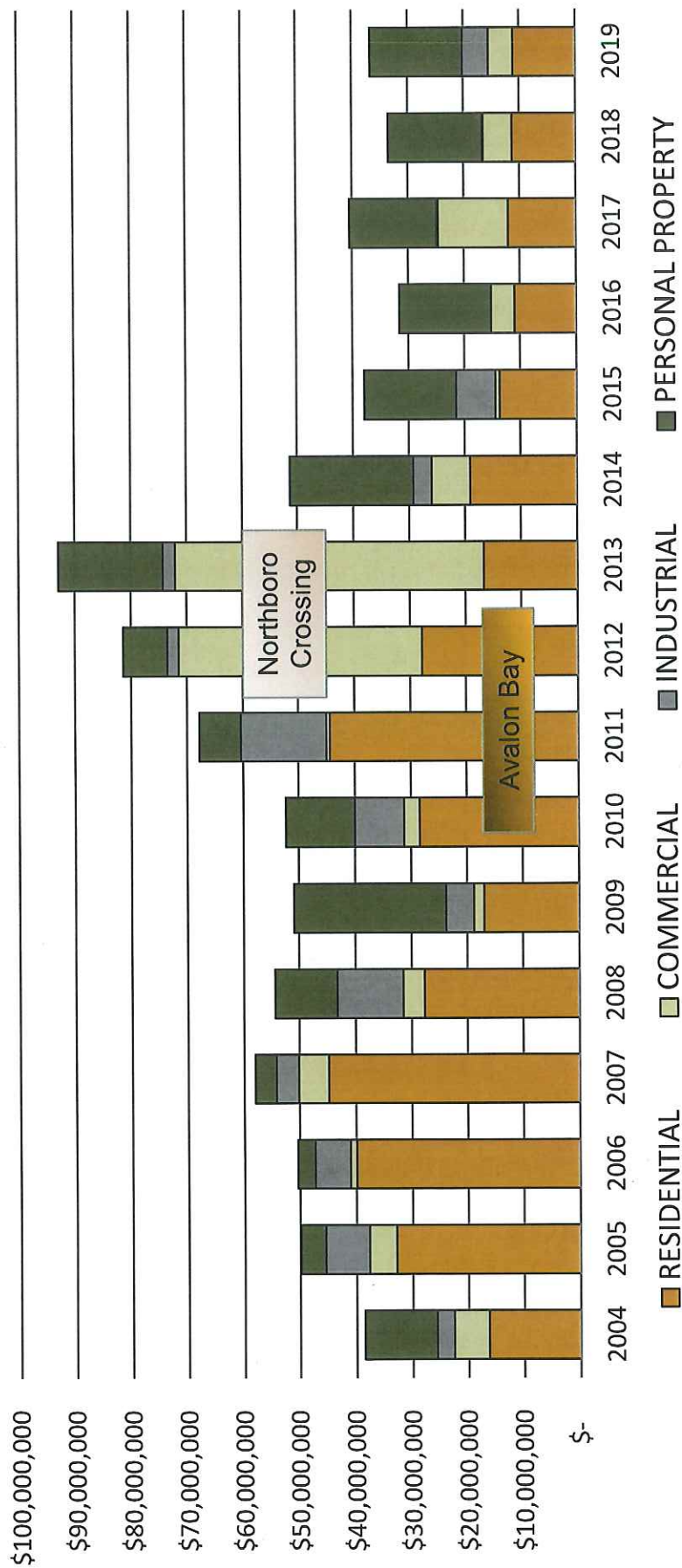
Economic Growth Revenues as a % of Operating Revenues



- Formula: Economic Growth Revenues divided by net revenues
- Warning: Decreasing Economic Growth Revenues as % revenues
- Trend: **Uncertain**
- Comments: Economic Growth Revenues increased from FY09 to FY13, but future revenues are uncertain following completion of several large developments and fewer projects in the permitting pipeline

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New Growth History



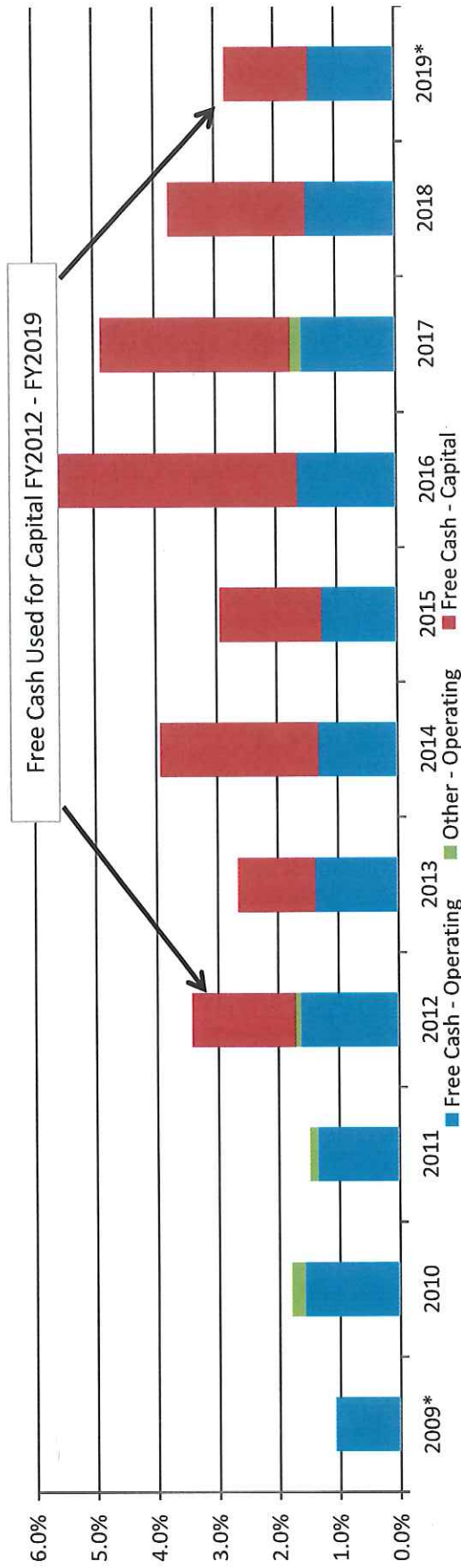
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Town of Northborough Financial Indicators

Indicator 6: One-Time Revenues

One Time Revenues as a % of Expenditure Budget



- Formula: One-Time Revenues as % of Operating Budget
- Warning: Increasing amount of one-time revenues in the budget
- Trend: **Favorable**
- Comments: Free Cash Policy reduced reliance on one-time revenues from a high of \$1.5 million (4.1%) in FY05 to \$875,000 (1.4%) in FY19 (FY16-FY19 include \$200k transfers to Stabilization). Free Cash was diverted to finance \$10.5 million pay-as-you-go capital investments in FY12 through FY19.

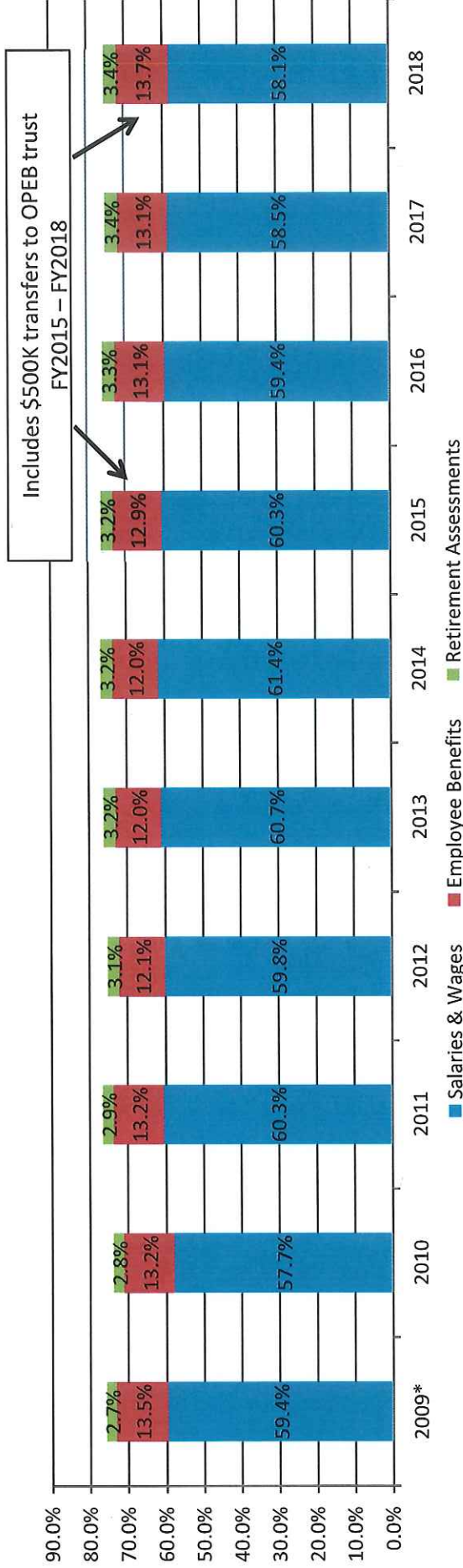
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Town of Northborough Financial Indicators

Indicator 7: Personnel Costs

Personnel, Wages, and Benefits as a % of Operating Expenditures



- Formula: Personnel expenses as % of Budget
- Warning: Salaries & wages increasing as % of expenditures
- Trend: **Stable**
- Comments: Personnel wages & benefits represent approximately 75% of the Town's operating budget net of ARHS & Assabet school assessments and remain relatively stable due to health insurance benefit changes, sustainable staffing and wage increases

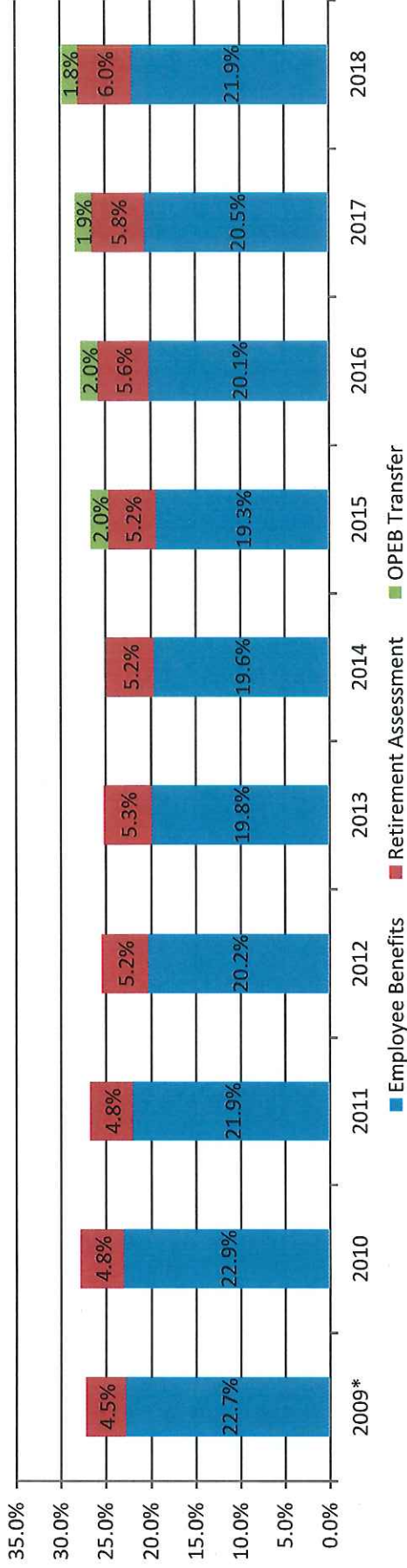
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Town of Northborough Financial Indicators

Indicator 8: Employee Benefits

Employee Benefits Spending as a % of Wages & Salaries



- Formula: Employee benefit costs as % of salaries & wages
- Warning: Increasing employee benefits as % of salaries & wages
- Trend: **Uncertain**
- Comments: Overall, employee benefits as a % of wages & salaries increased 2.57% from FY09-FY18 due to negotiated health insurance plan design changes; FY15 includes the first annual \$500k transfer to OPEB trust fund; future increases remain uncertain

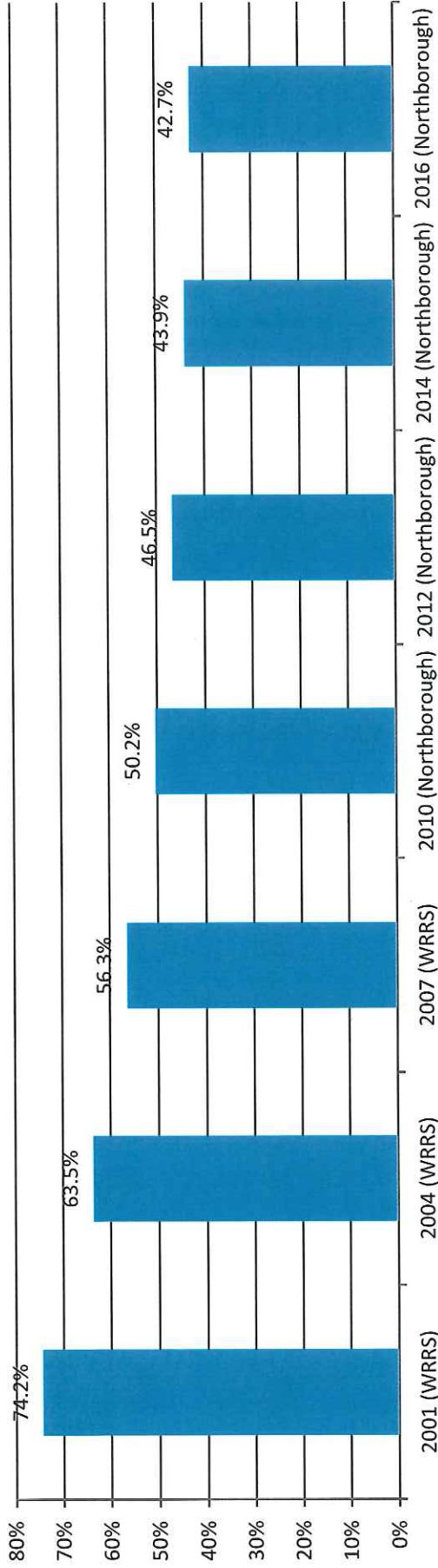
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Town of Northborough Financial Indicators

Indicator 9: Pension Liability

Pension Liability - % Funded



- Formula: Pension Assets divided by Pension Liabilities
- Warning: Unfunded liability or increase in unfunded liability
- Trend: **Unfavorable**
- Comments: Northborough is part of Worcester Regional Retirement System which is on schedule to be fully funded by 2035—five years before the 2040 deadline; the new funding schedule, recent pension reform and improving economy are all forces for future improvement. Northborough's current unfunded liability is \$29.7M.

11/4/19



Town of Northborough
Financial Indicators

Indicator 10: Other Post-Employment Benefits

Reporting Period*	FY2009 Original	FY2009 Revised	FY2011	FY2013	FY2015	FY2016	FY2017	FY2018
Total OPEB Liability	\$90,444,000	\$34,289,000	\$28,072,976	\$32,638,652	\$35,381,934	\$36,566,852	\$39,143,474	\$47,326,709
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$500,000	\$1,051,207	\$1,734,723	\$2,438,590
Net OPEB Liability	\$90,444,000	\$34,289,000	\$28,072,976	\$32,638,652	\$34,881,934	\$35,515,645	\$37,408,751	\$44,888,119
Discount Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.00%	5.25%
Funded Ratio	0.00%	0.00%	0.00%	0.00%	1.43%	2.87%	4.43%	5.15%

- Formula: Other Post-Employment Assets divided by Liabilities
- Warning: Unfunded liability or increase in unfunded liability
- Trend: **Unfavorable / Improving**
- Comments: Health insurance plan design changes, adoption of MGL c.32B §18 and \$500K in planned annual contributions to the OPEB Trust Fund beginning in FY15 have started to improve the Town's funding ratio. As of 9/30/2018 the Fund has \$3.0M.

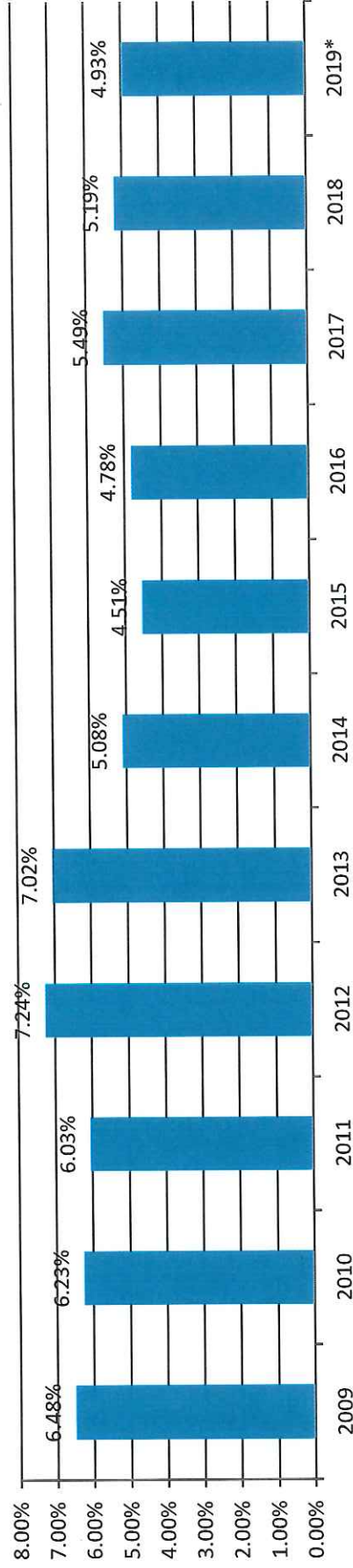
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Town of Northborough
Financial Indicators

Indicator 11: Debt Service

Debt Service as a % of General Fund Expenditures



- Formula: Debt Service as % of General Fund Expenditures
- Warning: Increasing debt service as % of operating expenditures
- Trend: **Favorable**
- Comments: Overall, the Town's level of debt service is within the 5% to 10% suggested by the debt policy and represents an appropriate level of capital investment; FY16 & FY17 included \$14.2 million in new debt for the Lincoln St. School building project

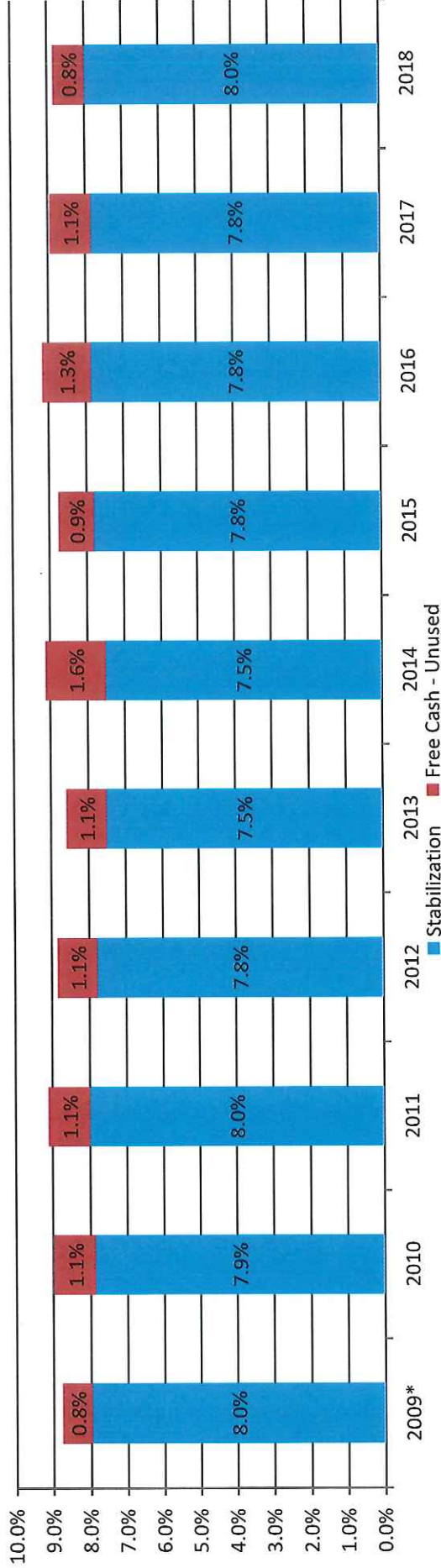
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Town of Northborough Financial Indicators

Indicator 12: Reserves/Fund Balance

Reserves as a % of Operating Revenue (after subsequent spending)



- Formula: Financial Reserves as % of operating revenues
- Warning: Declining reserves as % of operating revenues
- Trend: **Favorable**
- Comments: Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's General Fund (Operating Budget) expenditures. FY15-FY18 include a \$200K contribution to the Stabilization Fund to help maintain reserves

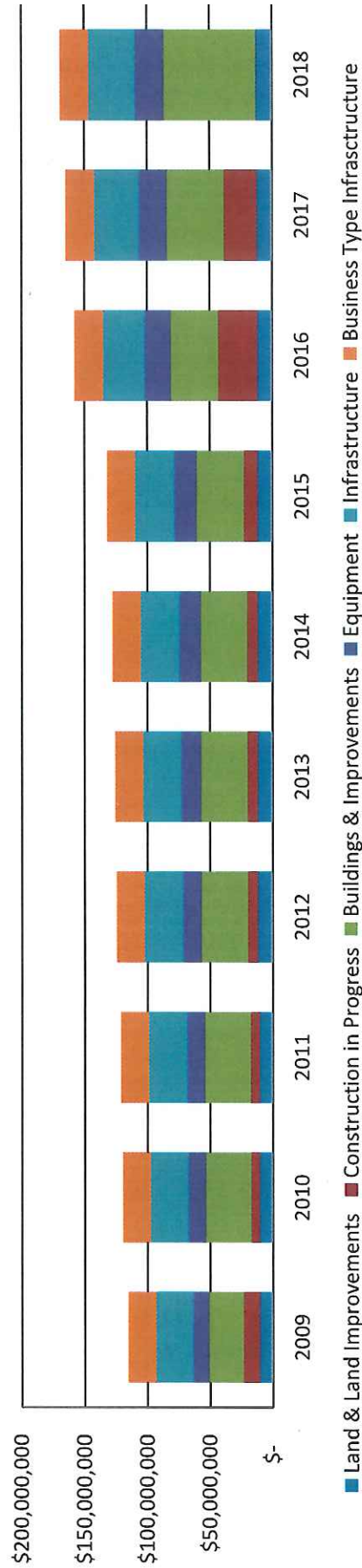
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Town of Northborough Financial Indicators

Indicator 13: Capital Investment –overall fixed asset values

**Gross Fixed Asset Value Nominal Dollars - Governmental & Business-
Type Activities**



- Formula: Value of assets in service before depreciation
- Warning: Declining value of assets
- Trend: **Favorable**
- Comments: Reflects Northborough's overall investment in the various categories of capital assets. However, the above chart is not adjusted for inflation and does not reflect routine depreciation of assets.

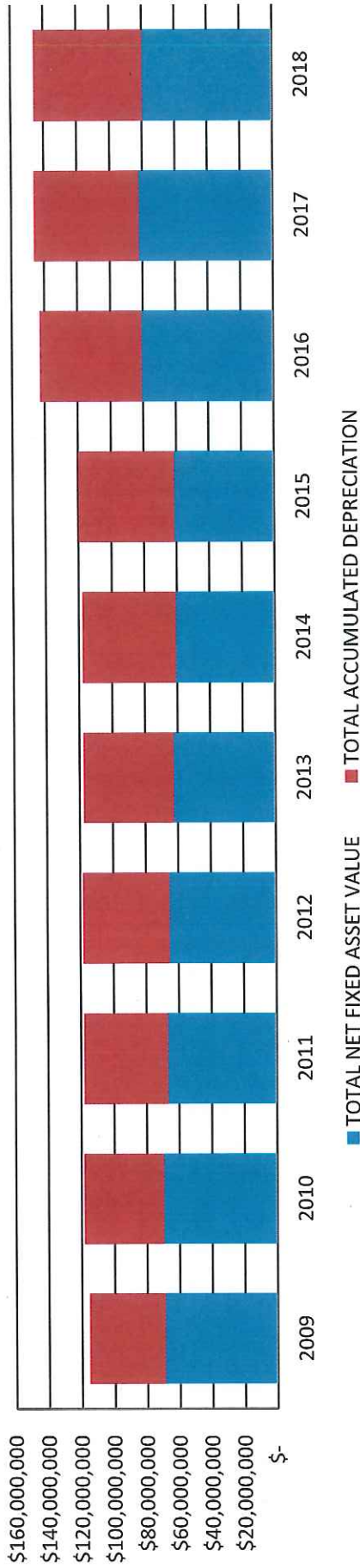
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**Town of Northborough
Financial Indicators**

**Indicator 13.1: Capital Investment—overall fixed asset values in
constant dollars with depreciation**

**Fixed Asset Values Constant Dollars - Governmental & Business-Type
Activities**



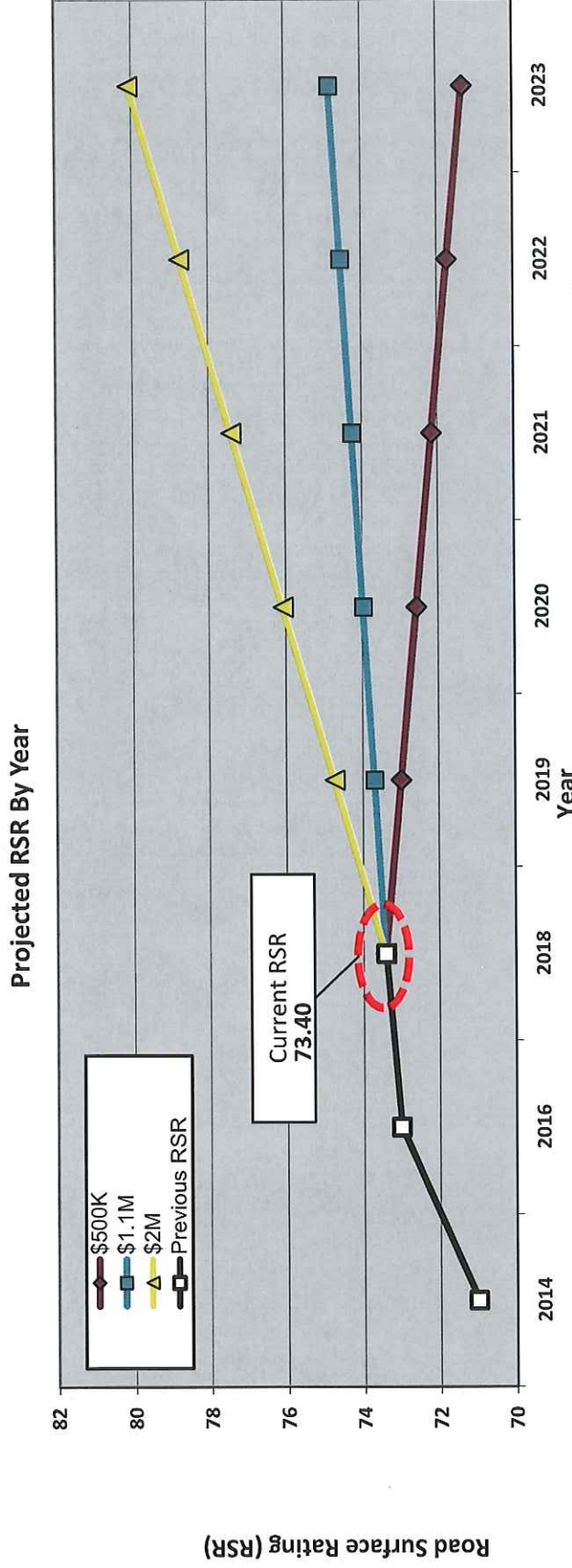
- Formula: Total fixed asset values adjusted for inflation
- Warning: Declining values
- Trend: **Favorable**
- Comments: Reflects Northborough's continued effort to maintain its fixed asset values even after adjusting for the effects of inflation and depreciation. The blue portion of the bar graph above shows relatively constant asset value indicating regular capital investment.

11/4/19



Town of Northborough Financial Indicators

Indicator 14: Capital Investment-Pavement Management



- Formula: Average Road Service Rating (RSR, formerly PCI)
- Warning: Declining overall average RSR
- Trend: **Improving**
- Comments: The minimum annual investment needed to maintain the current average RSR is \$1.1 million. The target was met again in FY19 with \$300K in the operating budget, \$300K in the capital plan, and \$519K in State Chapter 90 Funds. Due to the planned investment, the RSR improved slightly from 71 to 73.4 over the last four years

11/4/19

Executive Summary

Financial Indicator		FY2019
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Favorable
4	State Aid (Intergovernmental Revenues)	Unfavorable / Uncertain
5	Economic Growth Revenues	Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Stable
8	Employee Benefits	Uncertain
9	Pension Liability	Unfavorable
10	Other Post Employment (OPEB) Liability	Unfavorable / Improving
11	Debt Service Expenditures	Favorable
12	Financial Reserves/Fund Balance	Favorable
13	Capital Investment—Overall fixed asset values	Favorable
14	Capital Investment—Pavement Management	Improving

11/4/19

Executive Summary

Current Financial Condition

- Northborough is in relatively good financial condition
- Tax base is strong with good diversification
- Financial Reserves are healthy at 8.8%
- Debt level is manageable with preferred Aa1 bond rating
- Reliance on one-time revenues in the operating budget is at the policy target of \$500,000, or approximately 1%
- Pay-as-you-go capital investments continue

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Executive Summary

Potential Emerging Concerns

- Long-run solvency surrounding unfunded pension liability and OPEB obligations require regular assessment
- Uncertainty surrounding future levels of State Aid
- Uncertainty surrounding future increases in health insurance premiums
- Uncertainty surrounding future economic development (new growth) revenues as we approach buildout
- Possible recessionary period on the horizon

11/4/19

Financial Projections

Overview

- Example of Northborough's Five-Year Projections
- Assumptions Used for Projections
- Future Tax Impact (affordability)
- Financial Outlook

11/4/19

Financial Forecast

Why create a five-year financial forecast?

- To manage expectations and gain consensus around assumptions (set the table for budget discussions)
- To identify trends and potential corrective action
- To quantify financial impact of policy decisions
- To gain buy-in for priorities, strategies and policy initiatives by identifying key areas the Town needs to focus on such as health insurance, unfunded liabilities, collective bargaining agreements, debt, etc.
- Its all about communication!

11/4/19

Financial Projections

Northborough's Methodology (with excess levy capacity)

- Revenue driven model
 - Based upon the Town/school revenue sharing model
 - Establishes a revenue ceiling based upon Proposition 2 ½ and backs into the allowable annual budget growth
 - Uses FY2019 as the base and looks out 5 years
- Focuses on the top three revenue sources, or 95%
 - Taxes 80%, State Aid 10%, Motor Vehicle Excise 5%)
- Minimum goal is to maintain level service budget
 - Can we protect and maintain what we have now?
 - Will we be able to address future wants and needs?

11/4/19

Financial Projections

Assumptions

- Taxes increase by allowable Proposition 2 ½
 - New growth \$30 million in value (\$515K in new taxes) annually
 - Existing unused levy capacity is available for use
- State Aid increases 1% annually
- MVE and misc. local receipts level budgeted
- Adhere to adopted Financial Policies
 - No one-time revenue gimmicks
 - Maintain financial reserves
 - Continue to invest in Capital Improvement Plan (CIP)

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Financial Projections

Assumptions (con't)

- OPEB funding increased to at least \$550,000 annually
- Benefit costs increase 5% (health, pension, FICA, etc.)
- Debt service for major capital projects included
 - Fire Station Project (Debt Exclusion)
- Key budgets increased to forecast for FY2020 and then grow 3.5 - 4% annually
 - NB K-8 Schools, General Government, Regional HS
 - Attempt is to maintain level services

11/4/19

Five-Year Expense Projections

	FY2020	FY2021	FY2022	FY2023	FY2024
	Projection	Projection	Projection	Projection	Projection
<u>General Fund Expenses</u>					
<u>Education</u>					
Northborough K-8	25,049,372	26,051,347	27,093,401	28,177,137	29,304,222
Algonquin 9-12	12,096,044	12,579,886	13,083,081	13,606,404	14,150,661
ARHS Debt Service	610,774	663,475	663,559	665,724	663,325
Assabet	737,128	766,613	797,278	829,169	862,336
Assabet Renovation Project	141,488	137,660	133,832	130,004	126,176
Lincoln Street School Building	1,075,875	1,051,475	1,026,775	998,675	973,975
<u>Town Departments</u>					
	12,903,621	13,419,766	13,956,556	14,514,819	15,095,411
<u>Undistributed Expenses</u>					
Employee Benefits & Insurance	8,542,987	8,970,136	9,418,643	9,889,575	10,384,054
Building & Liability Insurance	269,317	280,090	291,294	302,945	315,063
Debt Service & CIP	1,624,939	1,551,459	2,959,201	2,817,916	2,703,784
State Assessments	243,826	253,579	263,722	274,271	285,242
Reserve Fund	175,000	175,000	175,000	175,000	175,000
Special Warrant Articles - Capital	861,167				
Solid Waste Subsidy	217,160	217,160	217,160	217,160	217,160
OPEB Trust	550,000	550,000	550,000	550,000	550,000
Stabilization Fund	200,000				
Reserve for Abatements	706,084	742,967	782,104	837,354	872,626
<u>Library & School Lunch Aid - Offsets</u>					
	22,559	22,559	22,559	22,559	22,559
<u>Total General Fund Expenses</u>	66,027,342	67,433,172	71,434,165	74,008,712	76,701,593

11/4/19

Five-Year Revenue Projections

	FY2020	FY2021	FY2022	FY2023	FY2024
	Projection	Projection	Projection	Projection	Projection
<u>General Fund Revenues</u>					
Prior Year Levy Limit	50,983,446	52,772,532	54,606,345	56,486,004	58,412,654
2.5%	1,274,586	1,319,313	1,365,159	1,412,150	1,460,316
New Growth	514,500	514,500	514,500	514,500	514,500
Levy Limit	52,772,532	54,606,345	56,486,004	58,412,654	60,387,470
Debt Exclusions	718,050	724,074	703,246	687,391	668,623
ARHS Debt Exclusions	390,774	443,475	443,559	445,724	663,325
Lincoln St Sch Bldg Debt Exclusion	1,075,199	1,050,836	1,026,182	998,130	973,476
Fire Station Debt Exclusion	34,000	417,500	1,908,000	1,856,900	1,805,800
Maximum Levy	54,990,555	57,242,231	60,566,991	62,400,799	64,498,694
Unused Levy Capacity	(1,921,490)	(1,377,665)	(756,009)	(70,393)	468,918
Total Tax Levy	53,069,065	55,864,566	59,810,982	62,330,406	64,967,612
State Aid	5,403,739	5,457,776	5,512,354	5,567,478	5,623,152
Estimated Receipts	3,962,000	3,962,000	3,962,000	3,962,000	3,962,000
<u>Other Local Receipts</u>					
Free Cash - Operating Budget	500,000	500,000	500,000	500,000	500,000
Free Cash - Appropriated Reserve	175,000	175,000	175,000	175,000	175,000
Free Cash - Capital/Other	1,061,167				
MSBA	382,543				
Meals/Rooms Tax	506,000	506,000	506,000	506,000	506,000
Other Available Funds	967,828	967,828	967,828	967,828	967,828
Total General Fund Revenues	66,027,342	67,433,170	71,434,164	74,008,712	76,701,592

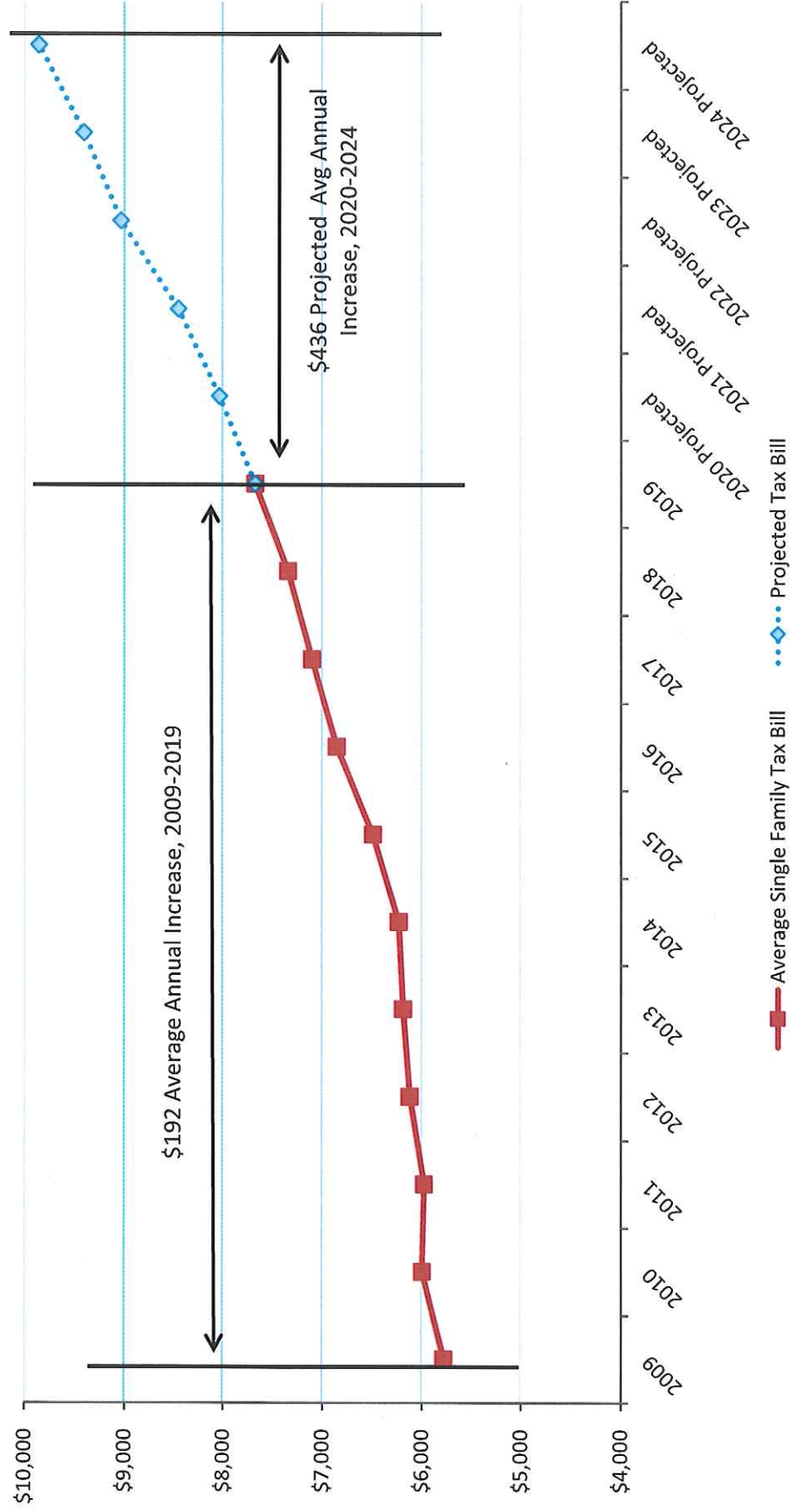
11/4/19

Projected Tax Impact

	FY2020	FY2021	FY2022	FY2023	FY2024
	Projection	Projection	Projection	Projection	Projection
<u>Tax Impact</u>					
Valuation	3,043,883,694	3,077,751,513	3,111,808,011	3,146,055,073	3,161,055,073
Avg Single Fam	460,691	465,298	469,951	474,651	479,397
Tax Rate	17.43	18.15	19.22	19.81	20.55
Avg Tax Bill	8,032	8,446	9,033	9,404	9,853
Increase (\$)	361	414	587	371	449
Increase (%)	4.7%	5.2%	7.0%	4.1%	4.8%
Note: Tax Impact assumes a 3% increase in Single Family Home Values in FY2020 & 1% in FY2021-FY2023; Valuation reflects \$30M new growth in FY2020, \$15M new growth from FY2021-2024 and corresponding growth in overall Single Family Home values					

11/4/19

Historic & Projected Tax Bills



11/4/19

Financial Projections

Financial Outlook

- Budgets increase minimally to maintain services
 - No significant staffing or service level increases
- Existing unused levy capacity used up by FY2024
- Taxes increase between 4.1% to 7% annually
 - FY2021 is the next revaluation year, market adjustments to property values continue to increase annually
- Assumes no major budget “surprises”

1/14/19

Causes of Financial Trouble

- Unsustainable collective bargaining agreements (wages, benefits, minimum staffing requirements)
- Taking on too much debt
- Running operational deficits
 - Expanding staffing and/or services beyond available resources
 - Pattern of expenses outpacing revenues
 - Using one-time funds for recurring expenses
- Failing to address unfunded liabilities
- Erosion of tax base or other revenue sources
 - Defaults on tax payments (reduced collections)
 - Loss of business and/or declining economic development

11/4/19

Causes of Financial Trouble

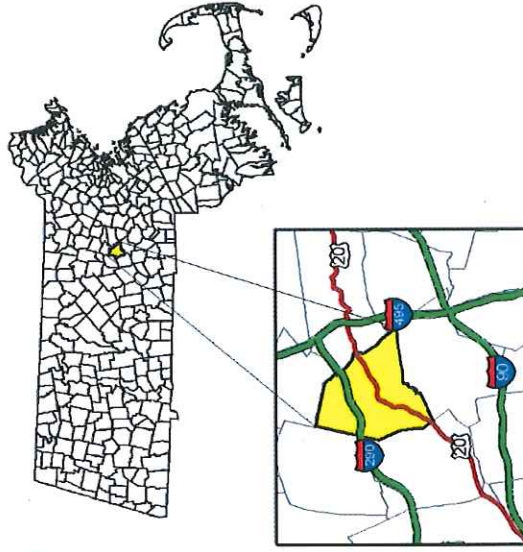
The one commonality among the financial pitfalls identified is that they are more likely to occur when decision-makers fail to track fiscal indicators, fail to adopt and adhere to financial policies, and fail to acknowledge and take timely action when presented with new or unpleasant information.

11/4/19



Financial Trend Monitoring

QUESTIONS?



FTM Report covers the period July 1, 2008 (FY2009) through June 30, 2019 (FY2019)

11/4/19

Summary:

**Norwood, Massachusetts; General
Obligation; Note**

Primary Credit Analyst:

Lauren Freire, New York (1) 212-438-7854; lauren.freire@spglobal.com

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Table Of Contents

Rationale

Outlook

Related Research

11/4/19

Summary:

Norwood, Massachusetts; General Obligation; Note

Credit Profile

US\$13.5 mil GO BANs due 06/26/2020

<i>Short Term Rating</i>	SP-1+	New
Norwood GO BANs		
<i>Short Term Rating</i>	SP-1+	Affirmed
Norwood GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'SP-1+' short-term rating to Norwood, Mass.' 2019 general obligation (GO) bond anticipation notes (BANs). At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating on the town's existing GO debt and its 'SP-1+' rating on the BANs issued in December 2018. The outlook is stable.

The short-term ratings reflect our view of the town's strong ability to pay principal and interest when the BANs come due. Norwood's market risk profile is low, in our view, because it maintains strong legal authority to issue long-term debt to take out the BANs and it is a frequent issuer, providing regular disclosure to market participants.

The town's full-faith-and-credit GO pledge secures the BANs and bonds, subject to limitations of Proposition 2-1/2. We rate the limited-tax GO debt on par with our view of Norwood's general creditworthiness, since the ad valorem tax is not derived from a measurably narrower tax base and there are no limitations on the fungibility of resources, which supports our view of the town's overall ability and willingness to pay debt service. Officials will use the note proceeds for various capital improvement projects--specifically for the lighting department.

The rating reflects our view of Norwood's very strong and growing economy, anchored by its access to Boston, and its continued maintenance of strong budgetary flexibility. Furthermore, the town's financial management policies and procedures enhance our view that management will continue to make the necessary budgetary adjustments to keep reserves at levels we consider strong and maintain balanced operations. However, we believe the town's long-term liabilities, specifically its combined large pension and other postemployment benefits (OPEB) obligations, will continue to pressure the budget and limit the rating.

The rating reflects the town's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;

11/4/19

- Adequate budgetary performance, with an operating deficit in the general fund but a slight operating surplus at the total governmental fund level in fiscal 2018;
- Strong budgetary flexibility, with an available fund balance in fiscal 2018 of 9.4% of operating expenditures;
- Very strong liquidity, with total government available cash at 15.9% of total governmental fund expenditures and 2.7x governmental debt service, and access to external liquidity we consider strong;
- Strong debt and contingent liability profile, with debt service carrying charges at 6.0% of expenditures and net direct debt that is 62.5% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 69.2% of debt scheduled to be retired in 10 years, but a large pension and OPEB obligation; and
- Strong institutional framework score.

Very strong economy

We consider Norwood's economy very strong. The town, with an estimated population of 29,327, is located in Norfolk County in the Boston-Cambridge-Newton MSA, which we consider to be broad and diverse. The town has a projected per capita effective buying income of 148% of the national level and per capita market value of \$181,104. Overall, the town's market value grew by 4.2% over the past year to \$5.3 billion in 2019. The county unemployment rate was 3.0% in 2018.

Norwood covers 10.5 square miles, and is 15 miles southwest of Boston and 30 miles northeast of Providence, R.I. In addition to Interstate 95, the town is traversed by U.S. Route 1 and State Route 1A, which provide residents with access to employment centers in the surrounding MSA. The economic base is stable and diverse, in our view, and its underlying wealth and income conditions remain very strong. Residential properties make up about 72% of the tax base, followed by commercial properties at almost 19%.

Norwood is home to a number of sizable employers, including Advantage Resourcing (a staffing agency), Mercer (consulting), and Norwood Hospital. The town's assessed valuations continue to increase because of a strong real estate market and ongoing developments. These include a 262-unit apartment development that was completed last year, as well as a 198-unit multi-family development under construction by Avalon Bay. Officials also report a 60-unit condominium complex is being built on Endicott Street. Moderna Inc., a biotechnology company, has moved into the town and is constructing a manufacturing facility. The town purchased a parcel last year for redevelopment. Current plans for the vacant land call for a \$250 million development. Because of these and other projects, combined with favorable economic indicators and access to the Boston MSA, we expect Norwood's economy to remain very strong.

Strong management

We view the town's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Management analyzes three-to-five years of historical data to identify budget revenue and expenditure trends. In preparation for its annual budget, management conducts a townwide review with department heads and convenes a budget-balancing subcommittee to discuss adjustments to revenue and expenditure line items. On the revenue side, management identifies and adjusts fees and services, including water and sewer rates, at a rate that meets the cost of

11/4/19

providing town services. The assessor also takes into account changes in fees and services when determining the annual tax levy. Furthermore, after considering Norwood's contractual obligations and debt service management expenditures, management outlines departmental, capital, and other community needs. In addition, management reviews and presents budget-to-actual performance reports monthly to the board of selectmen. Supplemental budget appropriations may be voted on at special meetings.

Management maintains a formal investment policy that codifies commonwealth guidelines and additional investment restrictions set forth by the town. The policy requires management to present holdings and investment performance quarterly to the general manager or board of selectmen. Norwood has a basic written debt management policy to maintain debt service levels at 5% of current non-utility revenues. In addition, its written fund balance policy maintains stabilization reserves at a minimum of 5% of the general fund operating budget, which management views as sufficient to cover cash flows in the event of one-time or emergency expenditures.

Norwood maintains a comprehensive five-year capital plan that identifies internal and external financing sources; the plan is updated annually. However, it does not maintain a long-term financial plan to address financial or economic conditions affecting future budgets.

Adequate budgetary performance

Norwood's budgetary performance is adequate, in our opinion. The town had deficit operating results in the general fund of 1.9% of expenditures, but a slight surplus result across all governmental funds of 0.6% in fiscal 2018.

Fiscal 2018 results include adjustments for recurring transfers, a land purchase, and one-time capital expenditures paid for with bond proceeds. Norwood ended fiscal 2018 with a draw. The town used reserves of approximately \$3 million to pay for capital improvement projects, which also contributed to the estimated drawdown. This is primarily a result of timing mismatch of building permits, which came in under budget for the 2018 year. Specifically, the town had expected more than \$1 million in building permit fees during fiscal 2018 but instead received about \$531,370 because the remainder of the permits were issued shortly after the closing of the fiscal 2018 year-end and at the beginning of fiscal 2019. Norwood's primary revenue source is property taxes (55%), followed by charges for services (19%). State aid makes up 16.6% of revenues. Tax collections have been strong, averaging 99% over the past three years.

The fiscal 2019 budget totals \$128.8 million and includes a fund balance appropriation of \$1.8 million, which the town has historically done. Officials indicate expenditures are on track with the budget, with revenues slightly ahead of budget, and they do not expect negative financial performance by fiscal year-end. Building permit fees of more than \$500,000 contributed to the positive budget-to-actual variances; in addition, other local receipts are above budgeted levels.

For the 2020 budget, Norwood successfully passed its first Proposition 2-1/2 override--for \$5.95 million. A majority of the override is devoted to the schools, as the district is reinstating various programs and cuts. A small portion of the override is devoted to increasing the budget for road repair, and snow and ice. Lastly, the town is establishing an override stabilization account. The additional flexibility provided by the override will support the town's performance in future budget years.

11-4-19

Strong budgetary flexibility

Norwood's budgetary flexibility is strong, in our view, with an available fund balance in fiscal 2018 of 9.4% of operating expenditures, or \$12.7 million.

Despite the decline in 2018, the town maintains a strong level of flexibility, as it has for the past few years. With the anticipated positive year-end results for 2019, we expect the town to maintain fund balances at a level we consider strong.

Very strong liquidity

In our opinion, Norwood's liquidity is very strong, with total government available cash at 15.9% of total governmental fund expenditures and 2.7x governmental debt service in 2018. In our view, the town has strong access to external liquidity if necessary.

Norwood is a regular market participant that has issued debt frequently over the past several years, including GO bonds. Commonwealth law prohibits municipalities from issuing variable-rate debt. The town has no direct-purchase debt. Management confirmed it does not have any contingent liquidity risks from financial instruments with payment provisions that change on the occurrence of certain events.

Town investments are subject to commonwealth guidelines. Norwood invests its cash in low-risk assets, including the commonwealth's short-term investment pool (the Massachusetts Municipal Depository Trust), registered money market funds, or short-term certificates of deposit. For these reasons, the town's available cash remains strong and stable. We expect its liquidity profile to remain very strong over the next two fiscal years.

Strong debt and contingent liability profile

In our view, Norwood's debt and contingent liability profile is strong. Total governmental fund debt service is 6.0% of total governmental fund expenditures, and net direct debt is 62.5% of total governmental fund revenue. Overall net debt is low at 1.6% of market value, and approximately 69.2% of the direct debt is scheduled to be repaid within 10 years, which are, in our view, positive credit factors. In our opinion, a credit weakness is Norwood's large pension and OPEB obligation.

Following this bond issue, Norwood has about \$135.5 million of total direct debt outstanding, approximately \$45 million of which is self-supporting enterprise debt and \$26.5 million is in BANs. The town plans to issue about \$3 million-\$4 million annually for capital improvement projects. Given the low overall net debt and moderate net direct debt levels, coupled with rapid amortization of the town's direct debt, we do not expect our assessment of Norwood's debt profile to weaken.

Norwood's combined required pension and actual OPEB contributions totaled 6.9% of total governmental fund expenditures in 2018. Of that amount, 3.4% represented required contributions to pension obligations, and 3.5% represented OPEB payments. The town made its full annual required pension contribution in 2018.

The town participates in a cost-sharing, multiple-employer, defined-benefit pension plan administered by the Norwood Contributory Retirement System. Using updated reporting standards in accordance with Governmental Accounting Standards Board Statement Nos. 67 and 68, the town's proportionate share of the net pension liability was about \$29.4 million, with 84.4% funded, at June 2018 fiscal year-end, based on an assumed rate of return of 7.75%.

11/4/18

Norwood also provides postemployment benefits to retirees, which it supports on a pay-as-you-go basis; however, the town has set up an OPEB trust to prefund the liability, which we view positively. At June 30, 2018, the most recent measurement date, the town reported a net \$160.2 million OPEB liability. Norwood's OPEB trust currently has a balance of \$2.1 million. The town is projecting to add about \$250,000 to the trust by fiscal year-end annually. Officials indicate that the town also plans to significantly increase contributions toward the OPEB plan once the pension plan is fully funded in 2029. While the practice of prefunding the OPEB liability is positive, we believe Norwood's retirement liabilities are large and will continue to stress the budget. In addition, while we believe the town will be able to manage these costs, should the liabilities and costs continue to increase with no plan in place to address them while stressing the town's finances, our assessment of Norwood's debt and contingent liability profile could change.

Strong institutional framework

The institutional framework score for Massachusetts municipalities is strong.

Outlook

The stable outlook reflects S&P Global Ratings' opinion of Norwood's very strong economy supported by its access to the Boston MSA. In addition, the rating is further supported by the town's strong budgetary flexibility and very strong liquidity profile. While we view the town's debt and contingent liability profile as very strong, we note its pension and OPEB liabilities remain large and somewhat limit upward rating potential. We, however, expect management to continue to manage these costs and maintain stable financial operations by making the necessary budgetary adjustments. Therefore, we do not expect to change the rating within our two-year outlook horizon.

Upside scenario

We could raise the rating if the town were to experience reductions in retirement liabilities coupled with consistent improvement of available reserves through positive budgetary performance to levels we consider commensurate with those of higher-rated peers.

Downside scenario

We could lower the rating if the town experiences a significant deterioration in budgetary performance, leading to weakened fund balance reserves and liquidity constraints.

Related Research

- 2018 Update Of Institutional Framework For U.S. Local Governments

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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11/4/19

Norwood Memorial Airport Revenue and Expense Trends

FY19 Update

In 2017, a report on Airport finances and financial trends was produced. This report is available for review on the Town website using the following link:

http://www.norwoodma.gov/document_center/Financial%20Commission/Financial%20Reports/Review%20of%20Airport%20Finances.pdf

That report provided insights into the Airport's five-year history of revenues, expenses and net earnings as well as a series of recommendations intended to identify opportunities to further enhance Airport net earnings. The report covered the period of FY13 through FY17.

The Finance Commission agreed to use the same methodology used for the FY13 to FY18 review to update the report at the close of FY18. That report was produced in October 2018.

Following the same approach, a review of FY19 revenues, expenses and trends is now being presented in this report.

Financial data on airport revenues and expenses was provided by Tom McQuaid, Director of Finance and Accounting. Using the same approaches as prior fiscal years, three variations of analyses were used to update the report:

- A. Summary of actual revenues, expenses and net earnings based on the Town's standard accounting methods;
- B. Same summary as described in Section A with the exclusion of revenues and expenses that are not considered to be directly under the control of the Airport Commission. These are:
 - a. Costs associated with snow and ice removal;
 - b. FEMA reimbursements;
 - c. Town's share of federal and state grants for airport infrastructure improvement.
- C. Same summary as described in Section A with the addition of a cost factor associated with expenses that are assumed in the overall Town budget but not charged to the Airport Operations budget line.

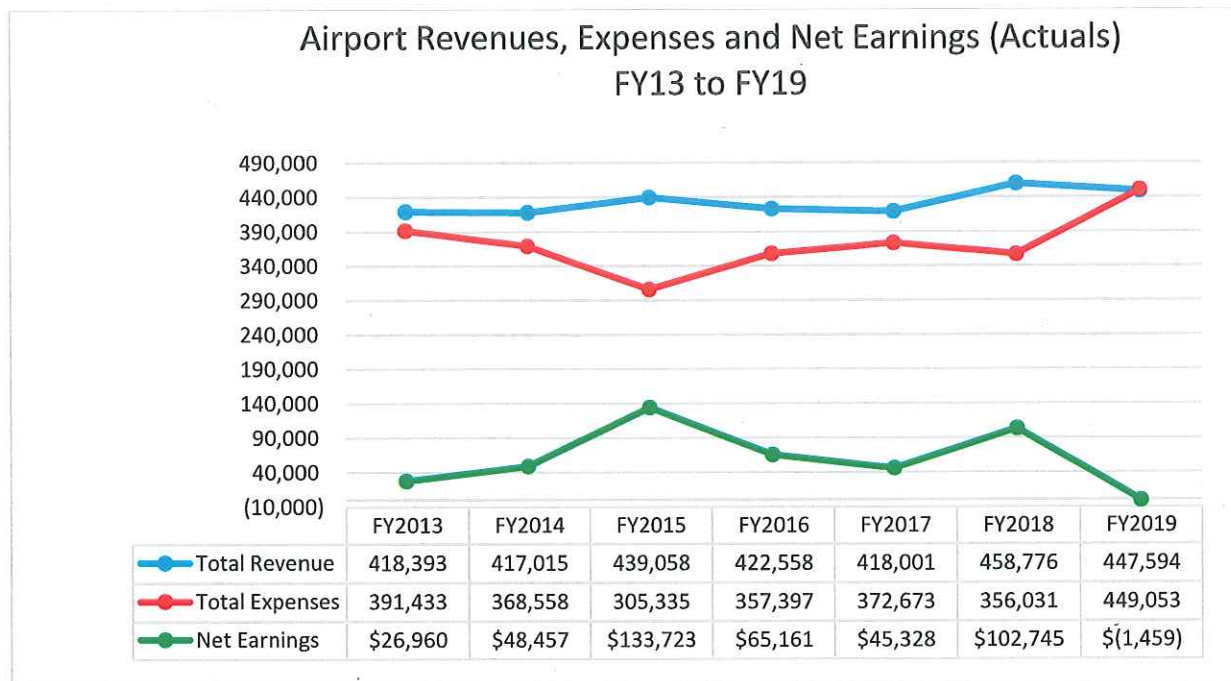
Attachments to this report include:

- Attachment A:** Actual Airport Revenues, Expenses and Net Earnings FY13 – FY19
- Attachment B:** Revised Airport Revenues, Expenses and Net Earnings FY13 – FY19
- Attachment C:** Airport Revenues, Expenses and Net Earnings FY13 – FY19 (All Dollars Considered)

11/4/19

Section A

The below chart reports the actual review and expense history for the seven-year period of FY13 to FY19.



Revenues

Overall direct revenues in FY19 were up by nearly \$10,000 over FY18 levels.

The largest generators of direct revenues in FY19 at the Airport were short-term leases (\$89,307) and long-term leases (\$111,295) followed by flowage fees (\$35,645).

In August of 2018, the Airport implemented a new landing fee at the suggestion of the Finance Commission. The landing fee accounted for \$23,426 in new revenue for the airport from August, 2018 to March, 2019. An additional \$9,356 in landing fee revenue was collected from April, 2019 to June, 2019 but due to the timing of the fee collection and deposit these were booked to the FY20 accounting line. Based on FY19 experience, it seems this new fee will have the ability to generate over \$30,000 a year in revenue (or approximately 7% of all Airport revenue based on FY19 experience).

Tie-down lease revenues are down from FY18. In FY19, the Airport lost \$12,300 in revenues from tie-downs and as a result of a recent legal settlement. New leases for this space may help to recoup this revenue loss but these leases have not been finalized as of the date of this report.

Indirect revenues in FY19 were down by about \$21,000 from their FY18 level. In FY18, Norwood Airport received \$22,806 in FEMA payments. In FY19, there were no FEMA payments received. The largest generator of indirect revenues were PILOT payments from BMA & Flight Level (\$111,076).

11/4/19

Expenses

As the graph indicates, expenses were up from historical trends in FY19. Total expenses in FY19 were \$449,053. This was an increase of \$93,022 from FY18. The primary driver of this expense increase was money appropriated for the town's share of matching grants. Norwood utilizes federal and state grants for a number of capital improvements to the airport. Norwood's share of contribution for such grants is 5% of total project costs with Mass Department of Transportation (DOT) and/or the Federal Aviation Administration (FAA) contributing the bulk of funding for these projects.

In FY19, Norwood's share of matching grants was \$86,488. Typically, over the course of FY13 to FY18, grant match appropriations range from \$5,000 to \$40,000. The projects included in these grants include a project to straighten a taxiway (projected overall cost of \$2.4 million) and the completion of the Welch Administration Building (which will house snow removal equipment and the Airport Management Office). At the end of construction, costs for the Welch Administration building will be approximately \$1,900,000 of which MassDOT will pay approximately \$1.8 million with Norwood contributing about \$115,000 in total.

Salary and wages represent 43.6% of total expenses (\$195,829). Staffing remains at 2.0 FTEs, the same level as last year and actually the same level for the past 20 years. Airport operations expenses of \$154,820 represent 34.5% of total expenses and are basically level to FY18 operating expenses.

Net Earnings

Primarily due to the capital improvement investments made with the Town's share of matching grants, net earnings were (\$1,459) in FY19. However, when total landing fee revenue is considered, the Airport net earnings would actually be positive for FY19.

The average net earnings over this 7-year period were \$60,000 per year.

Comparison to FY19 Budget

In FY19, the Airport's approved budget totaled \$482,811. Total expenses were \$449,053 or \$33,758 under budget (from the FY20 Budget report to the Annual Town Meeting).

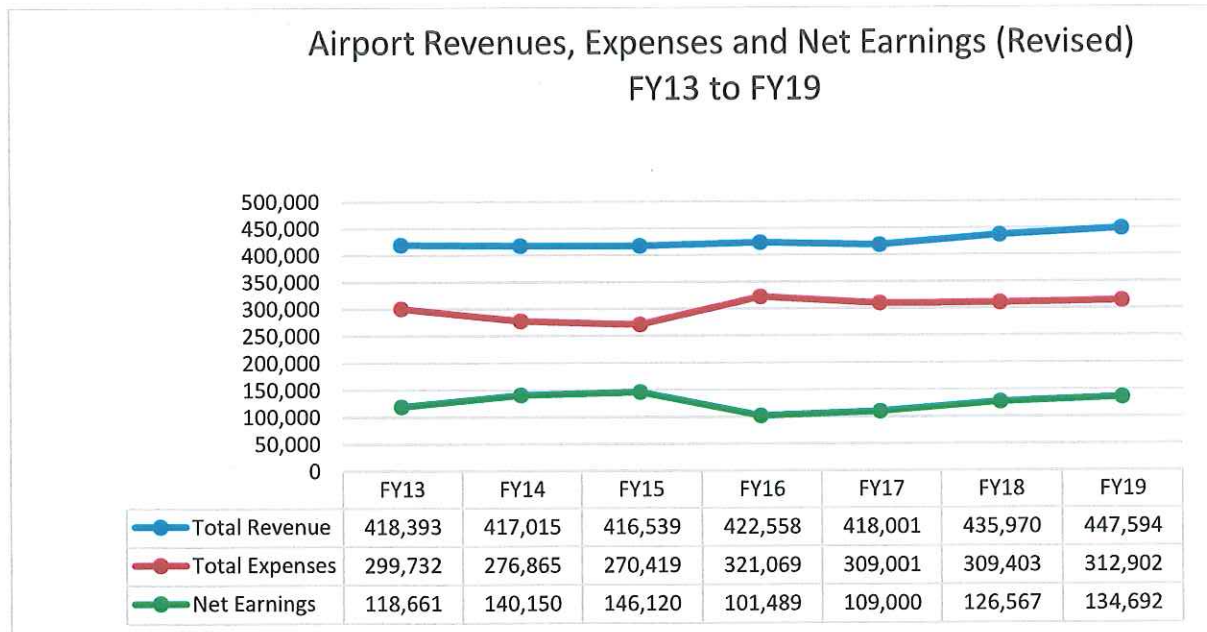
Raw data used for this chart are summarized in Attachment A.

11/4/19

Section B

As was the case in prior years' reports, the purpose of the analysis conducted in Section B is to identify trends in revenues and expenses. Last year's report noted that when the costs for snow and ice removal and the Town's share of grants as well as any FEMA reimbursements are removed from the calculations, we are better able to see how the Airport performs financially using the resources under its control.

The chart below summarizes this analysis for the seven-year period.



Revenues

As the above graph indicates, the Airport's revenue stream has been relatively steady and, over the past 3 fiscal years, growing year-on-year. Even with the removal of FEMA reimbursements received in FY15 and FY18, the revenue trend is positive over this period of time. New revenue from landing fees helped to push FY19 revenues above the FY18 level.

Expenses

The expense trend (minus snow removal and matching grant costs) in this analysis has remained relatively flat over this period especially over the past 3 fiscal years.

Net Earnings

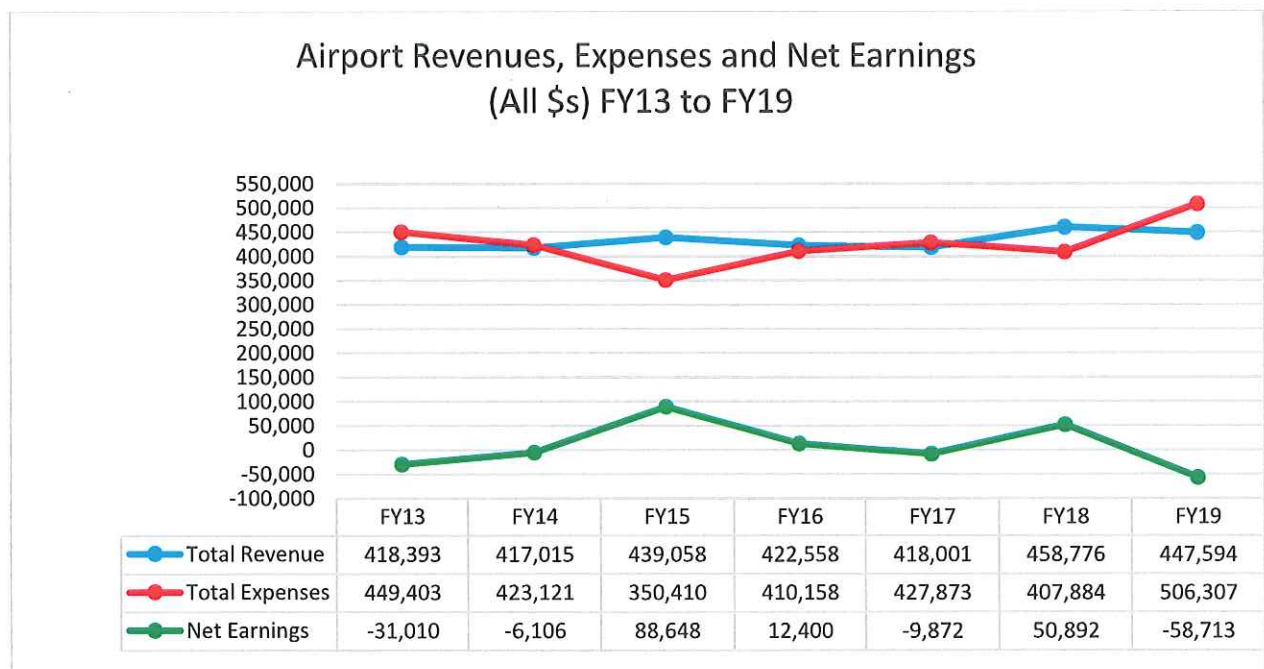
Under this analysis, the net earnings ranged from \$101,500 to \$146,100 per year. Average net earnings under this analysis were \$125,240 during the 7-year period.

Raw data used for this chart are summarized in Attachment B.

11/4/19

Section C

The below chart displays the revenue, expense and net earnings trends when all costs and revenues are considered. Expenses include snow and ice removal costs as well as the Town's share of grant expenses. All revenue sources including FEMA reimbursements are considered in the calculations. Additionally, I have factored in an estimate of the costs that the Town contributes to the Airport through its shared cost budget. These include estimated costs for insurance, litigation, employee benefits, the town's Medicare contribution and general support activities provided by Town Departments (e.g., payroll processing, accounting services, and information technology services). As was the case last year, a standard estimate of approximately 13% of overall total expenses was used to generate an FY18 estimate for these costs.



Revenues

The revenue trend in this analysis remains positive as it is identical to the analyses in Section A and Section B.

Expenses

Costs attributed to the shared budget and support activities are roughly estimated at \$55,200 for FY19. Some of these cost estimates, such as litigation, assume average litigation costs that are more typical to an airport over the long haul. While litigation costs have been higher than average over the last few years, this analysis assumes the level of litigation-related expenses will moderate to an historical average over time.

11/14/19

If Norwood Airport were to become a pure enterprise fund operation (which it is not currently), there are likely other costs that would hit the expense line.

Net Earnings

As expected, when costs that are not directly accounted for in the Airport budget are considered, net earnings become more volatile on a year-by-year basis. Average net earnings for the 7-year period were \$27,500 per year.

Raw data used for this chart are summarized in Attachment C.

11/14/19

Other Updates of Note

As cited earlier in this report, the Airport Commission adopted the Finance Commission's recommendation to establish a landing fee schedule for transient aircraft (i.e., aircraft that is not housed in a Norwood Airport hangar or on a tie-down). This fee schedule went into effect in August of 2018.

When the Welch Building is completed, Airport Management will move from its current rental office space into this new town-owned building. The Town will incur utility expenses for this new office but those costs will be more than offset by the elimination of office rental expenses.

The Airport will also be entering into a lease with Flight Level to lease Lot ABC for tie-downs and the construction of a new hangar. Construction work is anticipated to commence before the end of calendar year 2019 with occupation expected in the spring of 2021. These arrangements are projected to generate additional real estate tax revenue for the Town in late 2021.

The Capital Outlay Plan includes an FY22 project to buyback the long-term lease from BMA for the Airport's 1,100 foot strip. Currently, BMA directly leases the land and pays Norwood PILOT payments. Ownership of the strip by Norwood would allow Norwood to directly lease land on the strip and improve its ability to derive direct revenue from lease arrangements and enhance business development at the Airport.

In terms of economic benefits, please use the below link to access the 2019 Mass DOT report on the economic benefits of Massachusetts airports:

https://www.mass.gov/files/documents/2019/03/25/AeroEcon_ImpactStudy_January2019.pdf

Acknowledgements

I would like to thank Russ Maguire, Airport Manager for his assistance in providing additional information and explanation of airport operations and Tom McQuaid, Director, Finances and Accounting for providing the financial summary of revenues, expenses and net earnings used in this report.

*Submitted to the Norwood Finance Commission
By Robert Donnelly, Finance Commissioner
November 7, 2019*

11/14/19

ATTACHMENT A - ACTUALS

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

ATTACHMENT B- REVISED

NORWOOD MEMORIAL AIRPORT
HISTORY OF REVENUES AND EXPENSES - "Revised"

		FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual
Revenue								
Direct								
4423-8703	ST Leases	\$ 75,514	\$ 84,379	\$ 99,277	\$ 83,413	\$ 91,478	\$ 91,423	\$ 89,307
4424-8702	LT Leases	95,840	105,172	96,075	104,907	118,102	109,392	111,295
4425-8704	Flowage Fees	34,273	33,988	27,374	30,651	32,555	36,015	35,645
4426-8706	A/C Tie Down Leases	25,273	23,489	18,735	18,271	22,244	23,057	15,139
4491-8075	Misc Revenues	574	938	306	717	781	1,499	843
4491-8884	Security Passes	8,400	7,000	6,500	9,200	6,270	10,865	6,950
Total Direct		239,874	254,966	248,267	247,159	271,430	272,251	23,416
								282,595
Indirect								
4600-8610	Jet Fuel Tax	84,181	62,178	65,862	56,360	17,822	35,834	41,718
N/A	FEMA Reimbursement	-	-	-	-	-	-	-
N/A	PILOT - Flight Level & BMA	85,398	92,933	96,948	105,851	109,508	110,585	111,076
N/A	PILOT - Verizon Excise Tax	8,940	6,938	5,462	13,188	19,241	17,300	12,205
Total Indirect		178,519	162,049	168,272	175,399	146,571	163,719	164,999
Total Revenue		418,393	417,015	416,539	422,558	418,001	435,970	447,594
Expenses								
SALARIES								
P1069	Airport Salaries - Part Time	1,501	1,271	-	-	-	1,420	1,560
P1344	Airport Salaries - Longevity	1,000	1,000	1,200	-	1,500	1,500	1,700
P6014	Airport Salaries - Manager	85,594	87,307	89,053	91,257	93,561	95,900	102,929
P6015	Airport Salaries - Asst. Manager	67,753	69,108	70,490	72,236	74,058	76,232	77,924
P7067	Airport Salaries - Overtime	6,041	4,995	4,938	7,464	7,884	6,580	11,716
	Total Salaries	161,889	163,681	165,681	170,957	177,003	181,631	195,829
OPERATIONS								
P1327	Airport Oper - Rent/ Utilities	20,644	20,644	20,644	20,903	23,369	24,647	25,602
P1328	Airport Oper - Communications	2,864	3,160	2,803	3,107	3,610	2,268	658
P1329	Airport Oper - Incidentals	7,394	9,468	15,749	7,636	14,696	8,899	13,279
P6843	Airport Oper - Util & Equip	13,871	14,949	10,880	12,121	11,447	17,535	13,556
P6844	Airport Oper - Vegetation Mgmt.	12,365	24,620	10,400	23,855	11,305	30,055	9,725
P6845	Airport Oper - Snow Removal	-	-	-	-	-	-	-
P6846	Airport Oper - Veh & Ground Equip	7,051	8,052	21,084	9,886	7,131	6,052	5,942
P6847	Airport Oper - Facility	60,196	18,086	9,432	54,915	42,278	25,634	25,806
P7026	Airport Security	4,732	4,566	4,347	8,754	2,841	4,906	7,664
P2136	Airport Eng Studies	2,500	2,700	3,000	-	7,619	3,500	2,925
P3068	Airport Snow and Ice	-	-	-	-	-	-	-
	Total Airport Operations	131,617	106,245	98,339	141,177	124,296	123,496	105,157
INCIDENTALS								
P2050	Airport Incid - Advertising	1,029	-	199	-	33	-	74
P2054	Airport Incid - Travel Allowance	169	1,379	-	190	443	592	3,545
P2056	Airport Incid - Steno	491	1,189	780	1,358	980	250	576
P2063	Airport Incid - Repairs	4,537	3,871	4,105	6,317	4,617	3,209	3,186
P2064	Airport Incid - Noise Education	-	500	1,040	-	520	-	-
P2359	Airport Incid - Professional Devel	-	-	275	1,070	1,109	225	4,535
	Total Incidentals	6,226	6,939	6,399	8,935	7,702	4,276	11,916
MATCHING GRANT COST								
P2060	Airport Construc - Matching Grant	-	-	-	-	-	-	-
P7471	Airport - SRE Building Completion	-	-	-	-	-	-	-
P7472	Airport - Taxiway Alpha Constr	-	-	-	-	-	-	-
TOTAL COST		299,732	276,865	270,419	321,069	309,001	309,403	312,902
Airport Surplus or (Deficit)		\$ 118,661	\$ 140,150	\$ 146,120	\$ 101,489	\$ 109,000	\$ 126,567	\$ 134,692

ATTACHMENT C - ALL \$\$\$s CONSIDERED

NORWOOD MEMORIAL AIRPORT
HISTORY OF REVENUES AND EXPENSES

		FY2013	FY14	FY15	FY16	FY17	FY18	FY19
Revenue								
Direct								
4423-8703	ST Leases	\$ 75,514	\$ 84,379	\$ 99,277	\$ 83,413	\$ 91,478	\$ 91,423	\$ 89,307
4424-8702	LT Leases	95,840	105,172	96,075	104,907	118,102	109,392	111,295
4425-8704	Flowage Fees	34,273	33,988	27,374	30,651	32,555	36,015	35,645
4426-8706	A/C Tie Down Leases	25,273	23,489	18,735	18,271	22,244	23,057	15,139
4491-8075	Misc Revenues	574	938	306	717	781	1,499	843
4491-8884	Security Passes	8,400	7,000	6,500	9,200	6,270	10,865	6,950
4512-9898	Landing Fees							23,416
Total Direct		239,874	254,966	248,267	247,159	271,430	272,251	282,595
Indirect								
4600-8610	Jet Fuel Tax	84,181	62,178	65,862	56,360	17,822	35,834	41,718
N/A	FEMA Reimbursement	-	-	22,519	-	-	22,806	-
N/A	PILOT - Flight Level & BMA	85,398	92,933	96,948	105,851	109,508	110,585	111,076
N/A	PILOT - Verizon Excise Tax	8,940	6,938	5,462	13,188	19,241	17,300	12,205
Total Indirect		178,519	162,049	190,791	175,399	146,571	186,525	164,999
Total Revenue		418,393	417,015	439,058	422,558	418,001	458,776	447,594
Expenses								
SALARIES								
P1069	Airport Salaries - Part Time	1,501	1,271	-	-	-	1,420	1,560
P1344	Airport Salaries - Longevity	1,000	1,000	1,200	-	1,500	1,500	1,700
P6014	Airport Salaries - Manager	85,594	87,307	89,053	91,257	93,561	95,900	102,929
P6015	Airport Salaries - Asst. Manager	67,753	69,108	70,490	72,236	74,058	76,232	77,924
P7067	Airport Salaries - Overtime	6,041	4,995	4,938	7,464	7,884	6,580	11,716
	Total Salaries	161,889	163,681	165,681	170,957	177,003	181,631	195,829
OPERATIONS								
P1327	Airport Oper - Rent / Utilities	20,644	20,644	20,644	20,903	23,369	24,647	25,602
P1328	Airport Oper - Communications	2,864	3,160	2,803	3,107	3,610	2,268	658
P1329	Airport Oper - Incidentals	7,394	9,468	15,749	7,636	14,696	8,899	13,279
P6843	Airport Oper - Util & Equip	13,871	14,949	10,880	12,121	11,447	17,535	13,556
P6844	Airport Oper - Vegetation Mgmt.	12,365	24,620	10,400	23,855	11,305	30,055	9,725
P6845	Airport Oper - Snow Removal	61,905	51,370	30,000	-	-	-	-
P6846	Airport Oper - Veh & Ground Equip	7,051	8,052	21,084	9,886	7,131	6,052	5,942
P6847	Airport Oper - Facility	60,196	18,086	9,432	54,915	42,278	25,634	25,806
P7026	Airport Security	4,732	4,566	4,347	8,754	2,841	4,906	7,664
P2136	Airport Eng Studies	2,500	2,700	3,000	-	7,619	3,500	2,925
P3068	Airport Snow and Ice	-	-	-	31,223	45,740	31,290	49,663
	Total Airport Operations	193,522	157,615	128,339	172,400	170,036	154,786	154,820
INCIDENTALS								
P2050	Airport Incid - Advertising	1,029	-	199	-	33	-	74
P2054	Airport Incid - Travel Allowance	169	1,379	-	190	443	592	3,545
P2056	Airport Incid - Steno	491	1,189	780	1,358	980	250	576
P2063	Airport Incid - Repairs	4,537	3,871	4,105	6,317	4,617	3,209	3,186
P2064	Airport Incid - Noise Education	-	500	1,040	-	520	-	-
P2359	Airport Incid - Professional Devel	-	-	275	1,070	1,109	225	4,535
	Total Incidentals	6,226	6,939	6,399	8,935	7,702	4,276	11,916
MATCHING GRANT COST								
P2060	Airport Construc - Matching Grant	29,796	40,323	4,916	5,105	17,932	15,338	29,533
P7471	Airport - SRE Building Completion	29,796	40,323	4,916	5,105	17,932	15,338	24,231
P7472	Airport - Taxiway Alpha Constr							32,724
								86,488
Other Costs								
General Support (Acct, Treasury, IT)		-				6,000		
Legal/Litigation		-				10,400		
Airport Insurance		-				13,800		
Employee Benefits Cost (est @ 30% of salaries)		-				25,000		
	Total Other Costs	57,970	54,563	45,075	52,761	55,200	51,853	57,254
Total Expenses		449,403	423,121	350,410	410,158	427,873	407,884	506,307
Net Earnings		\$ (31,010)	\$ (6,106)	\$ 88,648	\$ 12,400	\$ (9,872)	\$ 50,892	\$ (58,713)