

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, Friday, February 21, 2020 at 5:30 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 January 23, 2020 meeting
- Trends Review
- Budget Maximums
- Revenue Assumptions
- Other business

Agenda items for future meetings:

- Update on progress of collective bargaining

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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FINANCE COMMISSION MEETING
Thursday, January 23, 2020
MINUTES OF MEETING - DRAFT

A meeting of the Finance Commission was held at 6:00 pm in the Robert M. Thornton Room of the Norwood Town Hall, 566 Washington Street, Norwood, MA.

Attending the meeting were Anne Haley, Chair, Robert Donnelly, Vice Chair, members Judy Langone and Alan Slater, supported by Molly Ahearn, Budget Management Analyst. Member Kellie Noumi and Tom McQuaid, Clerk to the Finance Commission were absent.

Chair Haley requested an amendment to the minutes from January 15, 2020 to add a note that the School Department provided the Cost Allocation Agreement and Budget Timeline documents to the Commission at that meeting. On a motion to accept from Mr. Donnelly, seconded by Mrs. Langone, the amended minutes from January 15, 2020 were ***approved by a vote of 3 to 0***. Mr. Slater abstained as he was not at the meeting related to the minutes.

Chair Haley provided an update on the status of the trends analysis project and submitted the attached request for information on Town and School grants. Mr. McQuaid will start the trends analysis project after receiving a copy of the ICMA Evaluating Financial Condition publication.

The detail and summary year-to-date budget reports through December 31, 2019 were discussed by the Commission and it was decided that going forward, both reports will continue to be emailed to members of the Commission but only the summary reports will be presented at Finance Commission meetings.

The revenue year-to-date report through December 31, 2019 was reviewed by the Commission. Vice Chair Donnelly noted that since this was the first time that this report was provided, Mr. McQuaid may need to further explain it at the next meeting.

On a motion to accept an amendment to the Debt Management Policy in the Town's Financial Policies from Vice Chair Donnelly, seconded by Mrs. Langone, the Commission ***unanimously voted 4-0*** to accept the revised language as attached.

Chair Haley met with Mr. McQuaid to draft the attached Fiscal Year 2021 Budget Timeline for the Town and presented it alongside the School's timeline. After discussion regarding schedules

and due dates, the Commission decided to propose meeting with the School Department on Thursday, February 13, 2020 at 5:30 pm to review their draft budget.

Vice Chair Donnelly summarized the Credit Comparison with Massachusetts AAA Communities slide from the Hilltop Securities Credit Rating Comparison Report and introduced Mark Good, Treasurer who presented a Tax Impact Analysis for construction of a middle school with an estimated cost of \$50 million. Vice Chair Donnelly explained that the purpose of this analysis was to demonstrate the financial benefit of attaining AAA credit rating. The Commission discussed the efforts that have already been made to achieve a higher credit rating and what still needs to be done, such as growing stabilization funds.

Chair Haley presented the FY20201 Preliminary Cherry Sheet Estimates that were distributed to the Commission. Mr. Slater noted that estimated receipts increased and estimated charges decreased, meaning that the Town will realize the entire gain. Vice Chair Donnelly reminded the Commission that these are still preliminary estimates and not finalized budgets.

Chair Haley announced that the Town received Notification of Free Cash Approval of \$3,414,849 from Massachusetts Department of Revenue Division of Local Services. Mrs. Langone inquired as to why this certification was later compared to previous years. The Department of Revenue prioritizes working on Communities who need a Free Cash Certification for Fall Town Meetings. Since Norwood's Town meeting was held in October, and it did not require use of Free Cash, Norwood was placed low on the priority list.

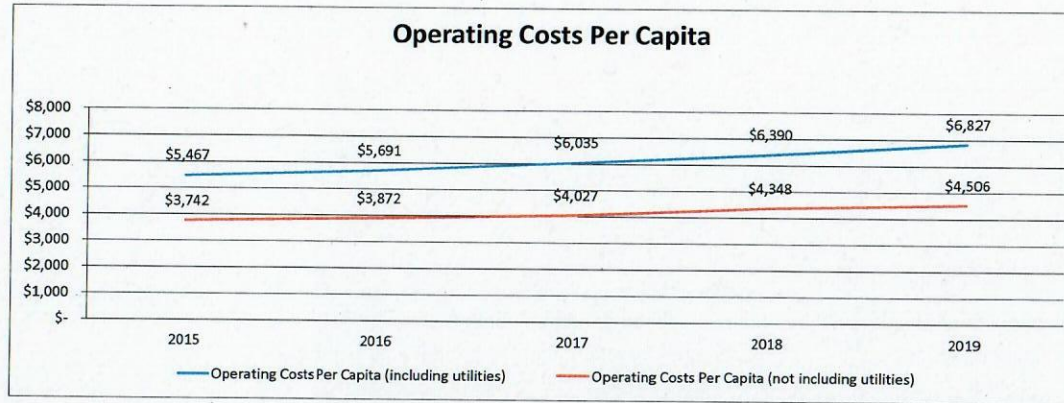
Chair Haley reviewed the attached notice she received from the Norfolk County Registry of Deeds illustrating the funds generated by the Community Preservation Act (CPA) in Norwood during the 2019 calendar year.

On a motion from Mr. Slater, seconded by Mrs. Langone, the Commission **voted 4 to 0** to adjourn the meeting at 7:22 pm.

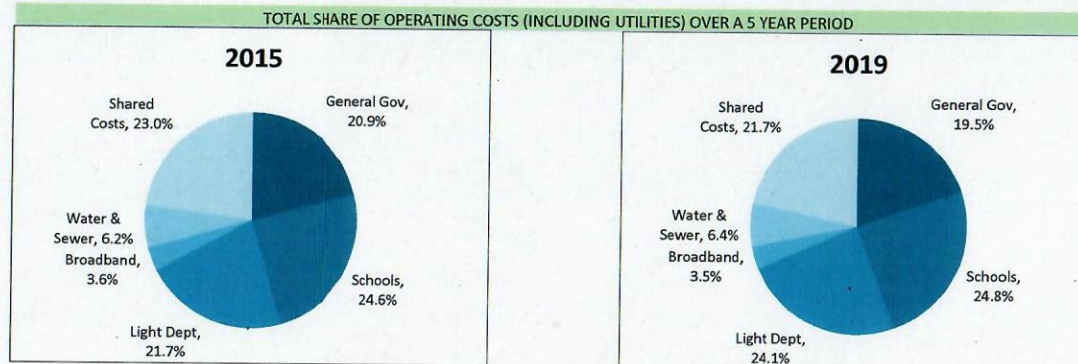
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Attest: _____
Molly Ahearn, Acting Clerk

TOWN OF NORWOOD
IND 01 - OPERATING COSTS PER CAPITA (INCLUDING UTILITIES)

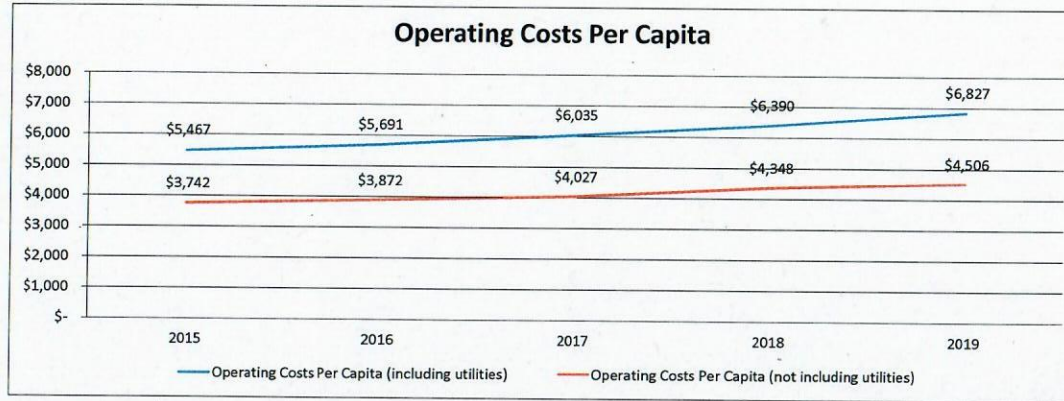


TOTAL OPERATING COSTS INCLUDING UTILITIES							
	2015	2015	2016	2017	2018	2019	2019
General Gov	20.9%	\$ 32,881,158	\$ 33,164,877	\$ 33,511,731	\$ 35,065,034	\$ 35,784,615	19.5%
Schools	24.6%	38,611,692	40,439,405	41,128,992	44,331,187	45,380,210	24.8%
Light Dept	21.7%	34,144,081	35,194,444	39,218,041	38,568,524	44,205,525	24.1%
Broadband	3.6%	5,636,305	5,952,339	6,227,721	6,208,500	6,337,070	3.5%
Water & Sewer	6.2%	9,788,734	10,492,401	10,694,448	11,140,239	11,710,966	6.4%
Shared Costs	23.0%	36,070,089	36,318,150	37,898,417	39,665,401	39,712,249	21.7%
Operating Costs	100.0%	\$ 157,132,059	\$ 161,561,616	\$ 168,679,350	\$ 174,978,885	\$ 183,130,635	100.0%
Population (from Clerk)		28,742	28,388	27,949	27,384	26,824	
Operating Costs Per Capita (including utilities)		\$ 5,467	\$ 5,691	\$ 6,035	\$ 6,390	\$ 6,827	

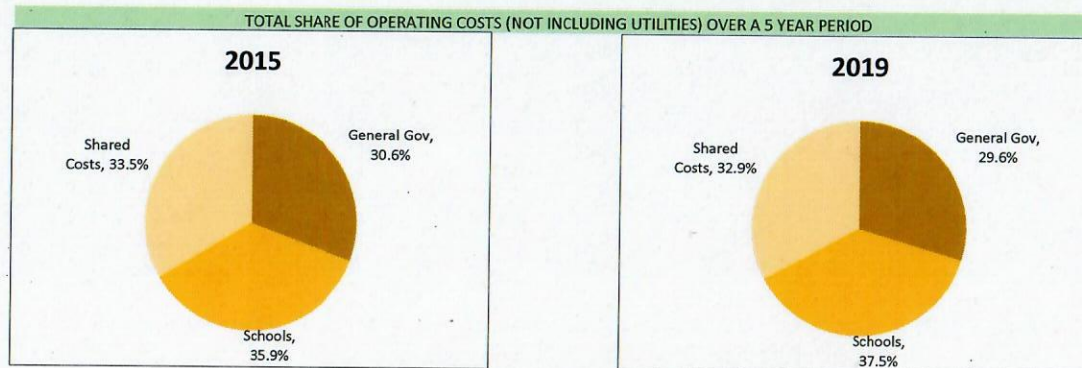


THE COSTS RELATED TO UTILITIES ARE RISING FASTER THAN GOVERNMENT

TOWN OF NORWOOD
IND -01 OPERATING COSTS PER CAPITA (NOT INCLUDING UTILITIES)

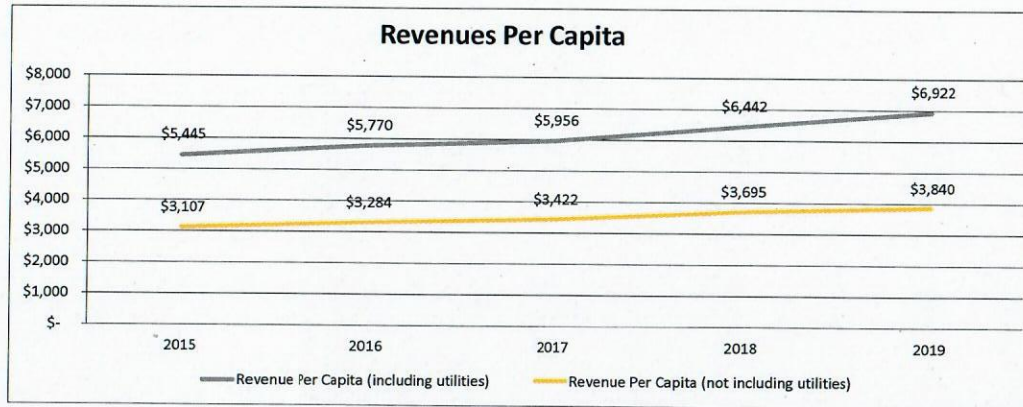


OPERATING COSTS NOT INCLUDING UTILITIES							
	2015	2015	2016	2017	2018	2019	2019
General Gov	30.6%	\$ 32,881,158	33,164,877	33,511,731	35,065,034	\$ 35,784,615	29.6%
Schools	35.9%	38,611,692	40,439,405	41,128,992	44,331,187	45,380,210	37.5%
Shared Costs	33.5%	36,070,089	36,318,150	37,898,417	39,665,401	39,712,249	32.9%
Revenues	100.0%	\$ 107,562,939	\$ 109,922,432	\$ 112,539,140	\$ 119,061,622	\$ 120,877,074	100.0%
Population (from Clerk)		28,742	28,388	27,949	27,384	26,824	
Operating Costs Per Capita (not including utilities)		\$ 3,742	\$ 3,872	\$ 4,027	\$ 4,348	\$ 4,506	

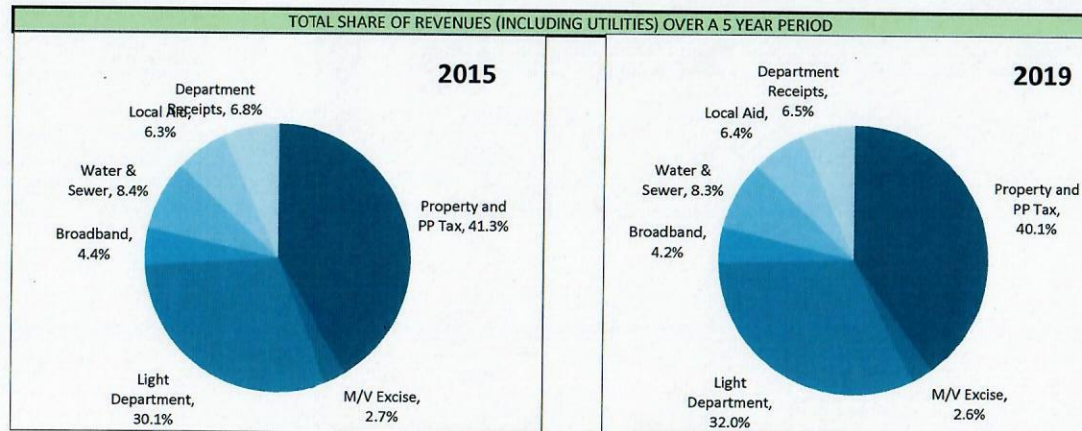


FUNDS DEDICATED TOWARDS SCHOOLS ARE SLOWLY RISING

TOWN OF NORWOOD
IND 01 - REVENUES PER CAPITA (INCLUDING UTILITIES)

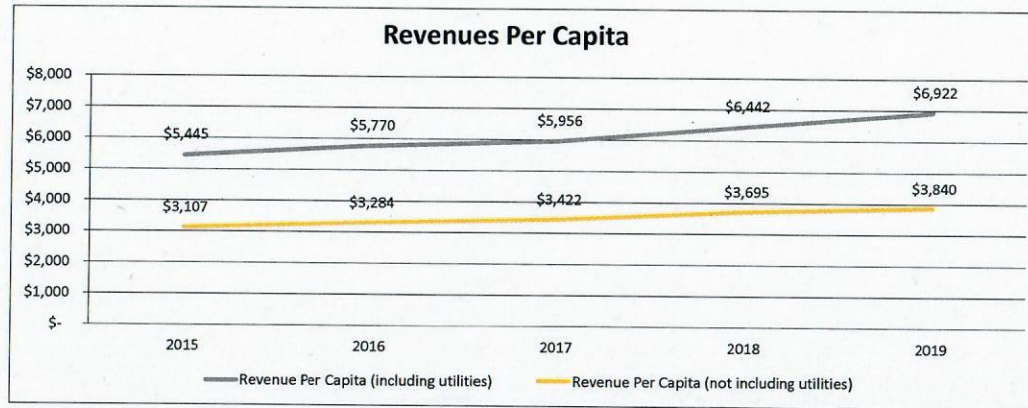


TOTAL REVENUES INCLUDING UTILITIES							
	2015	2015	2016	2017	2018	2019	2019
Property and PP Tax	41.3%	\$ 64,570,362	\$ 66,937,190	\$ 68,876,110	\$ 73,724,875	\$ 74,368,996	40.1%
M/V Excise	2.7%	4,219,914	4,435,848	4,695,753	4,953,422	4,812,877	2.6%
Light Department	30.1%	47,148,204	48,907,651	48,479,740	53,106,197	59,375,295	32.0%
Broadband	4.4%	6,914,968	7,274,313	7,525,928	7,721,523	7,868,274	4.2%
Water & Sewer	8.4%	13,148,526	14,413,586	14,816,983	14,386,363	15,420,302	8.3%
Local Aid	6.3%	9,895,707	10,243,819	10,630,751	11,175,227	11,801,428	6.4%
Department Receipts	6.8%	10,606,733	11,599,820	11,448,403	11,343,792	12,029,860	6.5%
Revenues	100.0%	\$ 156,504,414	\$ 163,812,227	\$ 166,473,668	\$ 176,411,399	\$ 185,677,032	100.0%
Population (from Clerk)		28,742	28,388	27,949	27,384	26,824	
Revenue Per Capita (including utilities)		\$ 5,445	\$ 5,770	\$ 5,956	\$ 6,442	\$ 6,922	

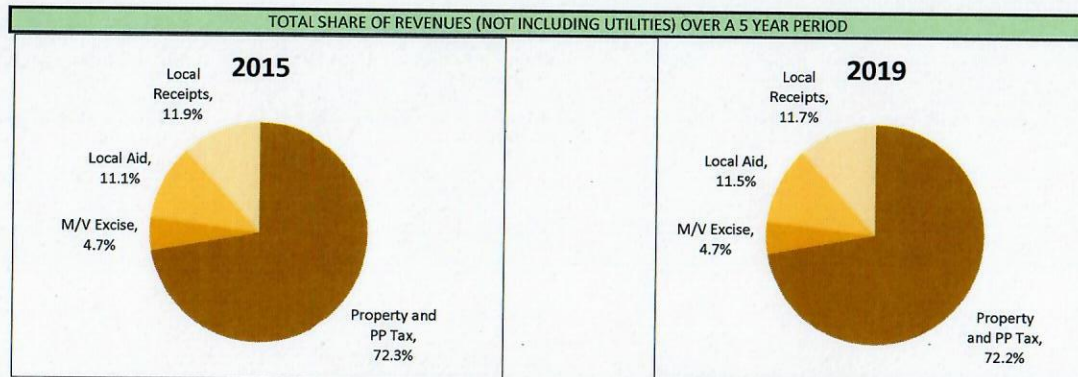


UTILITIES REVENUES ARE RISING FASTER THAN GOVERNMENT

**TOWN OF NORWOOD
IND 01 - REVENUES PER CAPITA (NOT INCLUDING UTILITIES)**



TOTAL REVENUES NOT INCLUDING UTILITIES							
	2015	2015	2016	2017	2018	2019	2019
Property and PP Tax	72.3%	\$ 64,570,362	\$ 66,937,190	\$ 68,876,110	\$ 73,724,875	\$ 74,368,996	72.2%
M/V Excise	4.7%	4,219,914.00	4,435,848.00	4,695,753.00	4,953,422.00	4,812,877.00	4.7%
Local Aid	11.1%	9,895,707.00	10,243,819.00	10,630,751.00	11,175,227.00	11,801,428.00	11.5%
Local Receipts	11.9%	10,606,733.00	11,599,820.00	11,448,403.00	11,343,792.00	12,029,860.00	11.7%
Revenues	100.0%	\$ 89,292,716	\$ 93,216,677	\$ 95,651,017	\$ 101,197,316	\$ 103,013,161	100.0%
Population (from Clerk)		28,742	28,388	27,949	27,384	26,824	
Revenue Per Capita (not including utilities)		\$ 3,107	\$ 3,284	\$ 3,422	\$ 3,695	\$ 3,840	

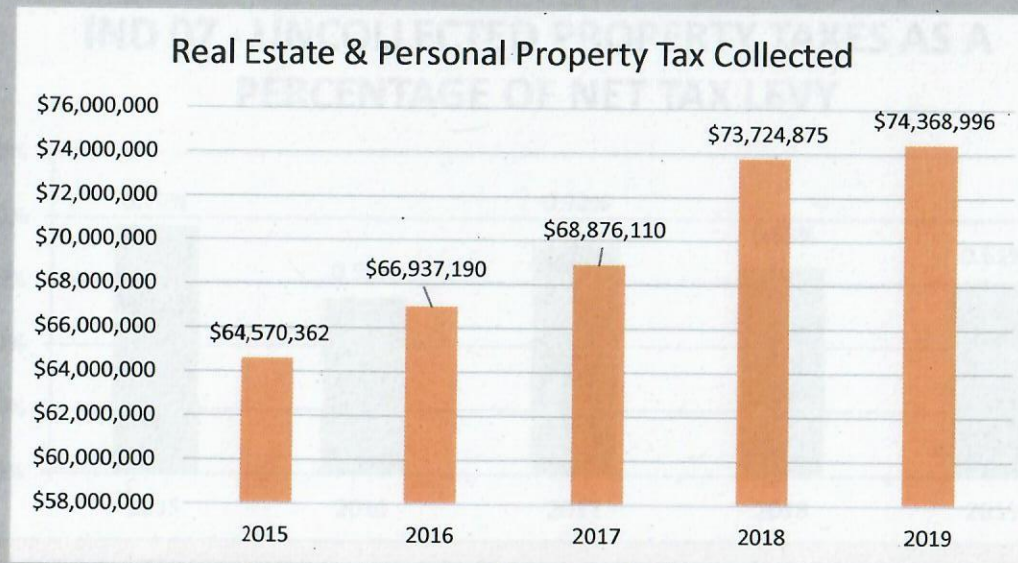


SHARES OF REVENUE SOURCES HAVE BEEN CONSISTENT OVER 5 YEARS

TOWN OF NORWOOD
IND 06 - REAL ESTATE AND PERSONAL PROPERTY TAX COLLECTED

Fiscal Year	Real Estate & Personal Property Tax Collected
2015	\$ 64,570,362
2016	\$ 66,937,190
2017	\$ 68,876,110
2018	\$ 73,724,875
2019	\$ 74,368,996

Source: Treasurer's Cash Receipt Report



TOWN OF NORWOOD
CALCULATION OF MAXIMUM BUDGET INCREASES PER MOU

	GENERAL GOVERNMENT		SCHOOLS		UTILITIES		SHARED COSTS		TOTAL
	Budget	Reference	Budget	Reference	Budget	Reference	Budget	Reference	
Base Operating Budget	\$ 36,391,346	Section 1-10 (3)	\$ 44,999,330	Section 1-10 (4)	\$ 68,828,641	Section 1-10 (5)	\$ 42,654,435	Section 1-10 (5)	\$ 192,873,752
Override	550,000		4,700,000				700,000		5,950,000
W/C for Retired Pub Safety	(75,000)						75,000		-
Reclass Excess	-		(509,290)		-		509,290		-
Operating Budgets	36,866,346		49,190,040		68,828,641		43,938,725		198,823,752
Capital Budgets	261,400	ATM - Article 11	225,500		-		-		486,900
Budgets in MUNIS	\$ 37,127,746		\$ 49,415,540		\$ 68,828,641		\$ 43,938,725		\$ 199,310,652
Operating Budgets	\$ 36,866,346		\$ 49,190,040		\$ 67,070,106		\$ 44,961,338		\$ 198,087,830
3.5% Maximum Increase	1,290,322		1,721,651						3,011,973
Maximum FY2021 Budgets	\$ 38,156,668		\$ 50,911,691						201,099,803
General Manager - Recommended (Amounts are initial estimates, final amounts to be determined):									
Mandated School Opportunity Act			600,000						600,000
Additional Out of District SPED Tuitions			800,000						800,000
New Facilities Department			-				600,000		600,000
Proposed Budget	\$ 38,156,668		\$ 52,311,691		\$ 67,070,106		\$ 45,561,338		\$ 203,099,803

FISCAL 2021 GENERAL MANAGER BUDGET PROPOSAL - PASS 2

Percent of FY2019
Actuals Used
90.00%

Changing this percentage affects the non-utility fields below

Each percentage change equals approximately \$300,000			
FY2018 Budget from Recap	FY2019 Budget from Recap	FY2020 Budget from Recap	FY2021 Proposed Budget

A. REVENUE ITEMS

TOWN DEPARTMENTAL RECEIPTS

1	NON-UTILITY DEPTS (DEPARTMENTAL RCTS)	\$	15,597,844	\$	15,288,041	\$	15,248,439	\$	15,330,745
	UTILITY RECEIPTS:								
2	LIGHT DEPARTMENT		60,207,888		61,363,411		63,461,147		61,180,166
3	WATER / SEWER DEPT.		15,558,972		16,043,539		16,348,467		16,079,901
4	BROADBAND / CABLE		8,325,009		8,321,980		7,945,956		8,573,969
5	Subtotal - Utilities Operations		84,091,869		85,728,930		87,755,570		85,834,036
6	TOTAL DEPT. RECEIPTS		99,689,713		101,016,971		103,004,009		101,164,781
7	STATE CHERRY SHEET AID		11,292,963		11,871,430		13,402,127		15,150,091

TAX LEVY:

9	PRIOR YEAR LEVY CEILING		68,098,582		71,002,135		73,656,770		85,168,205
10	2.5% INCREASE (ON MAX)		1,702,465		1,775,053		1,867,722		2,129,205
	OVERRIDE						5,950,000		-
11	NEW GROWTH LEVY ALLOWANCE		1,201,088		879,582		1,849,602		900,000
	S/T- LEVY LIMIT WITHOUT DEBT EXCLUSION		71,002,135		73,656,770		83,324,094		88,197,410
12	PROP 2 1/2 DEBT EXCLUSION LEVY		1,944,892		1,893,296		1,844,111		1,778,146
	TAX LEVY CEILING		72,947,027		75,550,066		85,168,205		89,975,556
13	MINUS UNUSED LEVY		(5,318)		(264,490)		(899,881)		(100,000)
14	EQUALS ACTUAL TAX LEVY PER TAX RATE RECAP		72,941,709		75,285,576		84,268,324		89,875,556

FROM SURPLUS(SAVINGS):

	RECURRING SOURCES OF SURPLUS:								
15	FREE CASH- REDUCE THE LEVY		1,000,000		1,266,500		509,290		-
16	FREE CASH		3,027,291		3,321,000		486,900		-
17	CEMETERY PERPETUAL INTEREST		-		84,000		-		-
18	CEMETERY 26-1420/ TRANSFARE 26-3262		218,000		165,000		135,000		125,000
19	SCHOOL GRANT 'EES HEALTH INSUR. 99-6020		200,000		150,000		150,000		150,000
20	A.M.R. WATER METER FUND RECTS. 99-2213		512,000		405,000		670,000		-
21	CH.90 HIGHWAY AID		862,984		-		-		-
	S/T- RECURRING SURPLUS		5,820,275		5,391,500		1,951,190		275,000

NON-RECURRING SOURCES OF SURPLUS:

23	FROM PY APPROPRIATIONS		651,944		887,890		-		-
24	FROM CY APPROPRIATIONS		136,195		5,209		-		-
25	FROM COMMUNITY PRESERVATION FUNDS		-		-		224,649		-
27	S/T- NON-RECURRING SURPLUS		788,139		893,099		224,649		-
28	TOTAL SURPLUS (RECURRING + NON)		6,608,414		6,284,599		2,175,839		275,000
29	TOTAL ESTIMATED REVENUES		191,077,799		195,127,219		203,543,812		206,465,428

FISCAL 2021 GENERAL MANAGER BUDGET PROPOSAL - PASS 2

Percent of FY2019 Actuals Used
90.00%

Changing this percentage affects the non-utility fields below

Each percentage change equals approximately \$300,000			
FY2018 Budget from Recap	FY2019 Budget from Recap	FY2020 Budget from Recap	FY2021 Proposed Budget

B. BUDGET REQUESTS:

28	GENERAL GOV'T BUDGET	36,471,664	38,846,915	37,202,746	38,156,668
29	SCHOOL DEPT. BUDGET	44,450,488	45,669,649	49,924,830	52,311,691
30	SHARED COST BUDGET	41,044,539	40,471,328	43,354,435	44,961,338
	FACILITIES DEPARTMENT BUDGET				600,000
	COMMUNITY PRESERVATION	190,750	579,524	918,162	-
32	TOTAL TOWN BUDGET	122,157,441	125,567,416	131,400,173	136,029,697
33	UTILITY BUDGETS- Light Dept.	47,272,368	47,444,184	49,107,822	46,701,801
34	UTILITY BUDGETS- Water&Sewer	11,234,834	11,803,315	12,325,100	12,984,700
35	UTILITY BUDGETS- Broadband	7,097,370	7,146,781	7,395,719	7,383,605
36	Subtotal-Utilities Budgets	65,604,572	66,394,280	68,828,641	67,070,106
37	TOTAL TOWN BUDGETS	187,762,013	191,961,696	200,228,814	203,099,803
38	STATE CHERRY SHEET CHARGES	1,926,762	2,041,577	2,278,325	2,240,932
39	Cherry Sheet Offsets	34,774	34,827	36,673	36,660
40	OVERLAY REQUIREMENTS	1,000,000	1,000,000	1,000,000	1,040,000
41	COMMUNITY PRESERVATION RESERVED				-
42	COMMUNITY PRESERVATION UNRESERVED	354,250	89,119	-	-
43	OVERLAY AND OTHER Deficit	-	-	-	-
44	TOTAL BUDGET REQUESTS	191,077,799	195,127,219	203,543,812	206,417,395
45	Surplus or (Deficit)	\$ -	\$ -	\$ -	\$ 48,033

TOWN OF NORWOOD
SUMMARY OF LOCAL RECEIPT OPTIONS FOR FISCAL 2021 BUDGET

Numbers do not change with %

TAX RECAP LINE	TAX RECAP LINE	FISCAL 2019 ACTUALS	PERCENT OF FISCAL 2019 ACTUALS - NSTAR AND UTILITIES DO NOT CHANGE					
			100.00%	98.00%	96.00%	94.00%	92.00%	90.00%
TOTAL MOTOR VEHICLE EXCISE	1	\$ 4,812,877	\$ 4,812,877	\$ 4,716,619	\$ 4,620,362	\$ 4,524,104	\$ 4,427,847	\$ 4,331,589
TOTAL MEALS TAX	2a	753,635	753,635	738,562	723,490	708,417	693,344	678,272
TOTAL ROOM OCCUPANCY TAXES	2b	1,317,623	1,317,623	1,291,271	1,264,918	1,238,566	1,212,213	1,185,861
TOTAL OTHER EXCISE TAXES	2c	41,718	41,718	40,884	40,049	39,215	38,381	37,546
PAYMENTS IN LIEU OF TAXES	4	1,158,082	1,158,082	1,134,920	1,111,759	1,088,597	1,065,435	1,042,274
HOSPITAL TOTAL	7	1,432,968	1,432,968	1,404,309	1,375,649	1,346,990	1,318,331	1,289,671
RENTALS	11	498,388	498,388	488,420	478,452	468,485	458,517	448,549
DEPARTMENTAL - CEMETERIES	14	335,570	335,570	328,859	322,147	315,436	308,724	302,013
DEPARTMENTAL - RECREATION	15	262,847	262,847	257,590	252,333	247,076	241,819	236,562
OTHER DEPARTMENTAL REVENUE	16	1,364,273	1,364,273	1,336,988	1,309,702	1,282,417	1,255,131	1,227,846
LICENSES AND PERMITS	17	2,171,598	2,171,598	2,128,166	2,084,734	2,041,302	1,997,870	1,954,438
FINES AND FORFEITS	19	185,056	185,056	181,355	177,654	173,953	170,252	166,550
INVESTMENT INCOME	20	501,908	501,908	491,870	481,832	471,794	461,755	451,717
MEDICAID REIMBURSEMENT	22	197,618	197,618	193,666	189,713	185,761	181,809	177,856
NSTAR RECURRING REVENUE	22	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
DEPARTMENTAL RECEIPTS		16,834,161	16,834,161	16,533,479	16,232,794	15,932,113	15,631,428	15,330,744
OTHER CHARGES FOR SERVICE	9	59,375,295	61,180,166	61,180,166	61,180,166	61,180,166	61,180,166	61,180,166
WATER AND SEWER TOTALS	5	15,420,301	16,079,901	16,079,901	16,079,901	16,079,901	16,079,901	16,079,901
BROADBAND REVENUE	22	7,868,274	8,573,969	8,573,969	8,573,969	8,573,969	8,573,969	8,573,969
UTILITY RECEIPTS		82,663,870	85,834,036	85,834,036	85,834,036	85,834,036	85,834,036	85,834,036
TOTAL LOCAL RECEIPTS		\$ 99,498,031	\$ 102,668,197	\$ 102,367,515	\$ 102,066,830	\$ 101,766,149	\$ 101,465,464	\$ 101,164,780
IMPACT OF DECISION ON BUDGET								
Change resulting from decrease				(300,682)	(300,685)	(300,681)	(300,685)	(300,684)
Cumulative Effect on Budget				\$ (300,682)	\$ (601,367)	\$ (902,048)	\$ (1,202,733)	\$ (1,503,417)



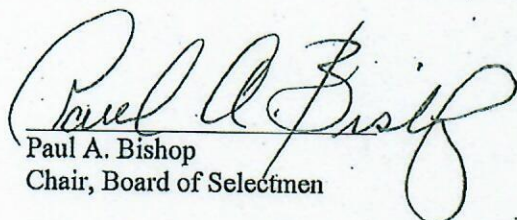
The TOWN OF NORWOOD

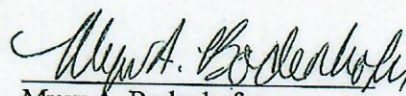
Commonwealth of Massachusetts

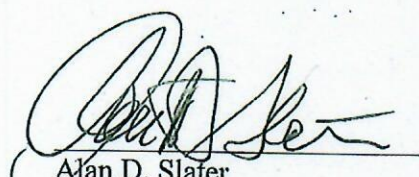
An override pledge to the citizens of Norwood

This document shall be adhered to by the Board of Selectmen, the Finance Commission, the School Committee, and staff in the preparation and administration of the Town's budgets in FY20 and subsequent years in an effort to maintain the level of services currently available to residents in Norwood, offer a competitive education program through the School Department and to manage taxpayer investments in a fiscally prudent manner.

- 1) Override funds will be made to last at least five years (FY2020-FY2024). No general override will be sought during this period. – The plan includes an Override Stabilization Account to meet this timeframe.
- 2) Beginning in FY21, non-utility Town budget increases (general government and school operating budgets, but not shared expenses) will be capped at 3.5% per year subject to availability of funds.
- 3) A significant aspect to cost reduction is to limit the addition of positions that would require benefits. To ensure management of these costs in years 2 -5 no more than 5 benefited positions will be added in one year in the school budget and 2 positions in general government. This shall exclude mandatory Special Education, English Language Learners, grant funded positions, or other mandated or statutorily required positions.
- 4) Health care cost increases will be programmed at 5%. Should actual increases be less than this amount as a result of negotiated health care savings, the extra savings will be deposited into the override stabilization fund to extend the override period and/ or used to preserve services.
- 5) Beginning in FY21, the allocation from the override to road paving (\$250,000) will not be decreased or transferred to another line and will remain permanently in the operating budget of General Government. General Government shall increase the total amount allocated to snow and ice removal each year until reaching a 5-year average snow and ice expenditure amount.
- 6) Agreement will be reviewed if substantial changes are made to state funding, unfunded mandates having a financial impact on the Town or other extraordinary or unforeseen events. This document will guide budget preparation by staff as well as the Finance Commission in recommending a budget to Town Meeting.
- 7) The Town's annual contribution to its OPEB trust fund will not be decreased during the five year period.
- 8) The Town will utilize all available revenue sources before maximizing the levy limit each year consistent with the Town's financial management policies.


Paul A. Bishop
Chair, Board of Selectmen


Myev A. Bodenhofer
Chair, School Committee


Alan D. Slater
Chair, Finance Commission