



Natick Finance Committee

Pursuant to Chapter 40, Section 3 of the Town of Natick By-Laws, I attest that the attached copy is the approved copy of the minutes for the following meeting:

Town of Natick Finance Committee

Meeting Date: June 28, 2018

The minutes were approved through the following action:

Motion:	Approval, as amended
Made by:	Mr. Linehan
Seconded by:	Mr. Scurlock
Vote:	9 – 0 – 0
Date:	November 5, 2018

Respectfully submitted,

Bruce Evans

Secretary

Natick Finance Committee

MEETING AGENDA

1. Public Concerns/ Comments
 - a. Items specific to the scope of the Finance Committee as defined by the Town of Natick Charter & By-Laws and not on the meeting agenda.
2. Meeting Minutes
 - a. Review & Approve Outstanding Meeting Minutes from April and May 2018 meetings
3. New Business
 - a. [Town Administration requested Inter-departmental transfer- discussion and motions](#)
 - b. Town Administrator's areas of focus of anticipated strategic initiatives
 - c. Future 2018 Finance Committee Meeting Management & Scheduling
 - d. [Town Administrator's Update on Patrol Officers Arbitration](#)

NATICK FINANCE COMMITTEE MEETING MINUTES

Attendees:

Phil Rooney
Linda Wollschlager
Kristine Van Amsterdam
Dan Sullivan
Dirk Coburn
Cathi Collins
Patrick Hayes
Bruce Evans
Mike Linehan
David Gallo
David Coffey
Lynn Tinney

Absent:

Robert McCauley
Jim Scurlock
Jerry Pierce

Swearing-in of Finance Committee members:

Ms. Diane Packer, Town Clerk, or in newly appointed or reappointed finance committee members – Mr. Hayes, Ms. Tinney, Mr. Linehan, Mr. Scurlock was sworn in separately, and Mr. DeLuca was not present, and was not sworn in at this meeting. Ms. Coughlin and Mr. Pierce were re-appointed to the Finance Committee. Mr. Hayes introduced Ms. Tinney to the Finance Committee and said that she will join the Finance Committee

beginning July 1, 2018. Ms. Packer also handed out the most recent conflict of interest laws and OML guidelines to all members.

Meeting Minutes

April 24, 2018

Ms. Collins moved approval, as amended, Mr. Coburn seconded, voted 8 – 0 – 3

April 26, 2018

Ms. Collins moved approval, as amended, Mr. Hayes seconded, voted 8 – 0 – 3

May 1, 2018

Ms. Collins moved approval, as amended, Mr. Hayes seconded, voted 8 – 0 – 3

Town Administration requested interdepartmental transfers

Mr. John Townsend, Deputy Town administrator – Finance

Mr. Sean O’Brien, Finance Department

Ms. Melissa Malone, Town Administrator

Mr. Townsend said that the town is approaching the close of their financial year with official closure on July 15, 2018. One caveat is that something could go awry between now and then, but hopefully not. To close two transfers are required

In order to close our FY 18 books, pursuant to M.G.L. c.44 §33B, the following transfers are necessary to balance the following general fund accounts:

0112301511100

Board of Selectmen/Town Administrator - Personnel Shortfall - \$18,128.72

Reason - Additional compensation paid for FY 2018

Transfer from - 0191001517010 Insurance Group Health/Life

The original budget for this line item was \$579,797. The current balance of this line item is \$639,183.46. This would leave a gross shortfall of \$59,383.46. We do have some salary savings on other line items totaling \$41,254.74, so the net shortfall is \$18,128.72. There are two reasons for the shortfall: 1) compensation for the TA position; 2) 2% COLA increase for employees covered by this particular line item. We request transfer from the 0191001517010 Insurance Group Health/Life line.

0116201511100

Clerk - Board of Registrars – Personnel Shortfall - \$1,500.00

Reason - Stipend increase

Transfer from - 0191001517010 Insurance Group Health/Life

This reason for the shortfall was a stipend increase that wasn’t budgeted for FY 18. The shortfall for that particular item is \$1789.52. However, we do have \$289.52 in salary savings for those particular lines, so the transfer request is \$1,500 transfer from 0191001517010 Insurance Group Health/Life.

Questions from the committee:

Mr. Rooney asked what the departmental turn backs were, on average, in previous years. Mr. Townsend said that typically approximately 50% of departments have turn backs.

Ms. Collins asked whether the 2% cola wasn't covered elsewhere within the shared expense budget for the merit increase pool. Mr. Townsend said that they have used up the merit increase pool and need these additional transfer to fund the merit increases.

Ms. Collins asked whether the town clerk's budget was adversely affected by OML and FOIA requests. Mr. Townsend said that, at present, they are able to do this work within budget.

Mr. Linehan noted that the percentage difference between the board of selectmen's initial budget and actual budget was approximately 10% and asked for more explanation on whether this was a one-off issue where there were something more involved. Mr. Townsend said that this is a one off issue associated with the transition from the previous town administrator to the new town administrator.

Ms. Wollschlager asked whether these changes will carry through to FY 19. Mr. Townsend said that he didn't anticipate that they would carry through to FY 19. Mr. Hayes noted that if there were to be changes in the FY 19 budget they would be brought to the finance committee at 2018 fall annual town meeting.

*Mr. Linehan moved to transfer \$18,128.72 from the 0191001517010 Insurance Group Health/Life line item to the Board of Selectmen/Town Administrator budget, seconded by Ms. Collins, **voted 11 – 0 – 0**.*

*Mr. Linehan moved to transfer \$1,500 from the 0191001517010 Insurance Group Health/Life line item to the Clerk – Board of Registrars budget, seconded by Ms. Collins, **voted 11 – 0 – 0**.*

Town Administrator's areas of focus of anticipated strategic initiatives

Ms. Malone stated that one of the areas that she wanted to address was merit increases. Since she started on June 1, she did not feel able to realistically make merit increase decisions right away, so the approximately \$21,000 will go back to free cash. However, I have spoken to the Selectmen and indicated that that as part of the fall town meeting warrant, these merit increases would be added back into the budget, so that following a detailed analysis, these merit increases might be allocated.

Wanted to provide the committee with some thoughts about the directions and initiatives that I see moving forward as a community moving forward to address the future needs of the community. The good news is that we are blessed with very good staff in this community – both the town and the schools. I have tried to reach out to as many people as I can in town to get an idea of what the issues are, what's happening and what's being planned and trying to understand what the financial means are available to the town to address these issues.

<insert a copy of Melissa's presentation from June 28, 2018>

The first slide shows the Natick population from 2008 (< 32,000) through 2016 (well above 35,000). The dotted blue line is the number of town FTEs (excludes part-time employees that may be hired for the summer months). So, you can see the rapid growth that has occurred in the last decade. The second slide shows the growth of either new homes or new housing units over the from 179 in 2015 to 263 in 2016 to 387 in 2017. In

FY 18 to date, there were 512. While all that growth was happening, the number of FTEs, we have had between 321 and 328 staff members. These slides emphasize that we are at a critical point in ensuring that we are able to continue delivering services to Natick residents. I am moving to Natick so will be a resident myself so I'm quite vested in addressing this problem and look forward to working with the finance committee and others to address these concerns.

Questions from the committee:

Mr. Rooney asked whether Ms. Malone was concerned about managing the increase in FTEs over the last decade. Ms. Malone said that further analysis must be undertaken. For example in the building department, we've had the same number of FTEs addressing a greatly expanded workload owing to the high growth in the past few years. We have more residents consequently greater workloads. While technology has helped in some specific areas, there are other areas where efficiencies cannot easily be accomplished. I've spoken with all of the departmental directors to learn what their issues are moving forward.

Mr. Coffey agreed that the increase in housing units is straining the town's resources. Ms. Ma that some of the growth has been beneficial and some of the growth is commercial. The slides include both housing and commercial units.

Mr. Coffey asked whether there was a figure for housing units alone Ms. Malone said, for example, in 2014, there were six commercial units and the value of that was \$51 million invested in Natick and represented the highest value of new growth. The value of new homes was \$12 million.

Mr. Coffey expressed concerns about tear-downs putting a strain on school enrollment and new developments such as the Cloverleaf Apartment addition that are increasing the need for town services such as traffic, public safety, etc. I would like to see the Natick 2030 Master plan recognize that we need to carefully plan the growth of the town so it doesn't outstrip the town's financial resources. Ms. Malone agreed that the need to be smart growth initiatives that include long-range planning and the impact on existing infrastructure and residents.

Ms. Wollschlager requested more information on the new growth units and the implications of those increases. Is it a new growth when one housing unit is replaced by another housing unit, for example in the tear-down example that Mr. Coffey specified. Ms. Malone said that she would be happy to present more in depth numbers at our next finance committee meeting. We pulled the building permits and looked at the assessor's database. However, if one permit was pulled, and 10 units were created, we counted it as 10 units of new growth. In 2014, for example, there were 11 new lots, 58 new condos, 26 new homes, six commercial buildings, and one apartment complex. In addition to looking at the numbers, we look at the dollar value of these buildings to get a balanced view of the assessed value of the new growth.

Ms. Wollschlager asked how the town is accounting for larger commercial properties because there has been a lot of growth in the commercial buildings in town. Commercial sector growth also puts the burden on the town and I'd like to see that tracked by the Town. Ms. Malone agreed, saying that the commercial tax base has expanded and is providing an asset to the town and that will be part of the discussion at 2018 fall annual town meeting with respect to the West Natick Fire station.

Ms. Van Amsterdam asked what Ms. Malone's plans were with respect to learning more about the impact of new growth on the needs of NPS. Ms. Malone noted that the information requested is not included in the slides presented tonight, but that she is actively engaged in lengthy discussions with the Interim Superintendent to discuss their requirements. At financial planning committee, we're looking at ways to design the

budget in a more effective way so that the schools understand the needs of the town side and the town site understands new developments that are occurring on the school side. We're also blessed with having strong representatives at the State House. Working together, we hope to put together a budget that makes sense for the town.

Ms. Collins asked whether the figures from 2014 to 2016 were cumulative numbers, for example, 2015 would include 2014's new growth units plus 2015's new growth units. Mr. Townsend confirmed that was the case.

Mr. Coburn reiterated the interest in understand the scope of the commercial investment in town. For example, is there information on employment increases in Natick companies and the through traffic either driving to commercial sites or driving through town? Ms. Malone said that she is getting a handle on the MBTA usage as well as the need for downtown parking. I've already initiated discussions with MassDOT. On the tax side, we have a good relationship with Mass DOR and will work to provide visibility of that information to the community.

Mr. Sullivan asked Ms. Malone about whether these initial slides were part of a broader analysis and stated that presentations typically have both the numbers and the narrative. Ms. Malone said that she is conducting a broader analysis and would share that information when it is more complete – both the numbers and the narrative.

Mr. Sullivan encouraged Ms. Malone to meet with her peers in communities with a similar profile to Natick Ms. Malone said

Mr. Linehan also suggested that the town tap into cleargov to get access to how Natick compares with other communities.

Mr. Linehan said they should also work with MAPC Ms. Malone said that they have a number of collaborations including the MetroWest Partnership and just met with them and met the other Town administrator's and will look to continue to collaborate with them

Mr. Hayes asked Ms. Malone to carefully consider the peer group that Natick compares with itself. Malone noted that the commercial bases and tax bases of various communities in Massachusetts can be very different as compared with Natick.

Mr. Hayes requested that Ms. Malone consider what she needs from the finance committee to help make her more effective.

Town Administrator's Update on Patrol Officers Arbitration

Ms. Malone stated that this is binding arbitration that was agreed to approximately 1.5 weeks ago. The Natick Patrol officers union has opted to appeal this arbitration decision. The total amount of the arbitration award is a little more than \$430,000 in retroactive salaries for the last three fiscal years. I will keep the board of selectmen and the finance committee informed and wanted the committee to know that I spoke with the police chief and the officers to get their view.

Mr. Hayes asked, from a bookkeeping perspective, the money for this arbitration had been put into the board of selectmen contract negotiations line item for the current fiscal year, earmarked for four retroactive contract settlements for the previous three fiscal years. If the contract is not settled, this money would flow to free cash and we need to re-allocate it once the appeal is resolved or it may need to be added back to next year's budget if not completed by 2018 fall annual town meeting. Ms. Malone confirmed that that was correct.

Questions from the committee:

Ms. Wollschlager asked for an opinion for how long this appeal might last - is it months or years, or something that will be resolved relatively quickly? Ms. Malone said that she could not address this tonight but is hopeful that will be resolved quickly.

Mr. Sullivan asked whether there is a need for an accounting operation to handle these monies while the appeal is ongoing. Ms. Malone said there is not a requirement to do so.

Ms. Collins asked whether we would be for contract negotiations for the next three years pending resolution of this appeal process. Mr. Hayes stated that the agenda didn't refer to future contract negotiations and therefore could not be discussed at this meeting. Ms.

Malone said that if the appeal is completed before Town Meeting, she would request that the \$430,00 be put back into this line item so that it could be provided as retroactive pay to the members of the Natick Patrol Officers Union.

Finance Committee scheduling

Mr. Hayes stated that we would begin discussions for 2018 Fall Annual Town Meeting no later than Labor Day.

Adjourn

*Moved by Mr. Linehan, seconded by Mr. Gallo, **voted 11 – 0 – 0***