

On behalf of the Advisory Committee I would like to invite you to Norfolk's spring town meeting. At the town meeting you will vote Norfolk's budget for the coming year as well as changes in various regulations and town governance procedures. Your vote will play a key role in determining how the town spends its money and guides future developments.

You will be asked to vote on motions presented by the Advisory Committee regarding articles offered by the selectmen, town departments and Committees, and petitioners. The Advisory Committee will also present the background and rationale of its proposals.

The main topics on which you should be prepared to vote are summarized below.

The Budget

The budget dominates this year's town meeting. You will be asked to vote on two budgets. The "balanced budget" allocates the approximately \$26.9 million available for the town's operating expenses from existing sources of revenue. The "override budget" shows how the town will spend an additional \$990,000 raised through increases our property taxes above the proposition 2½ limit. The additional spending is contingent on a town vote; if the voters reject the override the additional amounts will not be spent.

Declining Revenue

The starting point for the budget is an estimate of the funds available to the town in the upcoming fiscal year. Those funds include state aid, local property taxes and fees, and "other" funds (including "one time" cash not available to the town on a sustained basis).

The single most important change in the town's cash flow is a \$570,000 reduction in state aid, including reductions of \$260,000 in aid to general government, \$160,000 in prison mitigation fees normally used to fund capital spending, and \$150,000 decline in elementary school aid. In addition there is a loss of \$500,000 in "one time" funds, the bulk of which is accounted for by the \$440,000 received from an MBTE suit settlement and spent in support of town operating costs last year.

These reductions in revenues more than offset the \$840,000 increase in property tax revenue allowed under the proposition 2½ cap. No other revenue increases are projected in the budget (for example from new growth); we applaud the selectmen for their conservative approach in this regard.

Rising Costs

The town faces strong cost pressures from several sources. The most important is the increase in salaries called for under union and contract agreements (and the 1.5% increase budgeted for town employees not in those categories). However, in the "balanced budget", the salary increases are more than offset by reductions in headcount or hours. The ability to largely maintain staffing levels last year as a result of a voluntary salary freeze on the part of many contract and union employees is not available this year.

Rising health insurance and benefit costs are as significant for the town as they are for most employers. Our budgets are based on an 18% increase in health insurance premiums and a 3.7% increase in employee benefit costs. In dollar terms that totals about \$300,000.

The Balanced Budget

In the balanced budget the combined impact of lower revenues and higher costs is balanced by a reduction in services. The reduction is substantial:

- Elementary school funding is cut by nearly \$400,000. (The schools have some flexibility as to how to respond to the budget cut; but in the unlikely event the entire amount of the cut was imposed on payroll, as many as eight positions could be lost.)
- Two police officers are laid off to balance the budget (bringing the police force down to levels not seen since the 1980's). A foreman position is eliminated in the DPW. Funding for "Callback" staffing and training in the fire department is substantially reduced.
- Library hours are reduced to very near the minimum necessary to maintain certification.
- Building maintenance and cleaning budgets have been trimmed significantly.

In approaching the budget the selectmen made the choice to maintain all existing services, albeit at reduced levels. However the level of cuts imposed has pushed the town to a critical position. There is no margin available to accommodate unexpected maintenance requirements.

The Advisory Committee recommends approval of the balanced budget and commends the selectmen for making the tough decisions necessary to put the budget together.

The Override Budget

The override budget restores some but not all of the cuts imposed in the balanced budget. It calls for a total of nearly \$990,000 in additional spending. The additional spending is allocated along the following lines:

- Nearly \$300,000 is restored to the elementary school budget.
- Funding for the police department is restored, as it is for the library.
- Approximately \$200,000 is set aside for capital spending and the snow and ice removal budget is increased by \$100,000.
- A half-time assistant town administrator is added to the budget. This new position is intended to reduce the burden on the town administrator, particularly in the area of human resources.

The selectmen describe the proposed override budget as intended primarily to address the riskiest aspects of the balanced budget, while keeping the required override to the level they regarded as likely to be acceptable to the town.

The Advisory Committee recognized the need for an override if essential services are to be maintained and the majority of the committee voted to recommend approval of the override budget. A minority felt that, while the override budget addressed the short-term needs of the town, it lacked the necessary longer-term justification – that more analysis and thinking was necessary before a recommendation could be made.

King Philip

King Philip's operating budget is cut modestly in the balanced budget and is not increased in the override budget. The cuts in Norfolk's contribution are more than offset by a substantial increase in Wrentham's contribution to King Philip – Wrentham finds itself in the same position Norfolk did last year.

The consequences of the balance budget for KP are projected by the KP administration and school committee to be substantial. They noted that the school had been spared significant cuts in staff last year by a series of unique events – a victory in a lawsuit, Dr. Robbat working without pay, and other factors. In the absence of those unique events, and in light of the increased benefits costs borne by KP, the balanced budget proposal could result in substantial cuts in teaching staff.

The Advisory Committee is concerned that there are potentially very significant risks in the proposed KP funding. We also recognize the success of the KP administration and school committee in coping creatively with past budget shortfalls and are hopeful that the strains of this budget are as successfully managed.

New Revenue

Any efforts to increase the town's long-term revenue are welcome in this tough environment and there are two significant measures proposed in this year's warrant.

The proposed meals tax takes advantage of a relatively new State law allowing local governments to collect a tax on local restaurants. Several of our neighboring towns have taken advantage of this option. The State estimates that the town could realize a permanent gain of \$40,000 per year from the tax.

The proposed photovoltaic facility takes advantage of a range of State grants, revenue guarantees, and financing options to provide a net cash contribution to the town that could amount to \$30,000/year after initial project investments are paid down. The project should be cash neutral to the town during the investment pay-down period. The proposed article, contingent on obtaining State support for the project, is necessary to position Norfolk to compete for the State aid.

The Advisory Committee recommends approval of these articles.

Encouraging Development and Conservation

The warrant also includes several articles addressing development and conservation opportunities. The zoning articles continue the town's efforts to streamline the permitting process and create more opportunities for growth. They are consistent with recent efforts in this regard in the B1 business district.

The conservation committee has also proposed continued support for its open space, recreation, and affordable housing mandates. The proposals are consistent with the town's past efforts in this regard.

The Advisory Committee recommends approval of these articles.

Most importantly we recommend you attend town meeting, ask questions, share an opinion, and learn from your neighbors. The town will be making several important decisions and your participation is vital.

Arlie Sterling,
Chairman