Financial Trends and Projections for the Fiscal Year 2022 Budget Process

City of Northampton, Massachusetts

Mayor David J. Narkewicz, January 28, 2021

Agenda

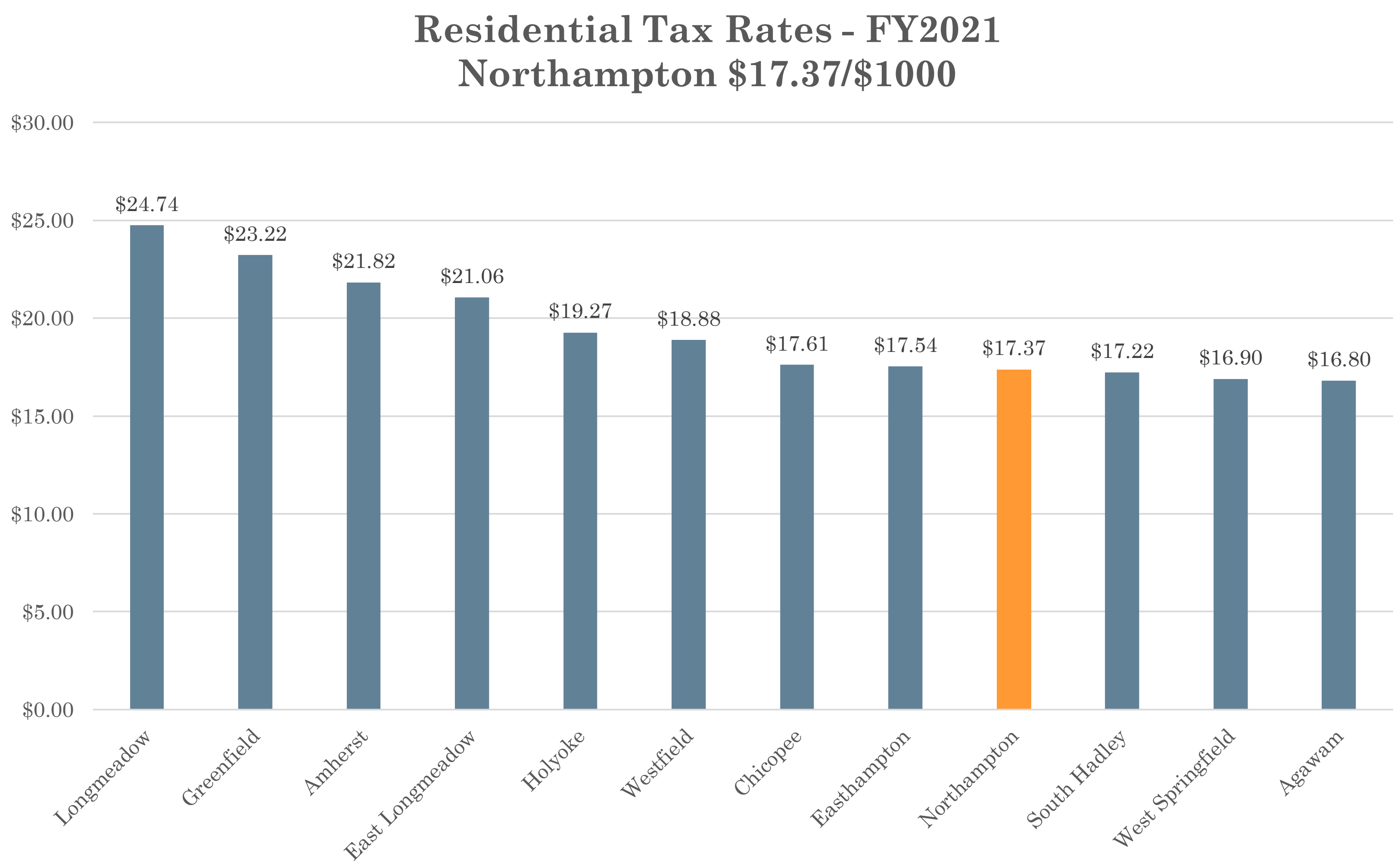
- Financial Indicators relative to Northampton and Comparative Communities
- Why Do Financial Reserves Matter?
- Budgeting During COVID
- Review of Revenue and Expenditure Trends for FY2022
- Fiscal Stability Plan
- Fiscal Year 2022 Budget Calendar
- Questions and Comments

How does Northampton compare to neighboring communities?

Comparison of key financial indicators

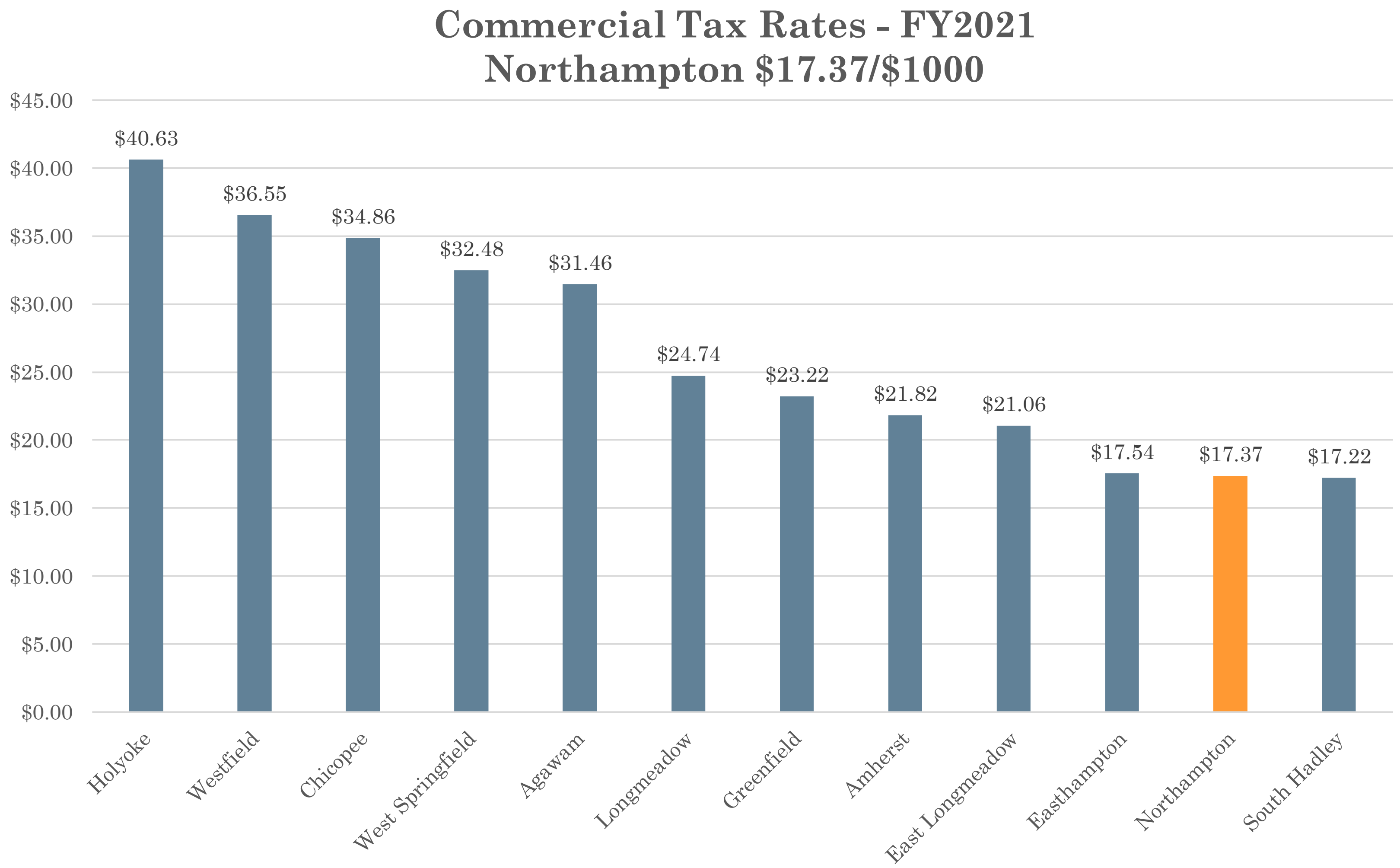
FY2021 Residential Tax Rates

- Agawam
- Amherst
- Chicopee
- Easthampton
- East Longmeadow
- Greenfield
- Holyoke
- Longmeadow
- Northampton
- South Hadley
- Westfield
- West Springfield



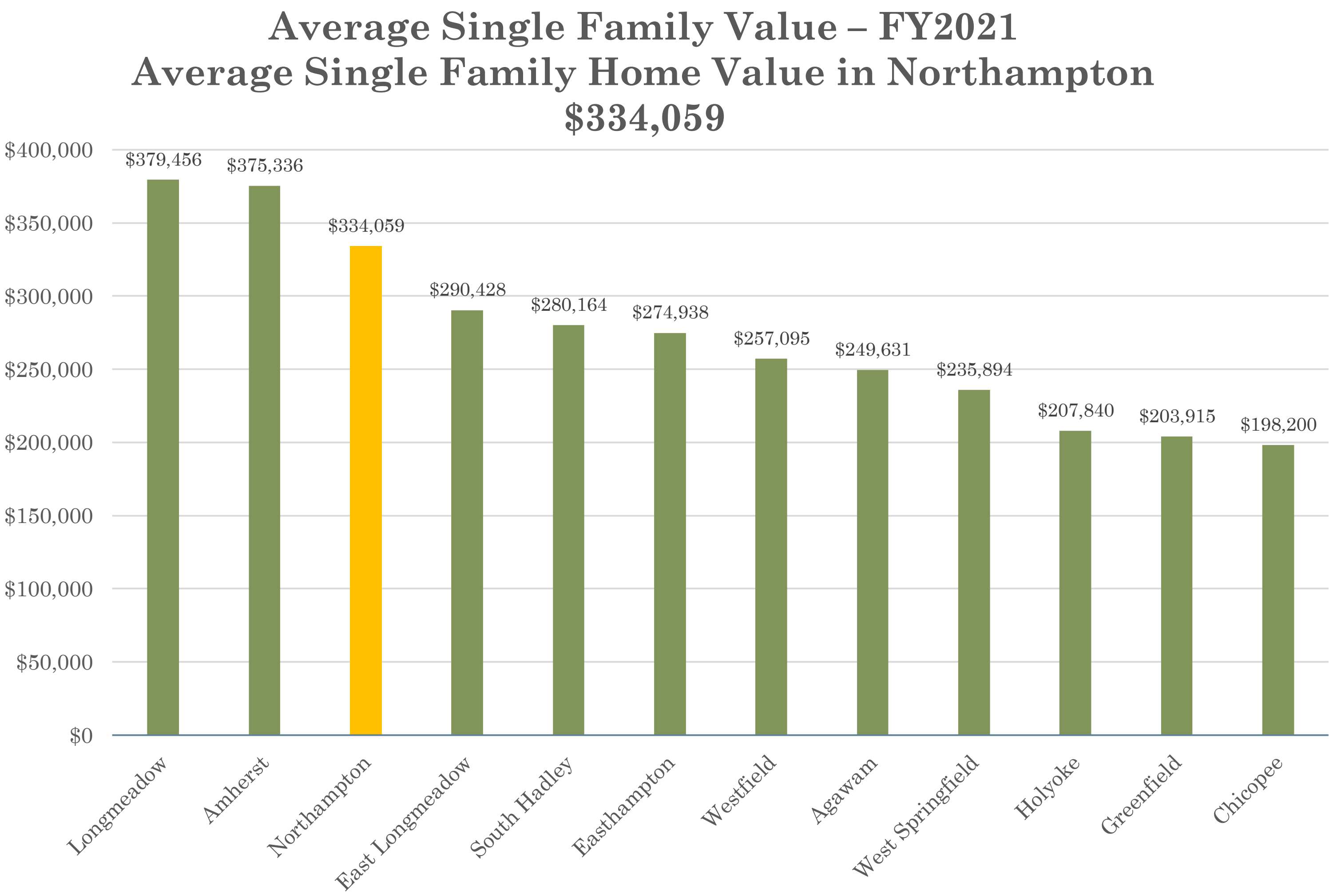
FY2021 Commercial Tax Rates

- Agawam
- Amherst
- Chicopee
- Easthampton
- East Longmeadow
- Greenfield
- Holyoke
- Longmeadow
- Northampton
- South Hadley
- Westfield
- West Springfield



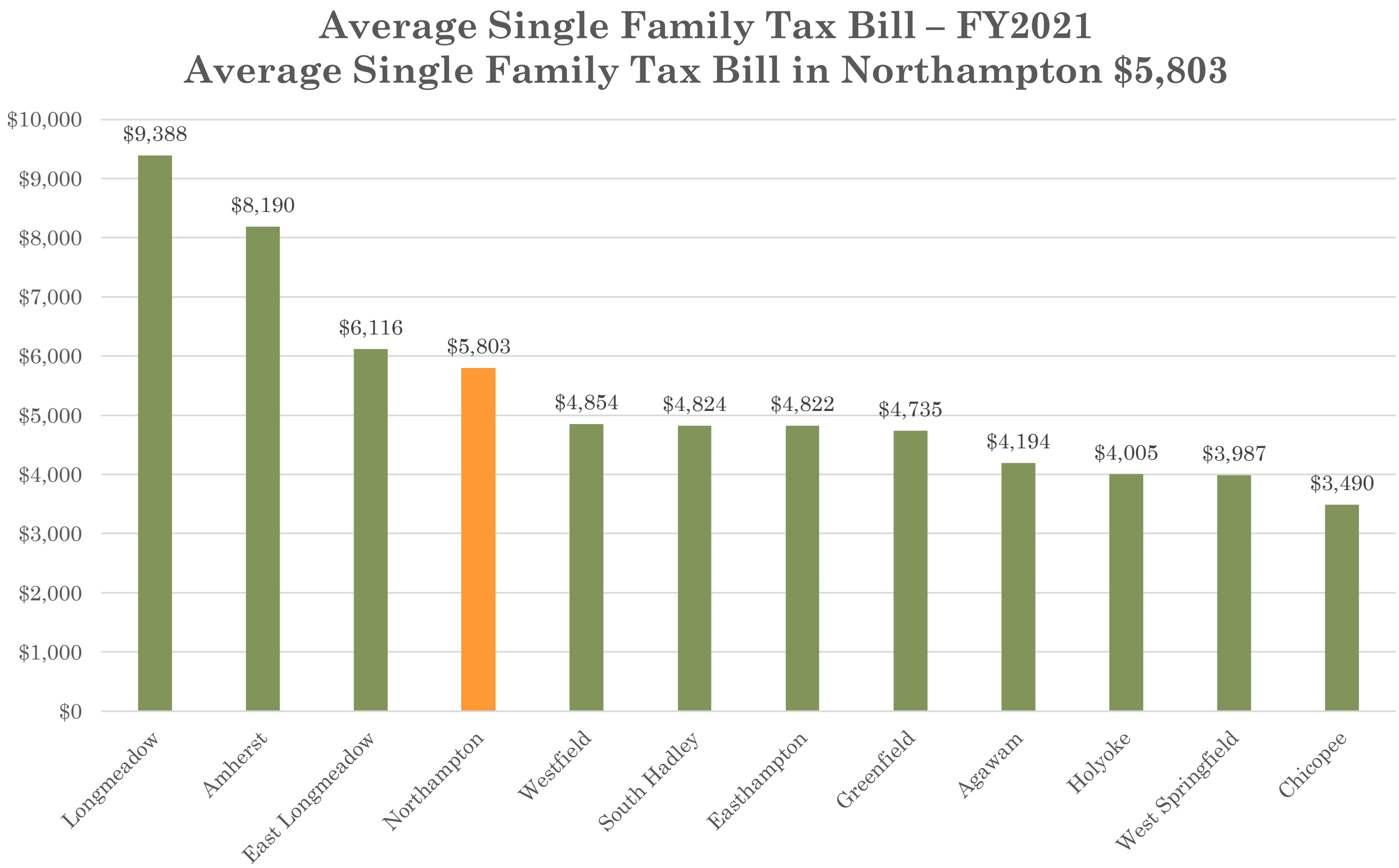
FY2021 Average Single Family Home Value

- Agawam
- Amherst
- Chicopee
- Easthampton
- East Longmeadow
- Greenfield
- Holyoke
- Longmeadow
- Northampton
- South Hadley
- Westfield
- West Springfield



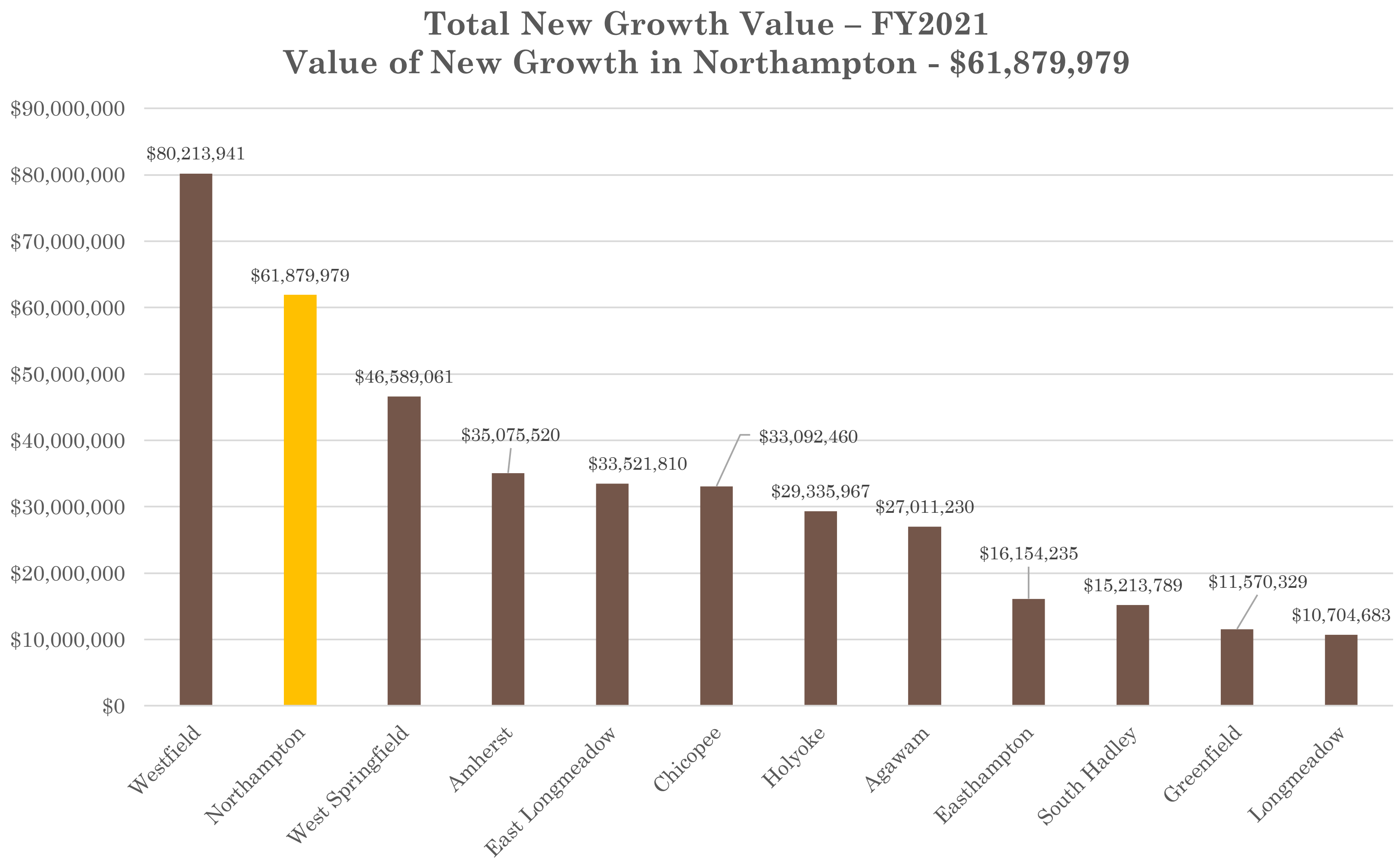
FY2021 Average Single Family Tax Bill

- Agawam
- Amherst
- Chicopee
- Easthampton
- East Longmeadow
- Greenfield
- Holyoke
- Longmeadow
- Northampton
- South Hadley
- Westfield
- West Springfield



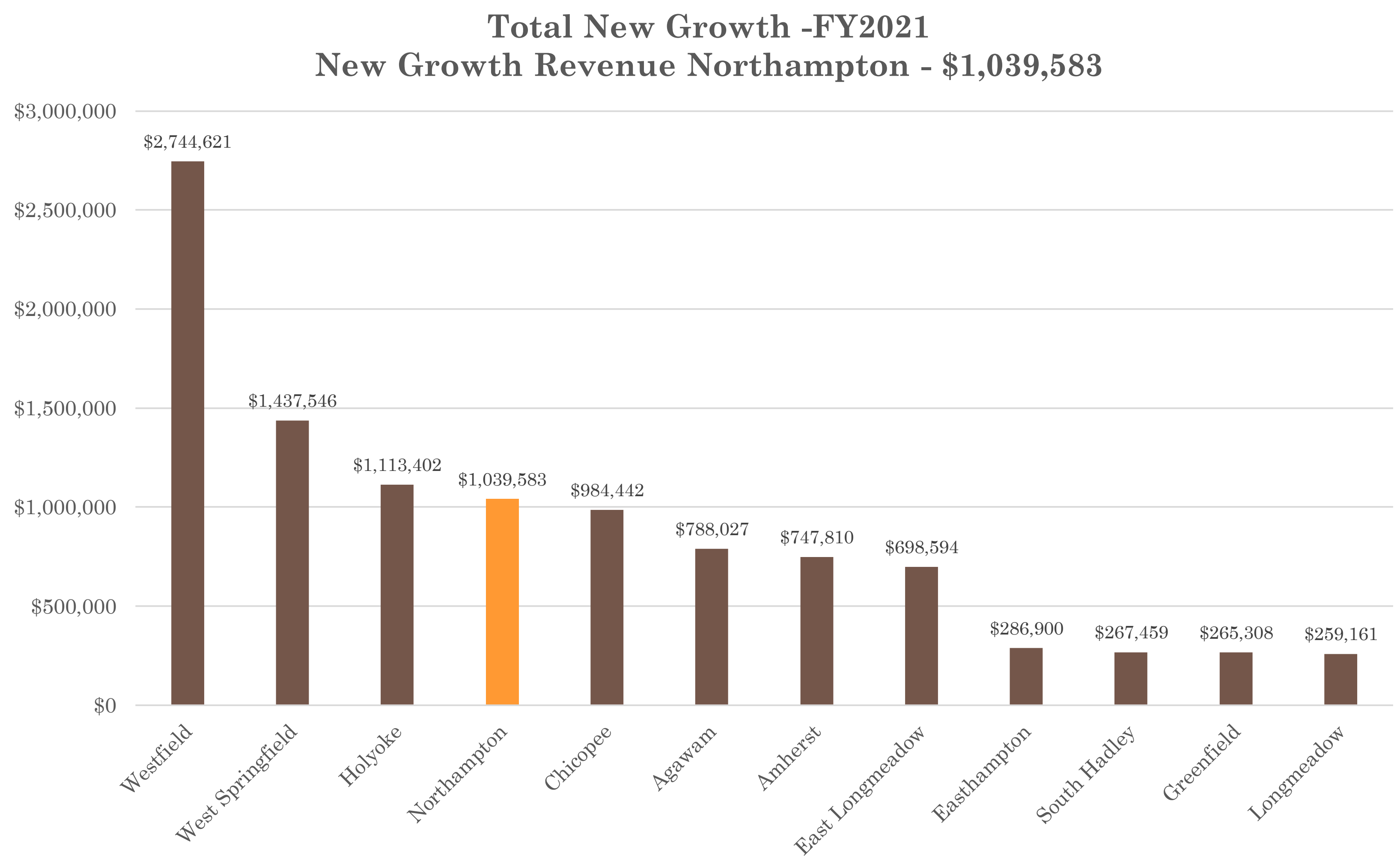
FY2021 Total New Growth Value

- Agawam
- Amherst
- Chicopee
- Easthampton
- East Longmeadow
- Greenfield
- Holyoke
- Longmeadow
- Northampton
- South Hadley
- Westfield
- West Springfield



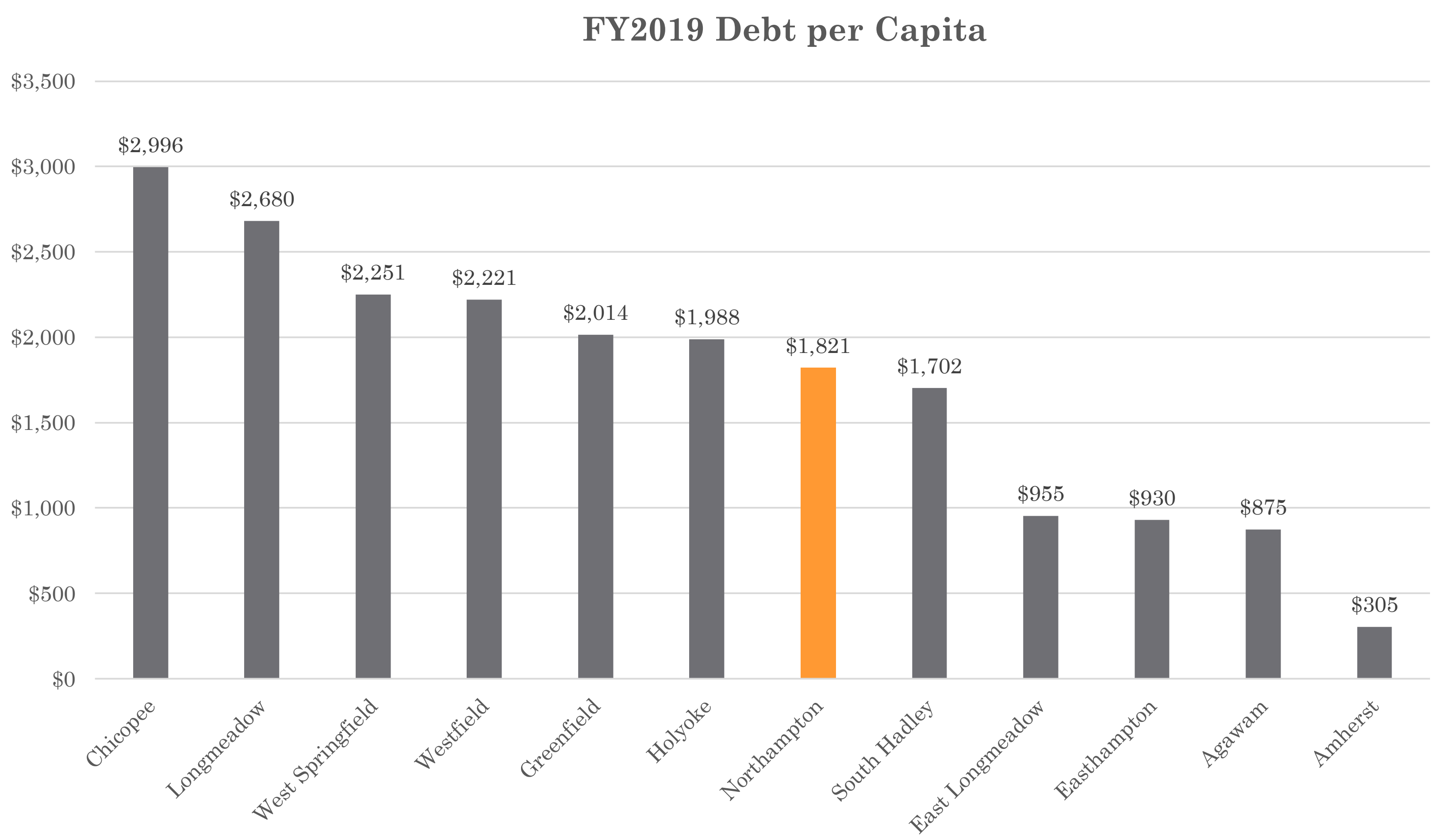
FY2021 Total Revenue Generated by New Growth

- Agawam
- Amherst
- Chicopee
- Easthampton
- East Longmeadow
- Greenfield
- Holyoke
- Longmeadow
- Northampton
- South Hadley
- Westfield
- West Springfield



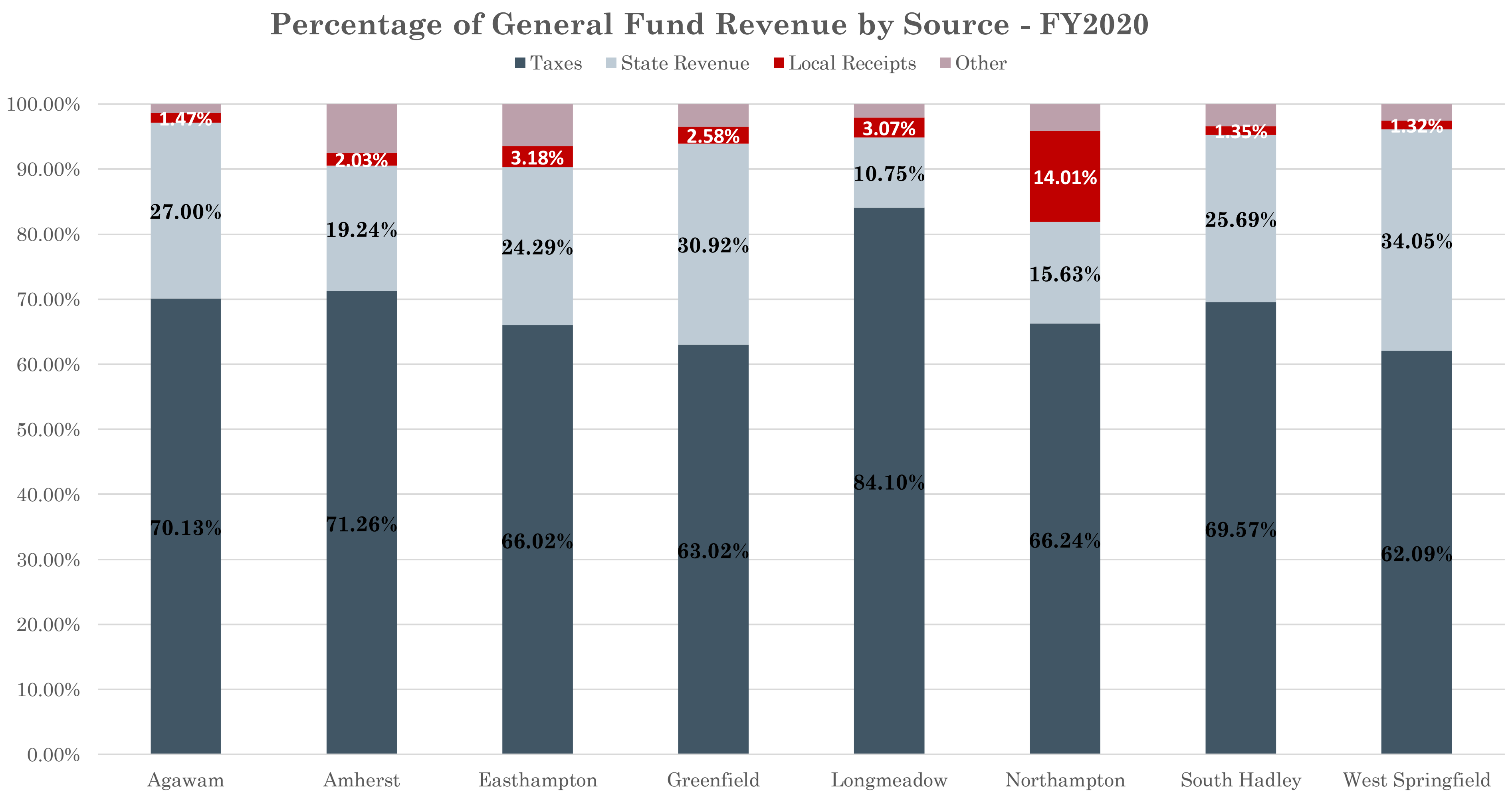
FY2019 Debt Per Capita

- Agawam
- Amherst
- Chicopee
- Easthampton
- East Longmeadow
- Greenfield
- Holyoke
- Longmeadow
- Northampton
- South Hadley
- Westfield
- West Springfield



FY2020 General Fund Revenue by Percentage of Total Revenues

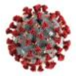
- Agawam
- Amherst
- Easthampton
- Greenfield
- Longmeadow
- Northampton
- South Hadley
- West Springfield
- Note: FY2020 data not available for Chicopee, East Longmeadow, Holyoke or Westfield



Why Do Financial Reserves Matter?

Financial reserves provide financial flexibility and operational stability

Financial reserves provide financial flexibility when:

- Natural disasters strike such as flooding, excessive snowfall, hurricanes, etc.
- Major infrastructure fails such as a building boiler breaks, a bridge has to be closed due to structural deficiencies, a roof develops major leakage, etc.
- There are periods of revenue volatility due to regional or national economic downturns, closure of a tax producing industry, or changes in state revenues, etc.
- There is a once in a lifetime GLOBAL PANDEMIC… 

Financial reserves provide operational stability to:

- Fund a robust Capital Improvement Program that reduces repair costs and improves operational efficiency resulting in saving tax payer dollars
- Keep the city's credit rating high (AAA Standard and Poors) which results in lower borrowing costs for capital improvements
- Provide planned contributions to the operating budget to extend periods of financial stability in keeping with the Fiscal Stability Plan

Maintaining adequate reserves leaves Northampton better positioned to deal with funding issues in difficult times and gives us the tools to provide continuity of services.

What kinds of financial reserves does Northampton have?

GENERAL FUND:

- General Fund Stabilization Fund (any purpose)
- General Fund Capital Stabilization Fund (intended to fund Capital Improvements)
- General Fund Fiscal Stability Stabilization Fund (intended for operating budget stabilization)
- Undesignated Fund Balance or Free Cash (any purpose)

ENTERPRISE FUNDS:

- Water Enterprise Stabilization Fund (any Water Enterprise related expenditures)
- Sewer Enterprise Stabilization Fund (any Sewer Enterprise related expenditures)
- Solid Waste Enterprise Stabilization Fund (any Solid Waste related expenditures)
- Stormwater and Flood Control Stabilization Fund (any Stormwater/Flood related expenditures)

Current reserves are key to budgeting during the COVID-19 Pandemic:

Excerpt from Mayor's FY2021 Budget Message:

"I am thankful to the City Council for supporting a steady and disciplined approach to replenishing reserves over the last eight years. Our city's strong reserve position will play a critical role in our ability to successfully navigate the uncharted economic and budgetary waters ahead."

Current Balances:

- $5,796,195 -   General Fund Stabilization Fund
- $4,192,413 -   General Fund Capital Stabilization Fund
- $3,071,304 -   General Fund Fiscal Stability Stabilization Fund
- $4,189,309 -   Free Cash

Bond Rating

- Excerpts from October 2020 Standard and Poors' Bond Rating:

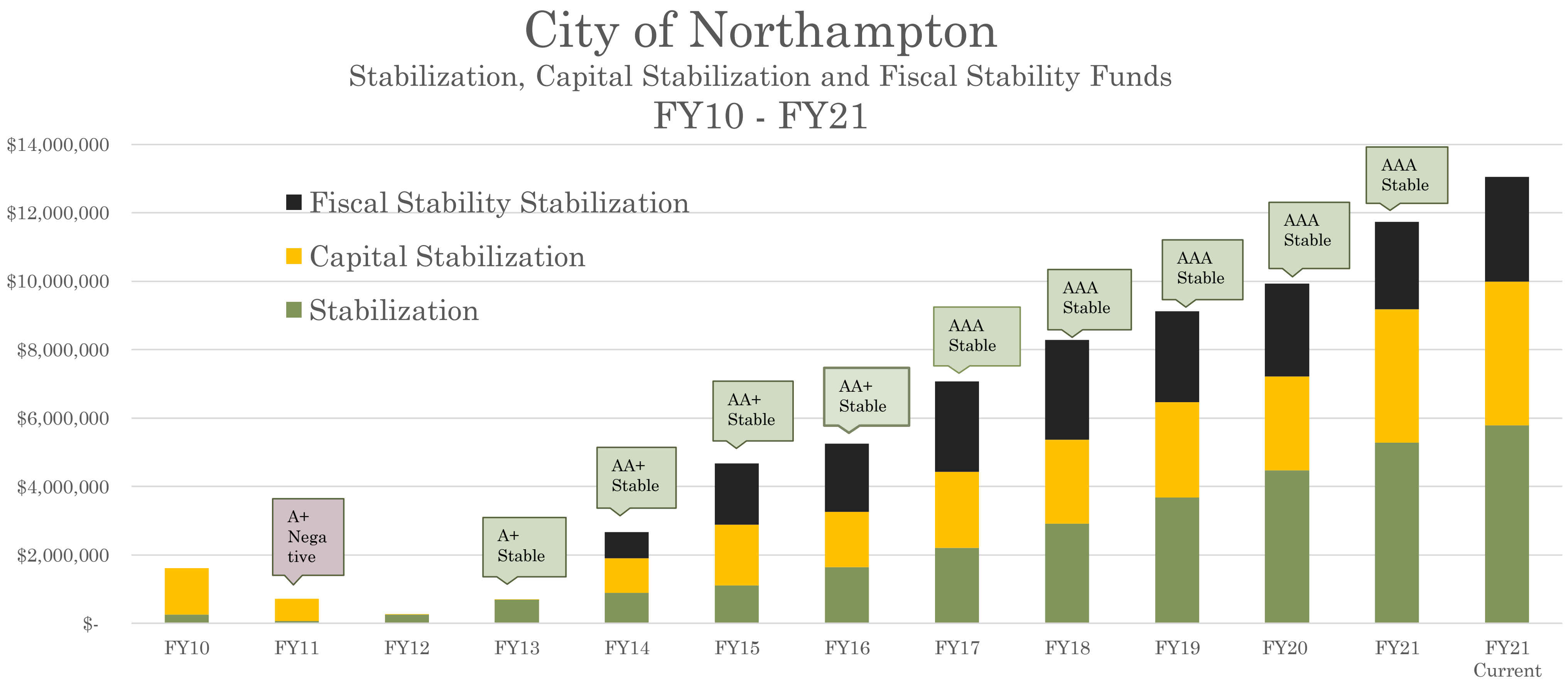
  "We view the city's management as very strong, with strong financial policies and practices under our FMA methodology, indicating financial practices are strong, well-embedded, and likely sustainable."

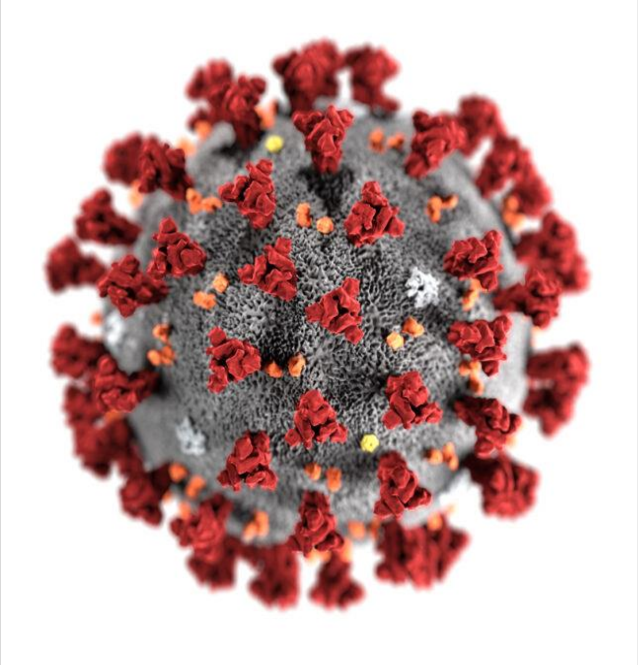
  "On March 3, 2020, the city approved a $2.5 million general operating override of the levy limit, which, in our view, demonstrates additional revenue-raising flexibility. The city has delayed the implementation of the override by a year and plans to include it in its fiscal 2022 budget. Officials indicate this is part of the city's long-term fiscal stability plan and is aimed primarily at paying for ongoing operations and increasing municipal services for residents. We also understand a portion of the revenues from the override will go toward the city's fiscal stability reserves (within unassigned fund balance). Therefore, we expect the city's budgetary flexibility to remain very strong."

Name	2020	Rating Agency
Northampton	AAA	S&P
Agawam	AA+	S&P
Amherst	AA+	S&P
East Longmeadow	AA+	S&P
Easthampton	AA+	S&P
Longmeadow	AA+	S&P
Chicopee	AA-	S&P
Greenfield	AA-	S&P
West Springfield	AA	S&P
Westfield	AA	S&P
Holyoke	A+	S&P

General Fund Reserves

Stabilization, Capital Stabilization and Fiscal Stability Stabilization





Budgeting during COVID-19:

How the city is navigating the FY2021 budget during the pandemic….

Steps the city took to balance the FY2021 budget as a result of the COVID-19 pandemic:

- Delayed use of the $2.5 million additional revenue capacity provided by the General Operating Override approved by the voters for FY2021 on March 3, 2020
- Eliminated $365,000 of planned funding for cash capital projects as part of the FY2021 operating budget
- Eliminated $400,000 of planned contribution to the Capital Stabilization Fund as part of the FY2021 operating budget
- Eliminated 17.25 full-time equivalent positions (FTE) across a number of city departments including Building, Human Resources, Information Technology Services, Public Works, Parking Enforcement, Senior Services, Treasurer/Collector and the Mayor’s Office
- Used $411,367 of Fiscal Stability Stabilization Funds to cover shortfalls in the FY2021 operating budget
- Scaled back the FY2021 Capital Improvement Program to preserve financial resources and borrowing capacity
- Increased Health Department staffing to address the unprecedented workload challenges to respond to the pandemic

Additional impacts on the FY2021 budget:

- Reductions made by the City Council to the Northampton Police Department budget amounting to $882,602 which included cuts in personnel (5.00 FTE), operating supplies and funds for all vehicle replacements. These cuts reduced the original amount of one-time money proposed to be taken from the Fiscal Stability Stabilization Fund ($935,020) to support the operating budget.
- No increase in State Aid: Level funding by the Commonwealth of key state aid accounts such as Chapter 70 and Unrestricted General Government Aid (UGGA)
- Reduced local revenue estimates for significant revenue streams including reductions in: Hotel/Motel Excise Tax, Meals Excise Tax, Adult Use Marijuana Excise Tax, Parking, Parking Tickets, Building, and Electrical and Plumbing Permit revenue
- Reduced recreation revolving funds to the general fund by 100%
- No increase in Water and Sewer Rates
- Used $1.2 million in Water and Sewer reserves to cover losses in water and sewer revenue due to usage changes during COVID-19

Additional impacts on the FY2021 budget:

- Increased spending on investments in technology to assist in the delivery of services including remote work infrastructure (hardware and software), and improvement of the public's interface with the city via the web.
- Additional public health staff have been hired to assist with managing the increased public health responsibilities related to the pandemic.
- Unprecedented federal aid in the form of CARES Act funding has provided over $3 million to the city and schools to provide funds for the purchase of PPE, cleaning and disinfection costs, overtime for first responders and health department staff, investments in infrastructure to improve air quality, COVID-19 testing, and remote work and remote learning infrastructure.

It should be noted that these funding programs, while providing much needed financial assistance, have necessitated significant staff time for administration and oversight. The redeployment of staff to these efforts has resulted in a shift in some departmental priorities.

Additional social and economic impacts:

- The pandemic exposed significant social service delivery gaps related to housing and food insecurity in Northampton. Because there is a profound need to minimize the potential impact of an outbreak among our most at-risk and difficult to track residents, the Mayor dedicated significant financial resources and staff time to this effort, including joining a task force convened by the Western Massachusetts Network to End Homelessness that brought unprecedented coordination and pressure to bear on state and federal resources to provide immediate relief.
  - **Housing, Quarantine & Isolation:** Task force efforts resulted in increased funding for local housing efforts and the location of a Quarantine and Isolation facility in western Massachusetts, and an increase in shelter capacity in western Massachusetts overall, which greatly reduced pressure on Northampton's shelters. The city's housing efforts include opening a shelter for those experiencing houselessness at Northampton High School last spring, facilitating the opening of the shelter at First Churches this fall, and securing a secondary solution for shelter for individuals not suited for whatever reason to the larger shelters.
  - **Food insecurity:** The city provided significant financial assistance to local food providers such as Manna, the Survival Center, Grow Food Northampton, and Friends of the Homeless, as well as assistance securing a donation of bottled water from Coca-Cola for those who need it. It also stationed portable handwashing and toileting facilities around the city for public use given the lack of access to closed public and private options, sanitary and safety cleanups of abandoned camps.
  - **Social service delivery:** Looking forward, the city is aggressively pursuing the development of a Community Resilience Hub to centralize social services for better access in the future, with a desired 2021 opening date.

- Significant financial and staff resources were spent assisting the Northampton business community's efforts to survive the pandemic. The city facilitated the transformation of the public way and private spaces for outdoor dining and rapid modifications of parking spaces to facilitate take-out, providing guidance and permitting from the health, building, and fire departments, and physical modifications coordinated through the Mayor's Office and the Planning and Sustainability department executed by the Department of Public Works. The city reduced liquor licensing fees for restaurants, bars, and package stores by 25% for 2021. The city also provided direct assistance to businesses through the Community Block Development Grant program. The city has sought a Local Rapid Recovery Planning grant and continues to lead a public process for redesigning Main Street in both Florence and downtown Northampton.

Comparison of FY2020 and FY2021 Budgets:

FY2020 General Fund Budget		FY2021 General Fund Budget		$ Change	% Change
General Government	$ 6,084,584	General Government	$ 6,178,106	$ 93,522	1.54%
Public Safety	$ 15,075,362	Public Safety	$ 14,392,292	$ (683,070)	-4.53%
Education	$ 39,403,874	Education	$ 41,168,717	$ 1,764,843	4.48%
Public Works	$ 3,520,749	Public Works	$ 3,621,018	$ 100,269	2.85%
Human Services	$ 1,561,008	Human Services	$ 1,558,921	$ (2,087)	-0.13%
Culture and Recreation	$ 2,101,198	Culture and Recreation	$ 2,169,285	$ 68,087	3.24%
Debt Service	$ 6,087,950	Debt Service	$ 4,473,912	$ (1,614,038)	-26.51%
Employee Benefits	$ 19,743,853	Employee Benefits	$ 20,468,670	$ 724,817	3.67%
Insurance and Reserves	$ 1,127,884	Insurance and Reserves	$ 555,797	$ (572,087)	-50.72%
Non-Approriated Uses	$ 2,125,919	Non-Approriated Uses	$ 1,930,484	$ (195,435)	-9.19%
State Assessments	$ 3,826,476	State Assessments	$ 3,681,606	$ (144,870)	-3.79%
Total	**$ 100,658,857**		**$ 100,198,808**	**$ (460,049)**	**-0.46%**

FY2022: Budgeting in the unknown….

The COVID-19 pandemic has caused financial uncertainty for the City, not only in the short term (current fiscal year – FY2021) but at a minimum for the next two fiscal years – FY2022 and FY2023.

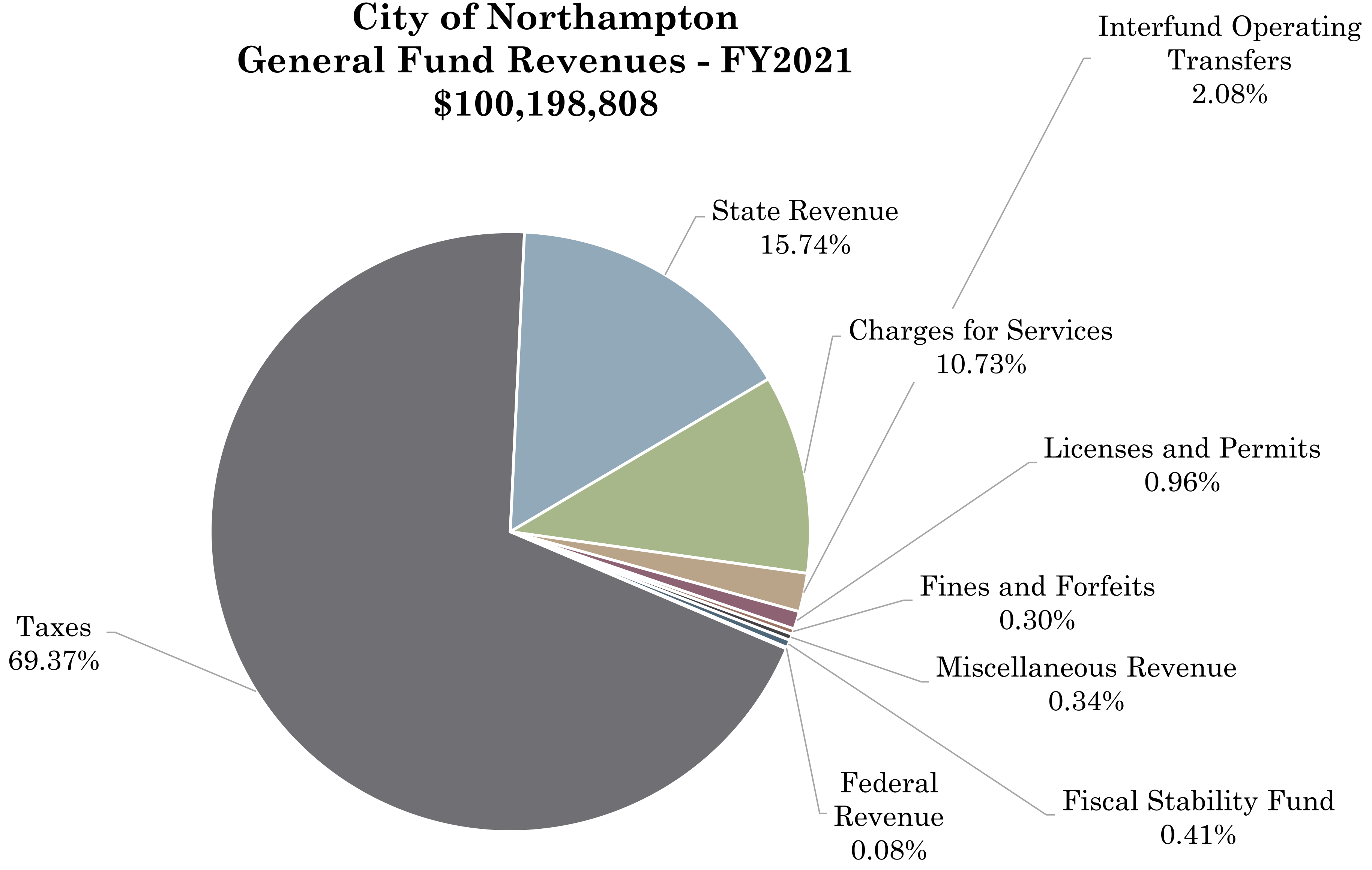
What we do know is:

- Our financial world is uncertain and depends heavily on the availability and success of the COVID-19 vaccines
- We will continue to absorb the financial impact of public health mitigation measures
- The FY2022 budget picture is just coming into focus *(State Aid, Federal Aid, Local Receipts, Health Insurance)*
- New Biden-Harris Administration federal stimulus efforts may accelerate recovery
- We need to plan ahead for a possible 12 to 18 month recession
- What we do now must aim to ensure long term fiscal stability for impacted FY2022 and FY2023 budgets and beyond in order to continue with our Fiscal Stability Plan

Review of Revenue and Expenditure Projections for FY2022

General Fund – City of Northampton

City of Northampton General Fund Revenues - FY2021 $100,198,808



Major Revenue Sources in the General Fund and Projections for FY2022:

- Real Estate and Personal Property – the levy limit, impact of COVID on valuations, etc.
- State Aid – UGGA, C.70, Charter School Aid, etc.
- Local Receipts – significant revenue streams impacted by COVID:

  Meals Excise Tax

  Hotel/Motel/Short Term Rental Excise Tax

  Marijuana Excise Tax

  Motor Vehicle Excise Tax

  Parking Revenue – Parking and Tickets

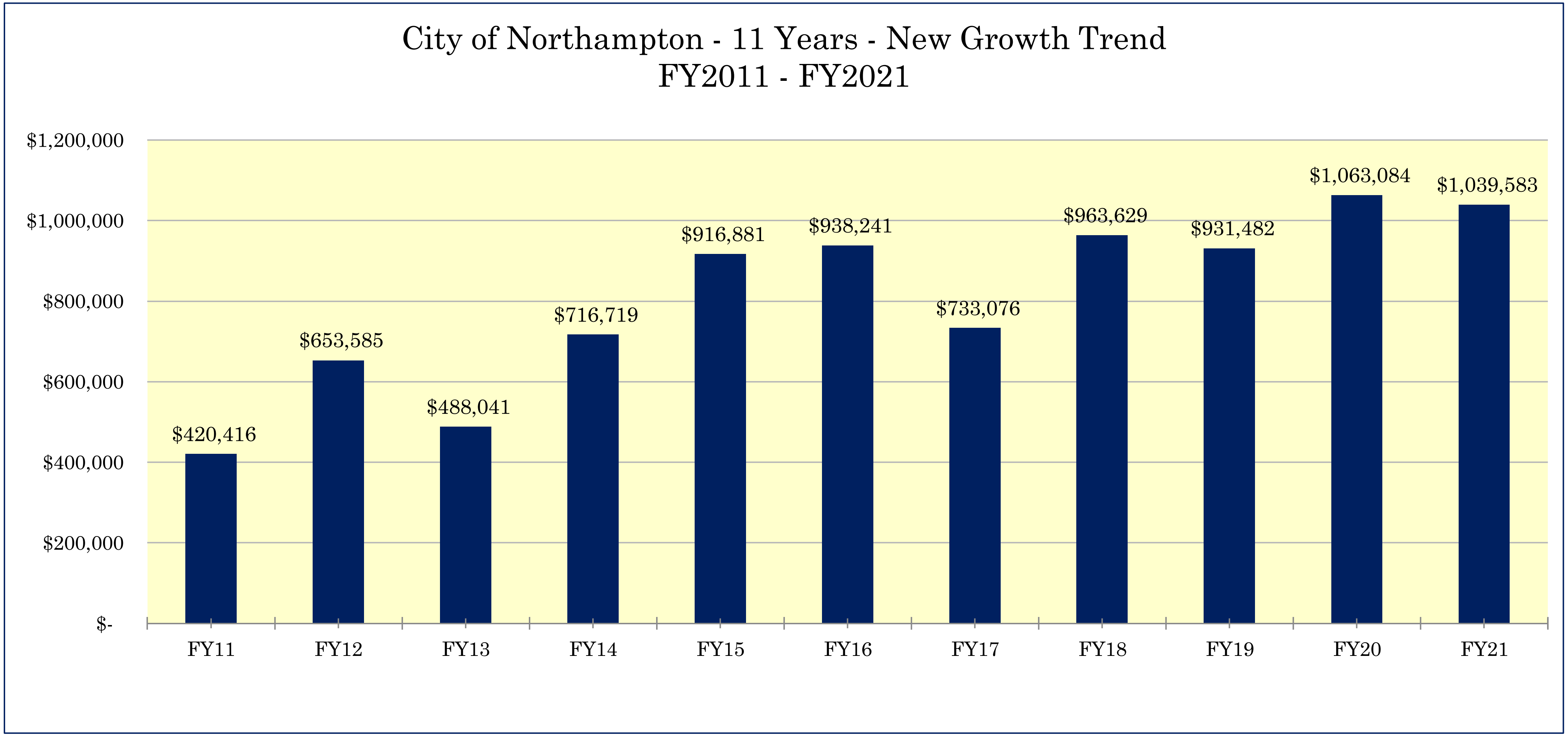
  Permit Revenue

Real Estate and Personal Property Tax Revenue for FY2022:

Additional Real Estate and Personal Property Revenue available for the FY2022 Budget:

• Proposition 2 ½ Increase	$1,668,265
• New Growth Preliminary Estimate	$750,000
• Implementation of March 3, 2020 Override	$2,500,000
TOTAL:	$4,918,265

Historical New Growth in Northampton FY2011 – FY2021



Changes in fair market values will impact tax assessments:

- Fair market value assessments for FY2021 represented value on January 1, 2020
- Fair market value assessments for FY2022 will be based on values as of January 1, 2021
- Residential property values are rising across the state due to low mortgage rates, first time buyers, desire for more space and low supply (source: Boston Globe 12/22/20) Depending on sales that occurred before 1/1/2022, certain neighborhoods may see valuation increases.
- Commercial and Industrial Assessments will be impacted, some categories more than others. Some commercial markets are doing well such as big box retail, grocery stores, and fast food. Some markets are more stressed. Business closings causing higher vacancy /rental loss for landlords will impact market values. Restaurants, small retail business and hotels/motels are also being negatively impacted. Occupancy rates for hotels/motels is down across the state and in Hampshire County it is down 69%. Assessors will need to adjust values based on income and expense statements.
- Personal property taxes will be impacted by businesses that ceased operations by 1/1/2021

State Aid:
FY2022 based on Governor's Budget

NET STATE AID
Cherry Sheet Receipts versus Cherry Sheet Charges
excludes offsets for School Choice and Library Aid
excludes MSBA Payments

	Actual FY2018	Actual FY2019	Actual FY2020	Budget FY2021	Governor's Budget FY2022
CHERRY SHEET - REVENUE					
Chapter 70 School Aid	8,302,674	8,387,214	8,472,483	8,471,394	8,554,554
Charter Tuition Assessment Reimbursement.	292,650	309,017	158,590	416,217	349,155
Unrestricted Government Aid	4,390,877	4,544,558	4,667,261	4,667,261	4,830,615
Veterans Benefits	513,965	451,263	394,755	428,261	365,312
Lieu of Taxes - State Owned Land	63,791	91,846	100,063	102,666	100,731
Abatements to Blind, Elderly, Surviving Spouse	122,267	138,167	45,478	132,382	108,671
Total Cherry Sheet Revenue:	**13,686,224**	**13,922,065**	**13,838,630**	**14,218,181**	**14,309,038**
CHERRY SHEET - ASSESSMENTS					
Air Pollution Districts	8,305	8,485	8,332	8,494	8,520
RMV Non-Renewal Surcharge	81,640	81,640	81,640	78,860	78,860
Regional Transit Assessment (PVTA)	437,858	442,864	441,734	437,349	457,194
Special Education (Ch. 71B, ss. 10, 12)	0	0	3,410	3,547	5,972
Charter School Sending Tuition	2,493,406	2,609,394	2,307,437	2,569,632	2,702,959
School Choice Sending Tuition	426,966	442,864	614,430	491,803	491,803
Total Cherry Sheet Assessments:	**3,448,175**	**3,585,247**	**3,456,983**	**3,589,685**	**3,745,308**
NET STATE AID:	**10,238,049**	**10,336,818**	**10,381,647**	**10,628,496**	**10,563,730**
Net New Aid from Previous Year:	**267,367**	**98,769**	**44,829**	**246,849**	**(64,766)**

Education Aid: FY2022 based on Governor's Budget

CHERRY SHEET REVENUES

PROGRAM	FY2021 Cherry Sheet Estimate	FY2022 Governor's Budget Proposal	NET CHANGE FY2021 TO FY2022
Education Receipts:			
Chapter 70	8,471,394	8,554,554	83,160
School Transportation	0	0	0
Charter Tuition Reimbursement	416,217	349,155	-67,062
Smart Growth School Reimbursement	0	0	0
School Choice Receiving Tuition	1,257,509	1,257,509	0
Sub-Total, All Education Items:	**10,145,120**	**10,161,218**	**16,098**

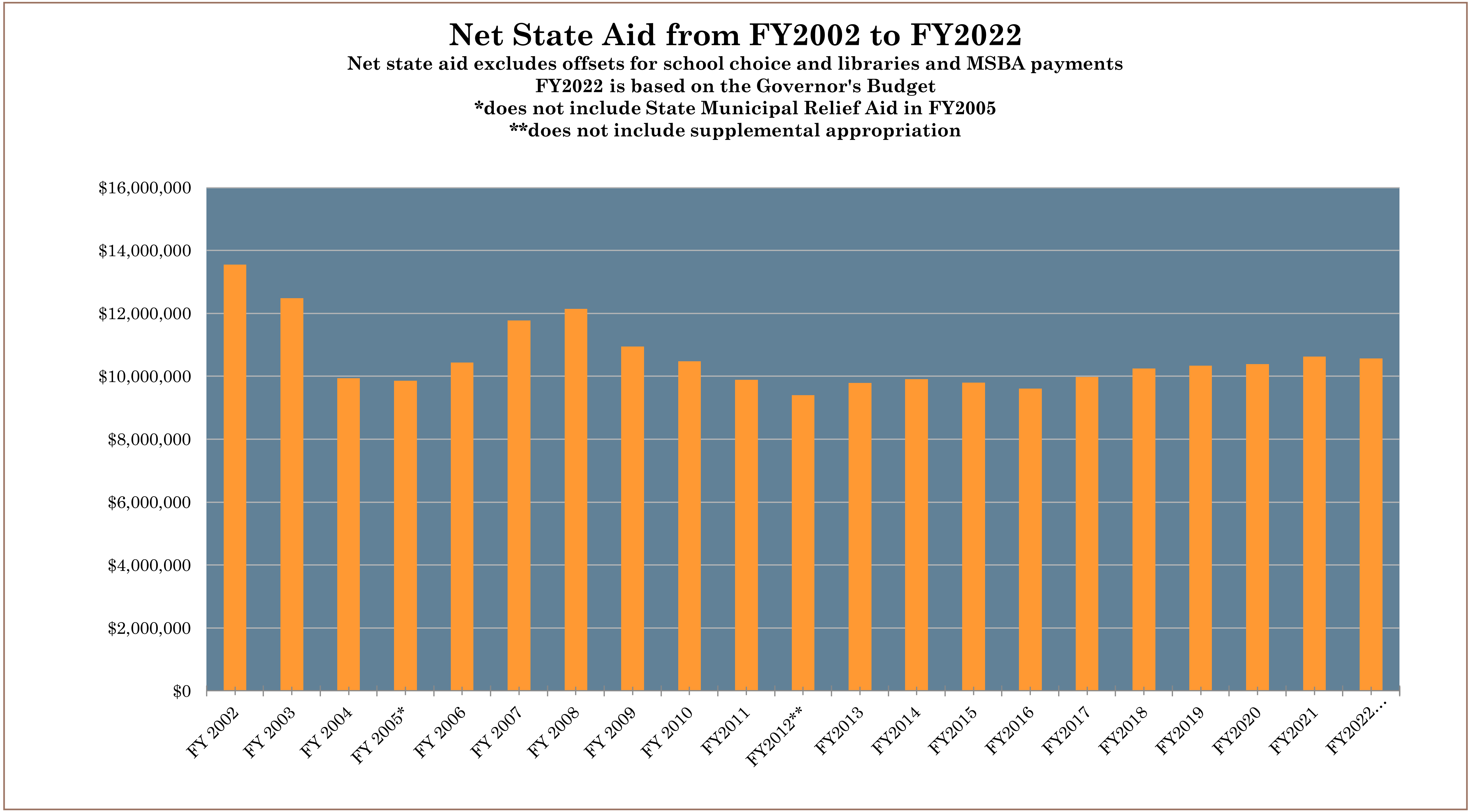
CHERRY SHEET CHARGES

PROGRAM	FY2021 Cherry Sheet Estimate	FY2022 Governor's Budget Proposal	
Special Education	3,547	5,972	2,425
Tution Assessments:			
School Choice Sending Tuition	491,803	491,803	0
Charter School Sending Tuition	2,569,632	2,702,959	133,327
Sub-Total, Education Charges:	**3,064,982**	**3,200,734**	**135,752**

REVENUES - CHARGES = NET CHANGE IN EDUCATION AID:	**-119,654**	**-1.69%**

Chapter 70 Aid by District Breakdown

Northampton Public Schools	7,558,369	7,638,049	79,680
Smith Vocational and Agricultural School	913,025	916,505	3,480
	8,471,394	8,554,554	83,160


Net State Aid from FY2002 to FY2022
Net state aid excludes offsets for school choice and libraries and MSBA payments
FY2022 is based on the Governor's Budget
*does not include State Municipal Relief Aid in FY2005
**does not include supplemental appropriation
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
FY 2002
FY 2003
FY 2004
FY 2005*
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY2011
FY2012**
FY2013
FY2014
FY2015
FY2016
FY2017
FY2018
FY2019
FY2020
FY2021
FY2022...

Comparison of selected local receipts from FY2020 and FY2021 at the 2nd quarter:

SELECTED LOCAL RECEIPTS

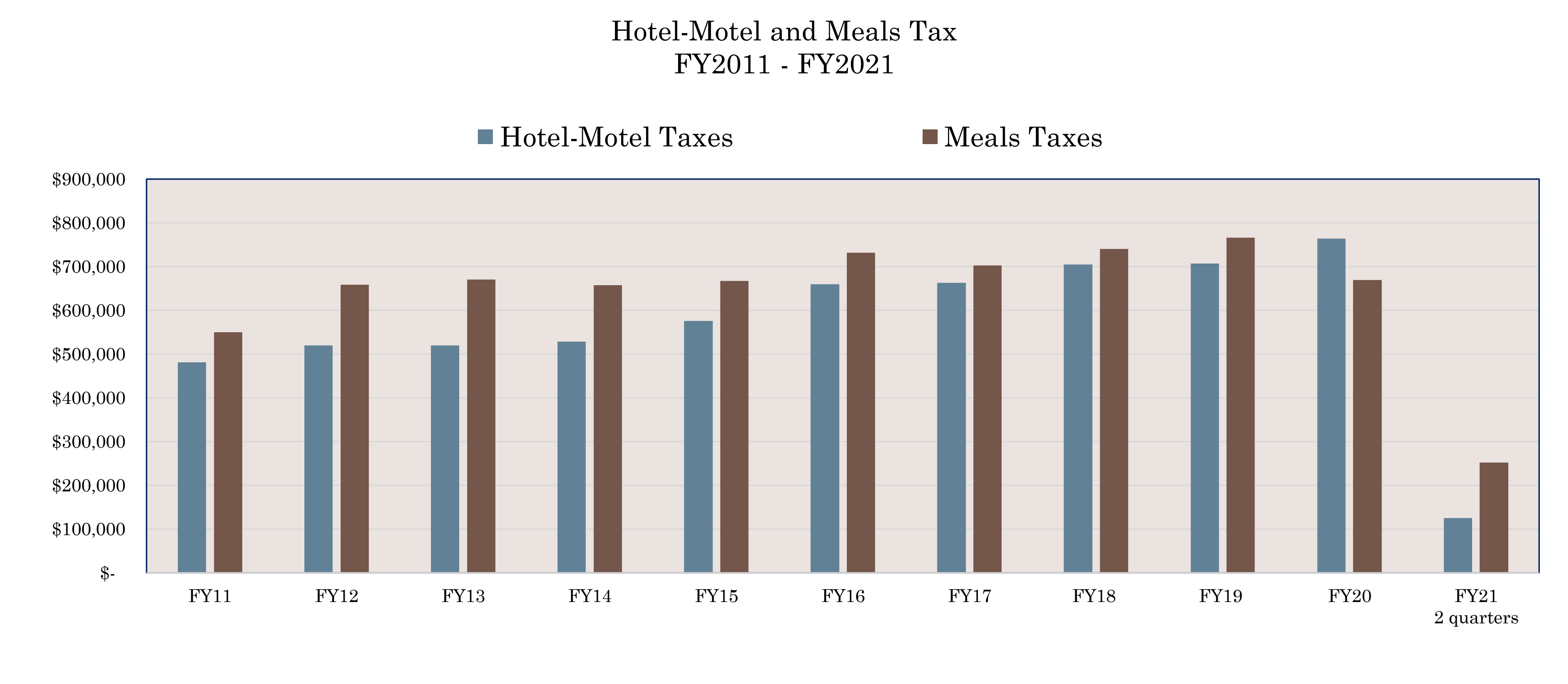
COMPARISON OF FIRST SIX MONTHS OF FY2020 (pre-pandemic - July 2019 - December 2019) TO FIRST SIX MONTHS OF FY2021 (July 2020-December 2020)

	ACTUALS FY2020	ACTUALS FY2021	DIFFERENCE FY20 - FY21	PERCENTAGE FY20 – FY21
MOTOR VEHICLE EXCISE	$ 481,850	$ 404,031	$ (77,819)	-16.1%
HOTEL/MOTEL TAX CH 145	$ 516,819	$ 124,479	$ (392,341)	-75.9%
MEALS TAX	$ 392,076	$ 251,505	$ (140,571)	-35.9%
REC MARIJUANA EXCISE CH 64N:3	$ 980,056	$ 695,812	$ (284,244)	-29.0%
PARKING REVENUES	$ 990,225	$ 316,411	$ (673,814)	-68.0%
PARKING TICKETS	$ 413,986	$ 192,545	$ (221,441)	-53.5%
AMBULANCE SERVICES	$ 1,136,401	$ 1,200,948	$ 64,547	5.7%
DEPARTMENTAL FEES	$ 264,759	$ 223,982	$ (40,777)	-15.4%
LICENSE FEES	$ 177,763	$ 133,379	$ (44,384)	-25.0%
PERMITS	$ 489,971	$ 470,551	$ (19,420)	-4.0%
CMVI REIMB. RMV	$ 27,307	$ 17,439	$ (9,868)	-36.1%
INTEREST ON TAXES AND INVESTMENTS	$ 270,113	$ 194,800	$ (75,313)	-27.9%
			$ -	
NET CHANGE OVER 6 MONTH PERIOD:	**$ 6,141,326**	**$ 4,225,882**	**$ (1,915,445)**	**-31.2%**
Total FY2022 Budget	$ 100,198,808			
Selected receipts % of budget	6.1%			

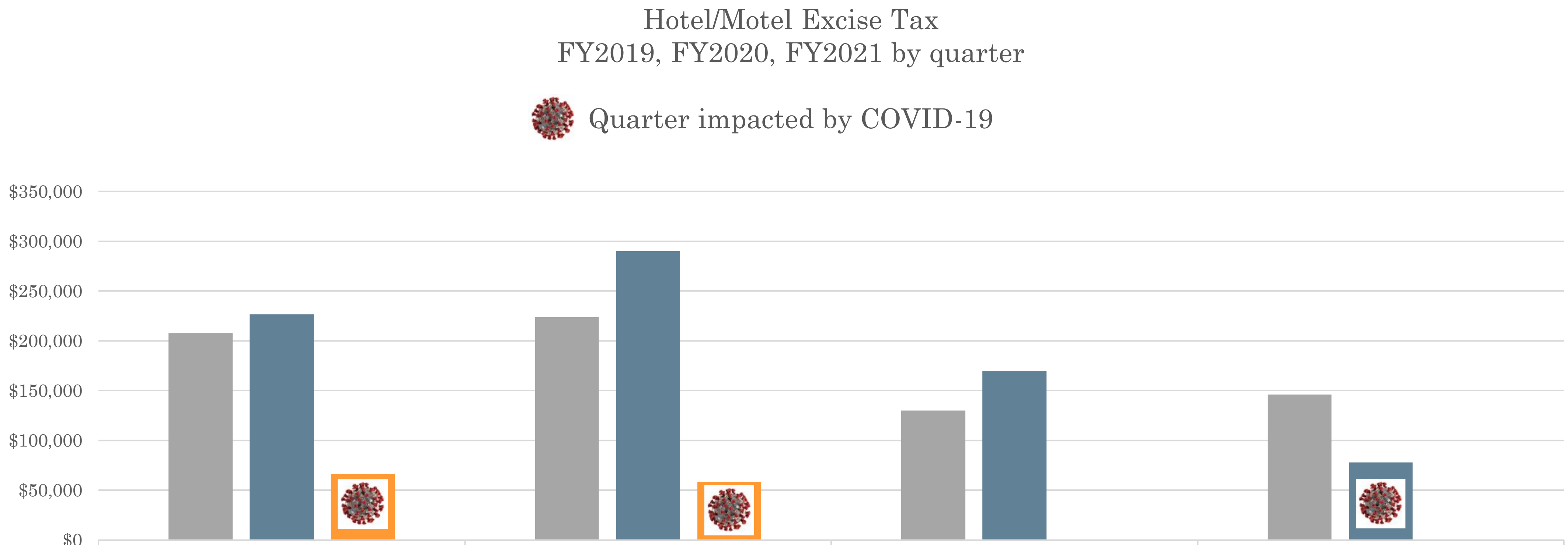
- Selected local receipts DOWN 31.2% from the first half of FY2020 or $1.9 million.
- Good news: Our FY2021 budget estimates were already adjusted downward for these anticipated declines in revenue and almost all are meeting our revised expectations.
- The only revenues performing under revised expectations are parking and parking tickets. In a normal year parking revenue is typically between $1.8 and $2.0 million. We revised our total annual revenue projection to $1,042,873 for FY2021 when the budget was finalized. However, the first six months of FY2021 parking revenues are at $339,655 lagging behind our revised estimates by 35%.

Hotel/Motel and Meals Excise Tax:

Total revenue in FY2019: $1,475,986 (a normal year)
Total revenue in FY2020: $1,433,891 (one partially bad quarter due to COVID)
Revised revenue projection in FY2021: $670,000
Estimated revenue in FY2022: $850,000

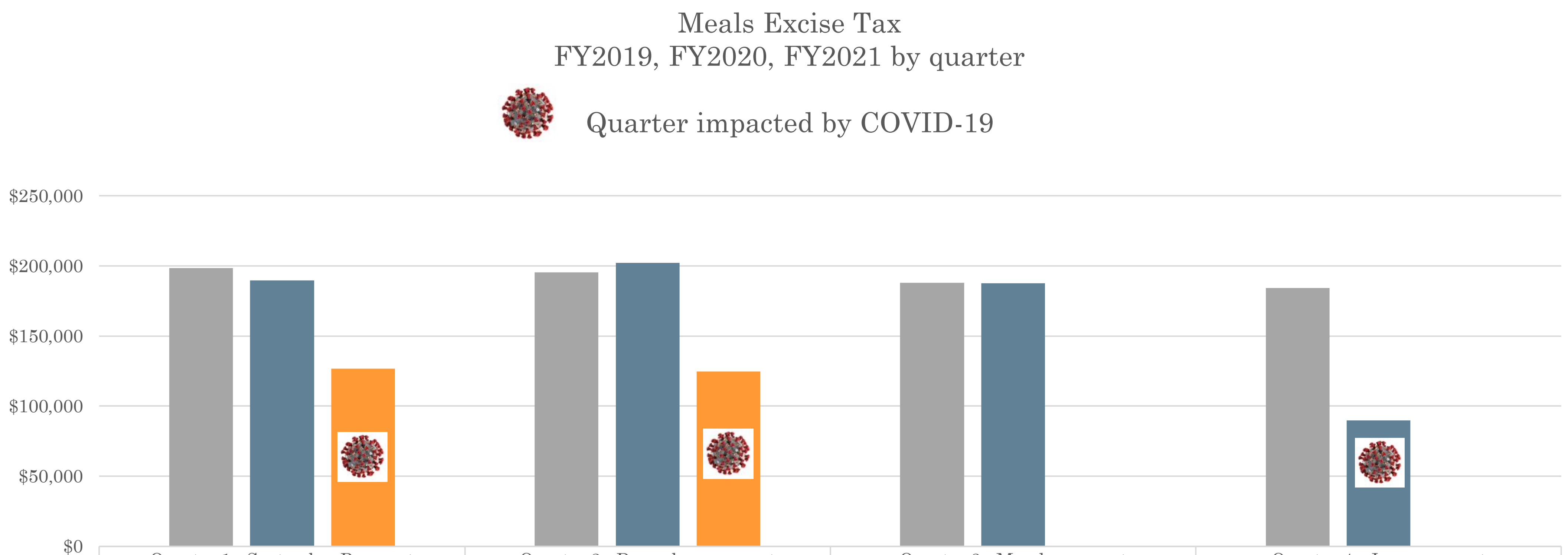


Impact of COVID-19 on Hotel/Motel Excise Tax in FY2019, FY2020 and FY2021 by quarter



	Quarter 1 - September Payment	Quarter 2 - December payment	Quarter 3 - March payment	Quarter 4 - June payment
2019	207,769.74	223,837.54	130,145.26	145,930.35
2020	226,801.52	290,017.82	169,906.15	77,559.05
2021	66,469.00	58,009.66		

Impact of COVID-19 on Meals Excise Tax in FY2019, FY2020 and FY2021 by quarter



	Quarter 1 - September Payment	Quarter 2 - December payment	Quarter 3 - March payment	Quarter 4 - June payment
2019	198,598.56	195,572.42	187,976.43	184,136.21
2020	189,829.03	202,246.97	187,610.11	89,920.57
2021	126,738.03	124,766.95		

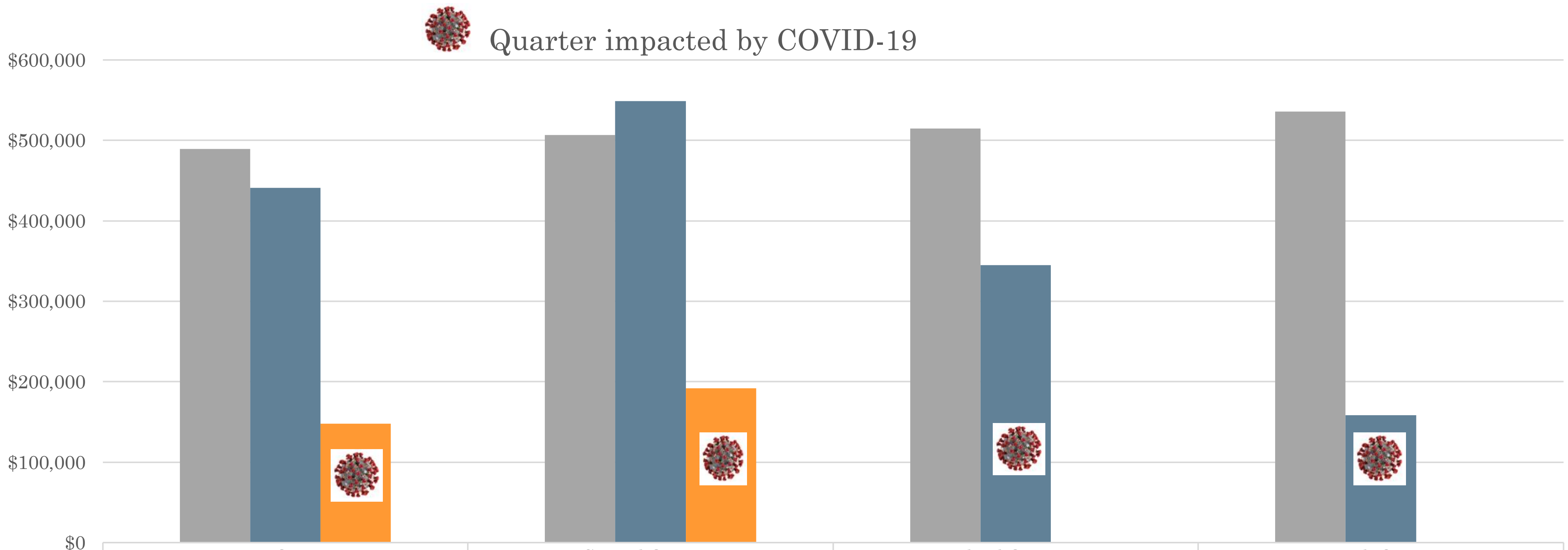
Parking

Total revenue in FY2020: $1,493,647

Revised revenue in FY2021: $1,042,000 *(however trending toward $680,000 or 34% of a normal year – normal is $2.0 million)*

Estimated revenue in FY2022: $1,200,000

Parking Revenue FY2019 to FY2021
FY2019, FY2020, FY2021 by quarter



	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total FY19	489,404.23	506,910.53	515,094.34	535,632.85
Total FY20	441,173.27	549,051.97	345,094.14	158,327.28
Total FY21	147,905.66	191,749.23		

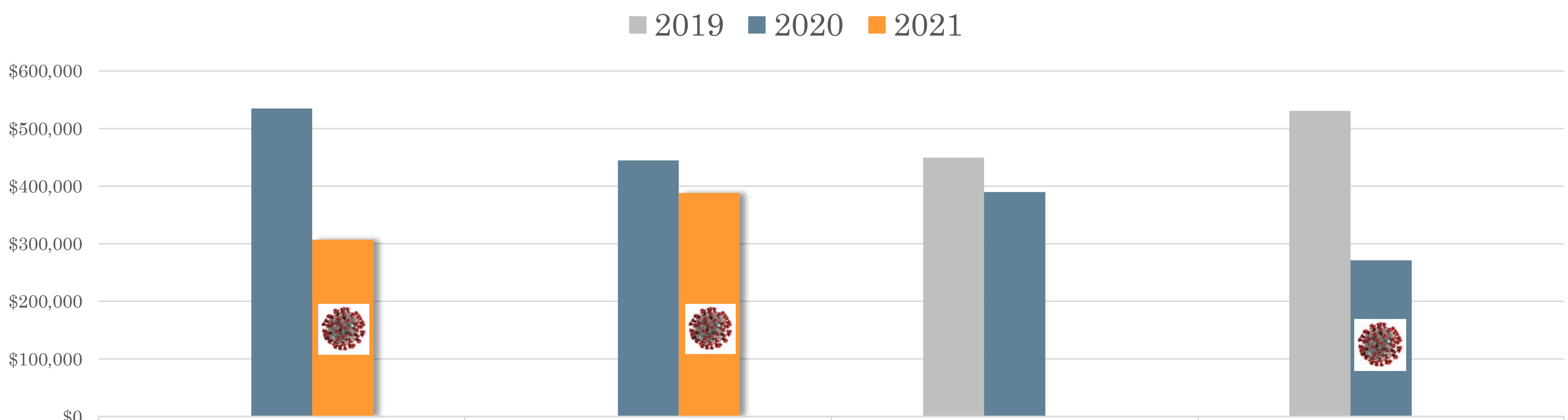
Adult Use Marijuana Excise Tax:

Total revenue in FY2019: $980,414
Total revenue in FY2020: $1,640,755
Estimated revenue in FY2021: $1,200,000
Estimated revenue in FY2022: $1,200,000

Adult Use Marijuana Excise Tax FY2019 to FY2021

Quarter impacted by COVID-19

Note also: revenue impacted by market share changing in Northampton

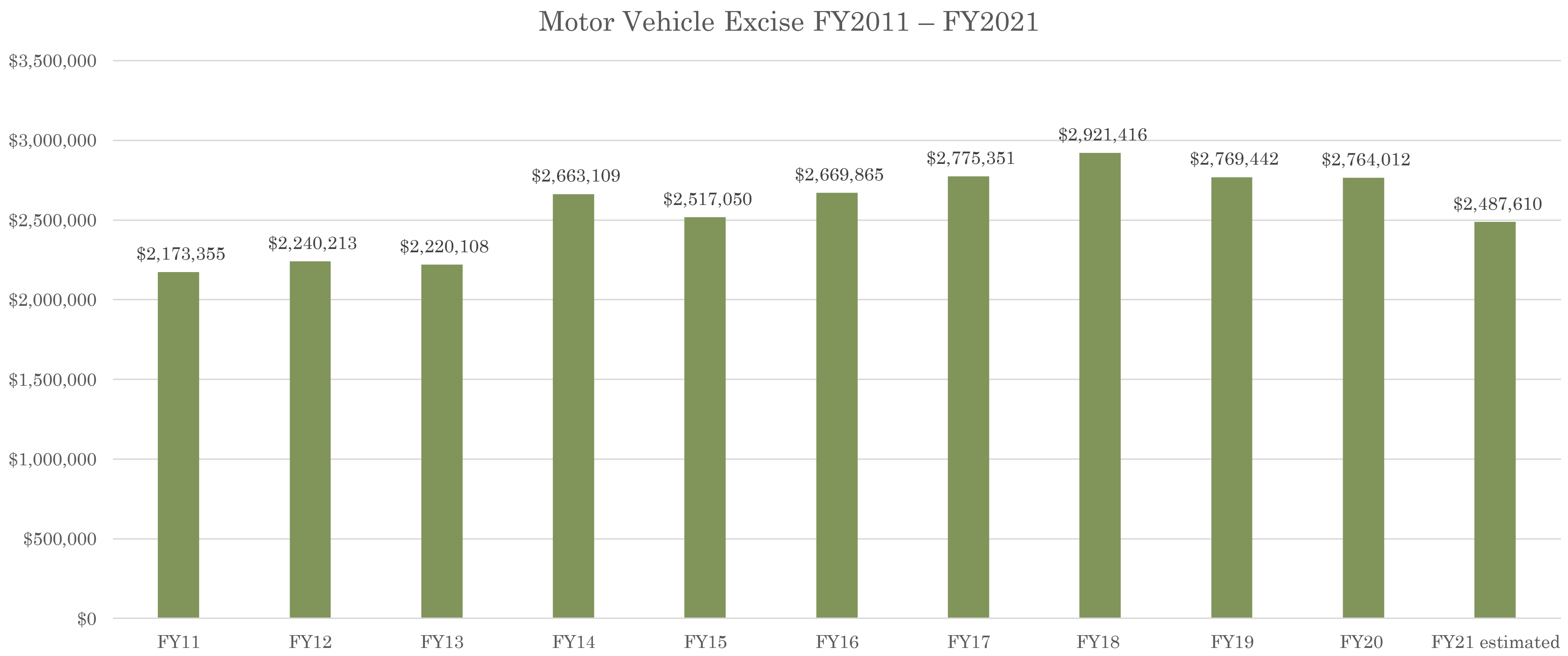


	Quarter 1 -September payment	Quarter 2 - December payment	Quarter 3 - March payment	Quarter 4 -June payment
2019	-	-	449,825	530,589
2020	535,085	444,972	389,554	271,144
2021	307,345	388,467		

Motor Vehicle Excise Tax

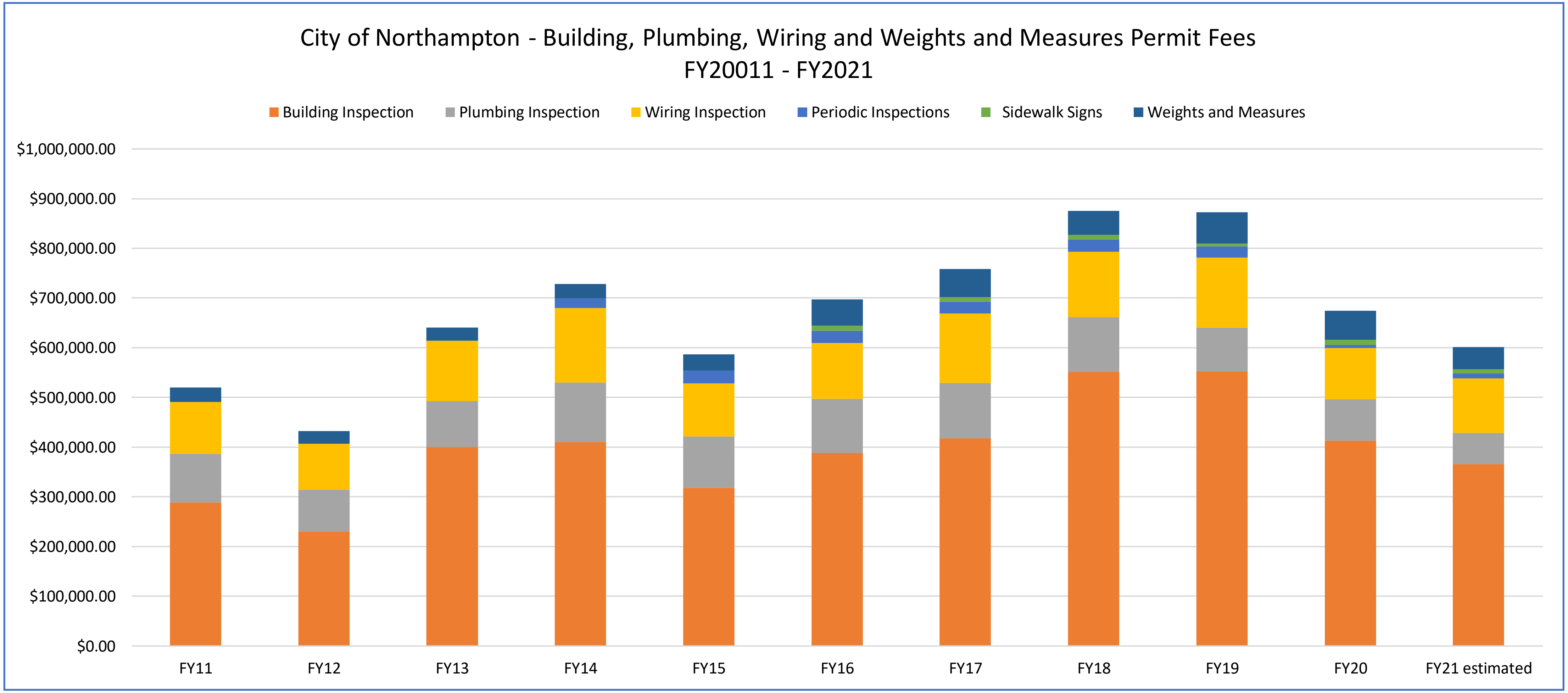
Note: According to DOR, state-wide there has been an increase of 8.7% in Motor Vehicle Excise Tax

Estimate for FY2022: $2,700,000



Building Inspection Permits

Total revenue in FY2020: $674,246
Estimated revenue in FY2021: $600,000
Estimated revenue in FY2022: $700,000

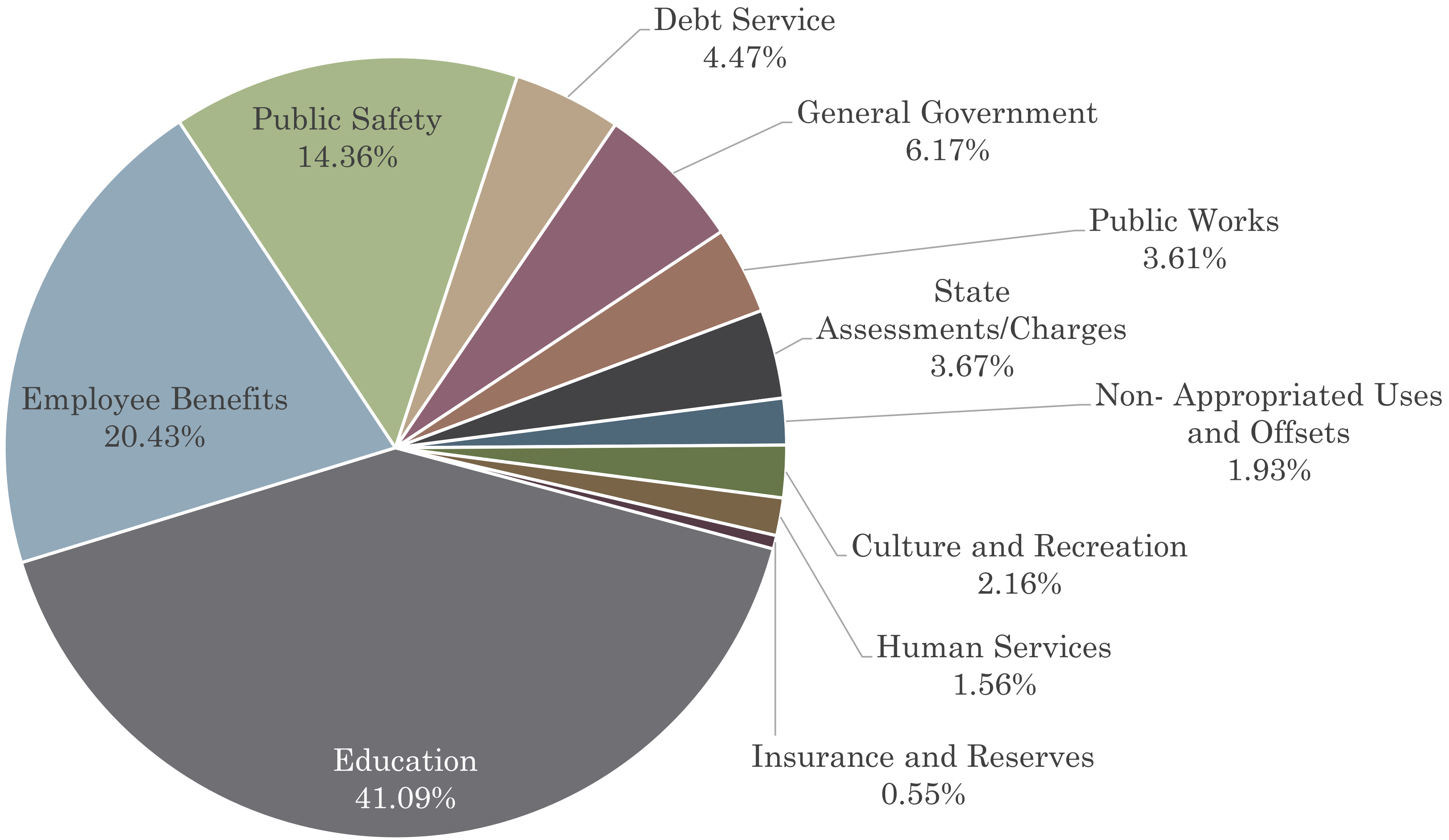


Summary of FY2022 preliminary revenue estimate:

Preliminary Estimate of Increased Revenue for FY2022 General Fund Budget

	Status		Estimated Increases
Prop 2 1/2	Actual	$	1,668,265
New Growth	Preliminary Estimate	$	750,000
Unused Levy Capacity from Override	Actual	$	2,500,000
Motor Vehicle Excise	Preliminary Estimate	$	200,000
Hotel/Motel	Preliminary Estimate	$	20,000
Meals Tax	Preliminary Estimate	$	160,000
Adult Use Marijuana	Level Funded	$	-
Licenses and Permits	Preliminary Estimate	$	40,000
Parking	Preliminary Estimate	$	150,000
Parking Tickets and Motor Vehicle Fines	Preliminary Estimate	$	95,000
State Aid	Governor’s Budget	$	90,857
Reduction: One Time Revenues - FY21 Fiscal Stability Plan Contribution	Actual	$	(411,367)
Preliminary Estimate of Increased Revenue		**$**	**5,262,755**

City of Northampton
General Fund Expenditures - FY2022
$100,198,808



- Note: When the schools share of employee benefits, debt service, insurance and outgoing school choice and charter costs are factored in, education costs are actually 54% of the General Fund Budget

Summary of FY2022 preliminary expenditure estimates:

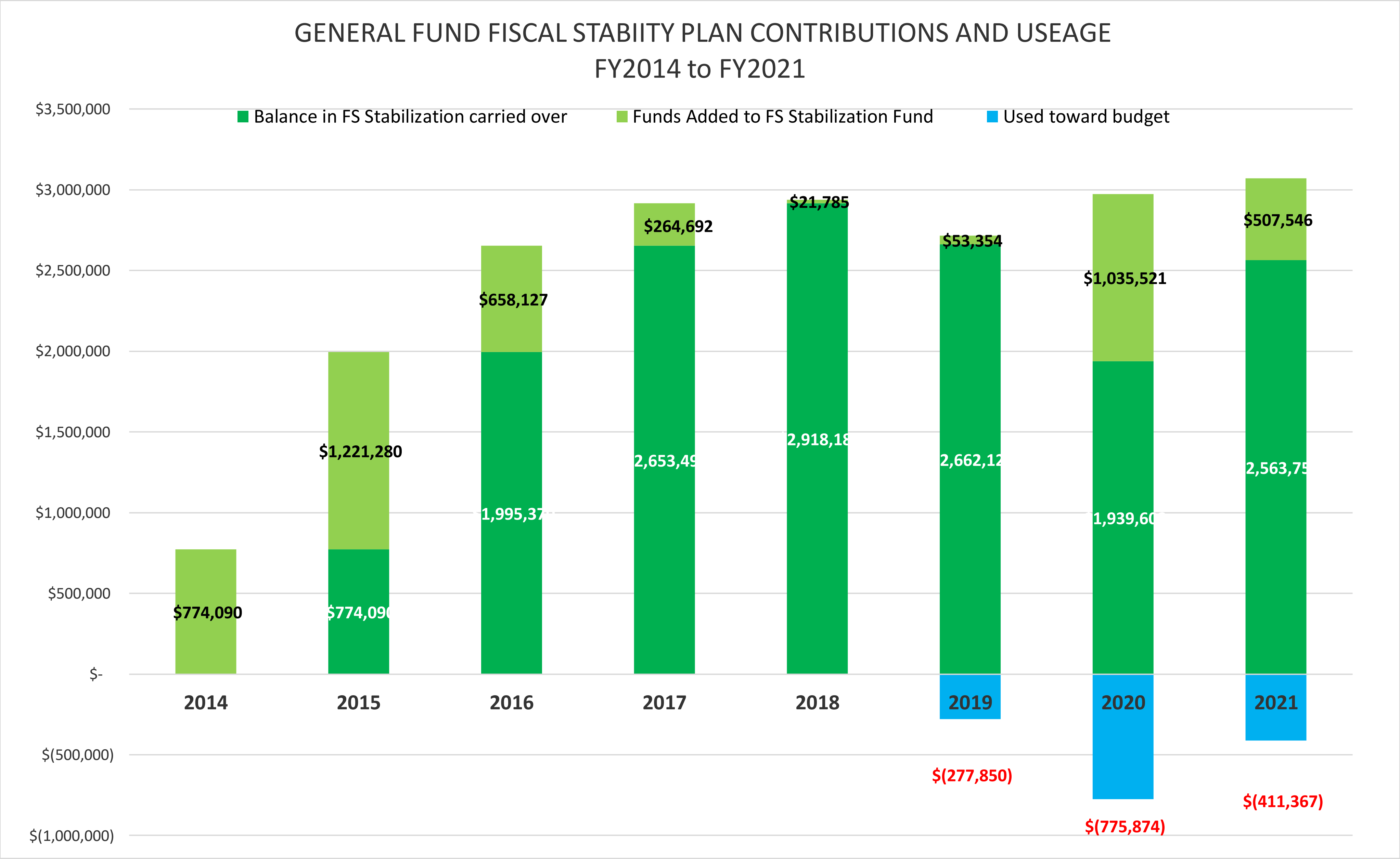
Estimated Expenditure Increases FY2022 General Fund Budget			
	Status		Estimated Increases
Retirement Contribution	Actual	$	243,575
OPEB	Proposed	$	50,000
Health Insurance - Estimated 5%	Unknown till 3/3/21	$	579,572
Payroll Taxes - Estimated	Estimated	$	40,000
Insurances - Estimated	Estimated	$	40,000
Overlay for Abatements - Known	Actual	$	50,000
Debt - Estimated	Estimated	$	671,714
Cash Capital - Proposed	Proposed	$	350,000
Capital Stabilization Fund Contribution - Proposed	Proposed	$	400,000
Charter School Sending Tuition	Governor's Budget	$	133,327
School Choice Sending Tuition	Governor's Budget	$	-
Departmental Budget Increases - Estimated	Estimated	$	2,500,000
Contribution to Fiscal Stability Fund - required for Fiscal Stability Plan	Unknown		?
Estimated New Expenditures		**$**	**4,818,946**

What does this all mean relative to budgeting for FY2022?

- The $2.5 million override approved in March of 2020, and delayed in the FY2021 budget, will be implemented in FY2022, to advance the city's ongoing fiscal stability efforts.
- Northampton will continue to maintain competitive residential/commercial tax rate compared with neighboring communities.
- Single family home values will continue to remain strong as the city continues to maintain excellent municipal services – schools, public safety, public works, public health, etc.
- New growth will continue to be strong providing additional levy capacity in FY2022, preliminary estimate for FY2022 is $750,000.
- Local receipts, which comprise a significant source of funding for Northampton, will begin a slow rebound to pre-pandemic levels – parking, meals tax, hotel/motel tax, etc.
- The city will make a contribution to the Fiscal Stability Fund out of the FY2022 Operating Budget to enable the Fiscal Stability Plan to remain on track.

Fiscal Stability Plan

FY2014 – FY2021


GENERAL FUND FISCAL STABIITY PLAN CONTRIBUTIONS AND USEAGE
FY2014 to FY2021
Balance in FS Stabilization carried over
Funds Added to FS Stabilization Fund
Used toward budget
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
$(500,000)
$(1,000,000)
2014
2015
2016
2017
2018
2019
2020
2021
$774,090
$1,221,280
$658,127
$264,692
$21,785
$53,354
$1,035,521
$507,546
$(277,850)
$(775,874)
$(411,367)

FY2022 Budget Calendar

January 28, 2021 – Mayor's Joint meeting of the City Council & School Committee

March 2, 2021 – Five Year Capital Improvement Program submitted

April 17, 2021 – Deadline for Northampton Public Schools and Smith Vocational & Agricultural High School to submit adopted budgets to the Mayor

May 17, 2021 – Mayor submits proposed City of Northampton FY2022 Budget to City Council

June 30, 2021 – Deadline for City Council to hold a public hearing and vote on proposed FY2022 Budget

QUESTIONS?